# 2020 R-LOGITECH ANNUAL REPORT

R-LOGITECH

# R-LOGITECH
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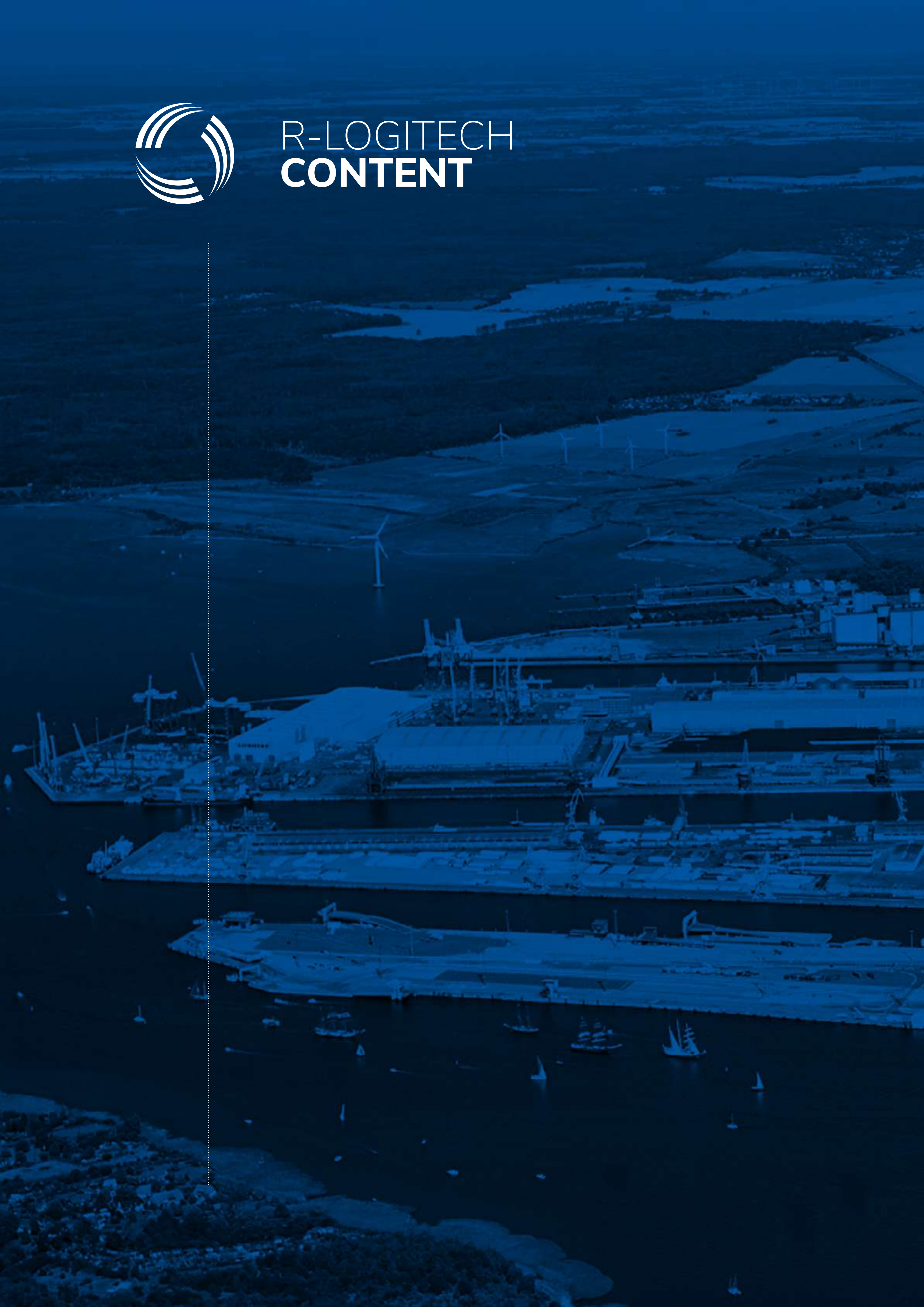

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# 01 R-LOGITECH STRATEGIC REPORT

# R-LOGITECH
# WHO WE ARE

Headquartered in Monaco, R-Logitech is part of Monaco Resources Group (MRG) an international natural resources group specialized in production, marketing and services related to the natural resources sector.

R-Logitech is an international infrastructure and logistics services provider focused primarily on the natural resources sector. The Group's principal services are ports and terminals management, multimodal logistics services and freight forwarding.

R-Logitech is managing 40 terminals in more than 40 countries predominantly across Europe, Africa and China and is focusing on handling key commodity groups : metal and minerals, fertilizer, sugar, food and agribulk, paper and pulp.

With a multicultural and dedicated team, R-Logitech is working to the highest standards expected by our clients. In line with our group values, safety of our clients and employees is our first priority.

# R-LOGITECH
# AT A GLANCE

R-Logitech is an international infrastructure and logistics services provider focused primarily on the natural resources sector. The Group's principal services are ports and terminals management, multimodal logistics services and freight forwarding.

## KEY FIGURES


## OUR ACTIVITIES

Our group is organised into several activities.

### Logistics services

Innovative and integrated multimodal transport solutions supporting its clients in their core businesses.

- Ship Agency
- Hinterland transportation
- Bulk handling and bagging
- Warehousing
- Customs house brokerage
- Technology

### Ports & terminals

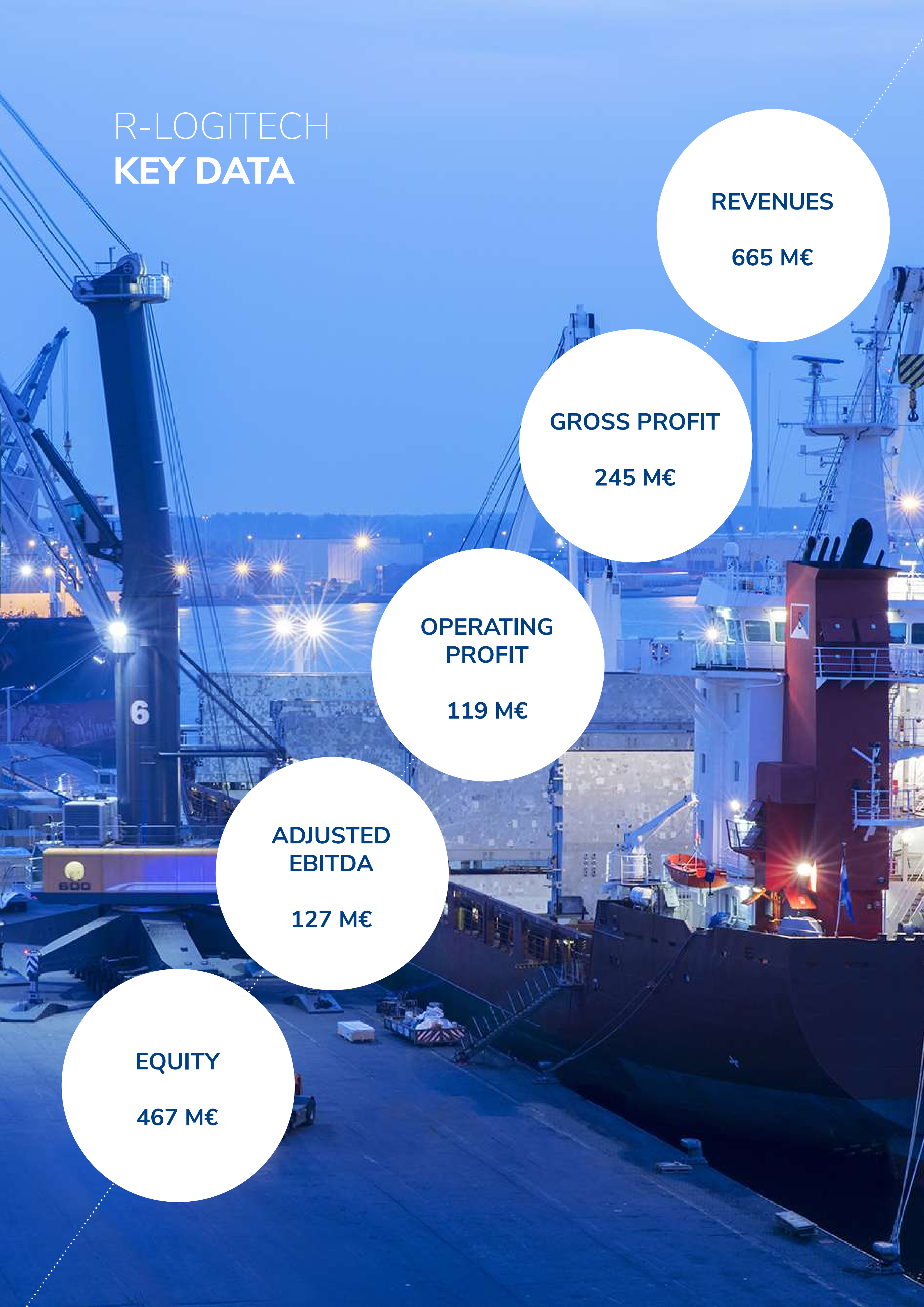
High quality maritime supply chain solutions through its network of deep sea and inland terminals.

- Ports infrastructure
- Terminal management
- Terminal handling & value-add services

### Freight forwarding

Broad range of freight-forwarding services to our international clients with specific industry needs.

- Ocean freight
- Air freight
- Barging
- Road transport



R-LOGITECH
# KEY DATA

**REVENUES**

**665 M€**

**GROSS PROFIT**

**245 M€**

**OPERATING PROFIT**

**119 M€**

**ADJUSTED EBITDA**

**127 M€**

**EQUITY**

**467 M€**

R-LOGITECH
# GLOBAL PRESENCE

R-Logitech manages a network of global business in strategic locations and provide a comprehensive logistic service across Europe, Africa, Asia and Latin America.

## LOCATIONS

**Algeria**
**Belgium**
**Benin**
**Brazil**
**Bulgaria**
**Burkina Faso**
**Cameroon**
**Central African Republic**
**Chad**
**Chile**
**China**
**Cyprus**
**Finland**
**France**
**Gabon**
**Germany**
**Ghana**
**Italy**
**Ivory Coast**
**Luxembourg**
**Mali**
**Malta**
**Mauritania**
**Mauritius**
**Monaco**
**Mozambique**
**Netherlands**
**Niger**
**Philippines**
**Republic of Congo**
**Republic of Guinea**
**Senegal**
**Sierra Leone**
**Singapore**
**Spain**
**Togo**
**Turkey**
**United Arab Emirates**
**United Kingdom**
**USA**


40+
COUNTRIES

R-LOGITECH

# OUR PEOPLE

A dynamic and efficient multicultural combination of enthusiastic and dedicated women and men

- Promote employee development via continuous performance evaluation and training programs
- Group Talent Development Program & abroad job assignment to accelerate talent development among the group (training & award)
- Promote local talents

Active in
**40**
Countries

**4000+**
Employees

Group Values

Lifelong learning & development

# R-LOGITECH
# GOVERNANCE

We work with the highest standards expected by our clients and promote compliance throughout our companies. In line with our Group values, health & safety are embedded in our processes and procedures.

## Our Guidance

Engage proactively with local stakeholders to ensure regulatory compliance of business practice.

Strongly committed to doing business ethically and responsibly. We believe that plays a significant role in ensuring our continued growth and success.

## Overview of quality accreditations and awards accross the Group

EU Seveso compliant

EU BIO certified

R-LOGITECH
# STRATEGY

Our strategy is based on five key success factors:

## 01 Network

The core of R-LOGITECH is **our network**. Our infrastructures are located in a number of strategic locations and provide us with a competitive advantage.

## 02 Know-How

R-Logitech has strong track record and longstanding relationships with industry leading clients. Our technical **know-how** is led by a highly experienced team. With more than 4000 employees on the ground, we are able to provide our clients the highest quality services.

## Asset Base 03

Our **large asset base** includes ports, terminals, heavy equipment, transport equipment & storage facilities. We provide logistics services through our network of agencies.

## Risk Averse 04

We **avoid risk** within our business model based on an attractive portfolio of long term concessions. Large part of the revenues are generated with long-lasting results with blue ships customers. Our income is received largely in two currencies (USD & EUR) thereby avoiding unnecessary fluctuations.

## Diversified 05

Our **diversified business model** spans different locations and services and combines developed and emerging markets.

# 01

# R-LOGITECH
# STRATEGIC REPORT

# R-LOGITECH

PORTS & TERMINALS
LOGISTICS SERVICES
WATERWAYS MANAGEMENT
BULK HANDLING & BAGGING

# PORTS & TERMINALS LOGISTICS SERVICES

EUROPORTS

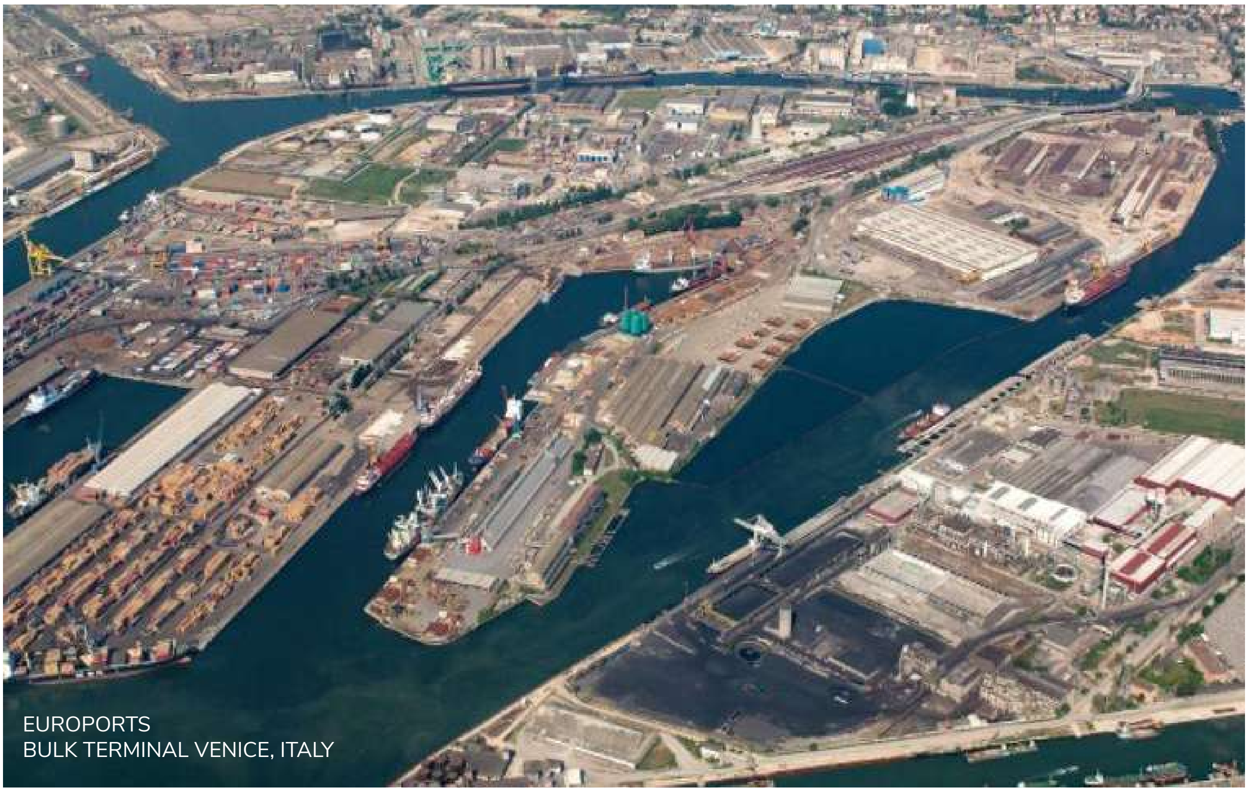
## EUROPE & CHINA

As one of the largest port infrastructure companies in Europe, Euroports operates and manages a network of ports in strategic locations across Europe & China.

Europort's value proposition includes high quality global maritime supply chain solutions delivered through its network of deep sea and inland terminals.

Euroports is holding long-term relationships with industry-leading customers across the natural resources industry : metals & minerals, fertilser, sugar, paper...

| 26 | 6 | 60 | 4,8 |
|---|---|---|---|
| Deep-Sea terminals | Inland terminals | Million tonnes per annum | Million tonnes storage capacity |



EUROPORTS
BULK TERMINAL VENICE, ITALY

# PORTS & TERMINALS LOGISTICS SERVICES

R-LOGISTIC

## WEST, CENTRAL AFRICA & MAGHREB

R-Logistic operates through a network of Agencies on the African continent.

R-Logistic supports its clients in their core business (mining, oil & gas, industrial, agricultural, commodity trading and military logistics support) with innovative and integrated multimodal transport solutions.

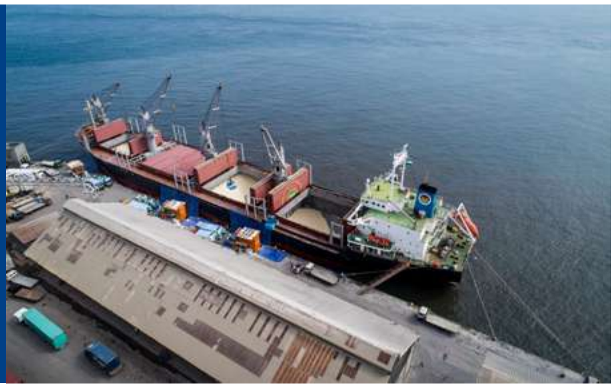
We provide bulk & conventional terminal management services. We are currently running port terminals in West Africa with efficient flow management operations across the supply chain, profiting from the wider group synergies between China & Africa.

# PORTS & TERMINALS
# LOGISTICS SERVICES

NECTAR GROUP

## SOUTH, EAST AFRICA, ASIA & LATIN AMERICA

Nectar Group is a terminal operator, cargo handling specialist, and port services provider that pioneered the concept of quayside bagging. Nectar Group is able to offer tailored discharging, bagging and logistics solutions for every need from full services including stevedoring, labor and onward transport with guaranteed discharge speeds to a more basic service of the provision of the bagging units at locations with a fully trained Nectar technician to ensure that the operation runs smoothly.



# BULK HANDLING & BAGGING

## INTERNATIONAL


Nectar offers dry bulk handling services around the world from quayside bagging and bulk discharge services to consultancy and warehousing designed around customers requirements.

Nectar offers a range of mobile cargo handling solutions including its award-winning mobile technology. Its industry-leading equipment can be tailor-made to meet specific needs.

# R-LOGITECH

FREIGHT FORWARDING
TECHNOLOGY

# FREIGHT FORWARDING

MANUPORT LOGISTICS

## INTERNATIONAL

Manuport Logistics, offers customers a fully-integrated supply chain solution with a broad range of freight-forwarding services.

Manuport Logistics serves a diverse portfolio of leading customers with specific industry needs, ranging from consumer goods, textiles, flooring, steel, complex project cargoes, and sugar to forest products, fertilisers, foods, chemicals, oils, and other liquids.

Each freight-forwarding supply chain requires its own unique expertise. Manuport Logistics delivers this through teams of experts that guarantee the highest quality in handling and forwarding, supported by quality specific accreditations such as ISO9001 and AEO.

# TECHNOLOGY SOLUTIONS

## INTERNATIONAL

Our Technology activities focuses on providing and developping innovative technical solutions supporting the logistics needs of our international clients optimising costs and time with our Award-winning technology.

### AWARD WINNING MOBILE BAGGING TECHNOLOGY

We have designed mobile bagging units for both warehouse and quayside operations to fit the needs of our clients, maintaining the quality assurance and high standards of craftsmanship.

### INNOVATIVE LIQUID HANDLING

Shipping liquids in flexitanks, ISO tanks and packed formats has been Manuport Logistics speciality for over 30 years. The Company's experience in managing liquids from production to customer enable's Manuport Logistics to develop innovative solutions.

### TRACKING & MANAGEMENT SYSTEM

Our tailored ERP system allows 100% tracking of all aspects of the supply chain process. This system offers greater efficiency, transparency and control.

# 01 R-LOGITECH BUSINESS PERFORMANCE

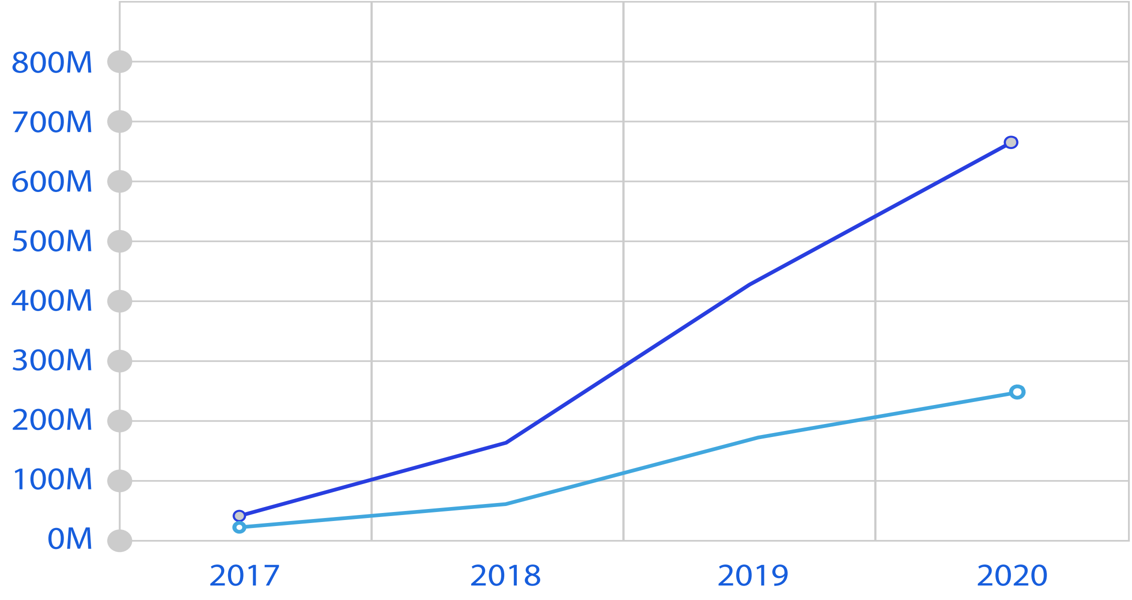
# BUSINESS PERFORMANCE

R-LOGITECH was strongly resilient to Covid-19. R-Logitech performed well during the crisis and managed to remain fully operational in all its locations across Europe, Africa and China, helping to maintain the crucial supply chains.

R-Logitech remains focussed on handling essential commodities (fresh foods, agribulk, fertilisers, sugar, paper and pulp) and its facilities are primarily destinated to bulk and break bulk handling worldwide.

The table below provides a segmented overview of the Revenue and Gross profit ("GM") of the Company:

| EUR 1.000 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Revenue | 40.618 | 160.902 | 427.736 | 665.948 |
| Gross Margin | 37.895 | 57.466 | 170.454 | 245.040 |




The solvency (total group equity divided by the balance sheet total) at the balance sheet date is 28.48% in 2020.

# 01 R-LOGITECH **OUTLOOK**

# OUTLOOK

## GENERAL

The turbulent and uncertain market conditions continue to prevail, as governments work to bring the COVID-19 pandemic under control and to restart the global economy. As demonstrated during the financial year 2020, R-Logitech is a highly resilient company that is providing reliable and vital services to the economy. Those services were the backbone of our revenues and profits in this reporting period, and we are confident that this will continue to be the case.

The Group remains focussed on the strategy of sustainable growth while operating in a responsible manner across all aspects of our business. The Group is closely watching the COVID-19 developments and potential scenario impacts on global growth and markets and what adjustments, if any, are appropriate for our business planning.

## FINANCING

The company and its subsidiaries are long term financed with funding resulting from loans and the emission of a bond at Frankfurt stock exchange. No significant repayment is due in 2021.

## EMPLOYEES

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will be employed, when the growth in activities requires so.

The Group is an equal opportunities employer and welcomes applications from all sections of society and does not discriminate on grounds of race, religion or belief, ethnic or national origin, disability, age, marital, domestic or civil partnership status, sexual orientation, gender identity, or any other basis as protected by applicable law.

# 01 R-LOGITECH RISKS & UNCERTAINTIES

# RISKS & UNCERTAINTIES

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

## COVID-19

Looking ahead, following the outbreak of the COVID-19 pandemic, the Group sees increased uncertainties and further market volatility. It is still difficult to say how effective governmental measures will be in preventing the further spread of the virus. In the event of a prolonged pandemic there may be an effect on the financial performance of the company. The Group has taken measures to ensure that its employees and partners continue to be safe while interacting together. Measures have been taken to minimise the impact of the pandemic and to continue operations in the Group's businesses. Business continues to function well and uninterrupted. Parts of it are already returning to a more or less normality. The Group continues to provide access to vital services for modern life. The Group is showing that this can be done responsibly and efficiently in challenging circumstances. The Group has sufficient cash and headroom in its financial facilities. Given the evolving nature of COVID-19, uncertainties will remain and the Group is unable to reasonably estimate the future impact. However, the financial situation of the Group is currently healthy and it does not believe that the impact of the COVID-19 pandemic will have a material adverse effect on our financial condition or liquidity. Therefore, based on the Group's current cash balance and expected yearly cash outflow, the Group expects that it will be able to meet its financial obligations.

## FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar against the Euro, may have a material impact on the Company's financial results. Note that our business is partly executed on a dollar basis on the sales side, whereas the reporting currency is Euro. In case that foreign currency effects have a significant impact, the exposure is hedged through adequate instruments. The local expenditures are partly covered in local African currencies that can fluctuate from the earnings that are in USD. Note that this exposure is limited.

## FINANCING, CASH FLOWS AND LIQUIDITY

The Company's activities are dependent on sufficient availability of liquidity. We have some overdraft lines with major local banks. These lines are committed on a short term by nature and, therefore, no guarantee can be given that these lines will be extended. However, all lines have been prolonged over the previous years and there is no imminent reason to assume that these lines will not be extended in the foreseeable future.

## COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, leases of property and permits. Similarly, communities in certain regions may oppose activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

## OTHER RISKS

Other risks facing the Company include performance risk on agreements; quality of work performed, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

Monaco, 29 April 2021

Pascale Younes
Director

02

# R-LOGITECH
# CONSOLIDATED FINANCIAL STATEMENTS



Please note that the use of rounded amounts and percentages may result in rounding differences of one unit (KEUR, %, etc.).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

| EUR 1.000 | Note | 2020 | 2019 |
|---|---|---|---|
| **Continuing Operations** | | | |
| **Revenue** | **2** | **665.933** | **427.736** |
| Cost of sales | 2 | -420.892 | -257.282 |
| **Gross profit** | **2** | **245.040** | **170.454** |
| **Operating income and expense** | | | |
| Other operating income | 3 | | - |
| Selling expenses | 3 | -11.925 | -5.155 |
| Administrative expenses | 3 | -113.696 | -103.977 |
| | | **-125.621** | **-109.132** |
| **Operating profit** | | **119.419** | **61.322** |
| Depreciation and similar | 3 | -82.172 | -45.704 |
| **Non-operating expenses** | | | |
| Other non operating income and expenses | 4 | -12.558 | -8.776 |
| Financial income and expense | 4 | -51.130 | -23.954 |
| **Net finance cost** | | **-63.687** | **-32.729** |
| **Profit before tax** | | **-26.441** | **-17.112** |
| Income tax expense | 5 | 1.638 | -2.084 |
| **Profit from continuing operations** | | **-24.803** | **-19.196** |
| **Profit** | | **-24.803** | **-19.196** |
| **Profit attributable to:** | | | |
| Equity holders of the company | | -13.054 | -11.519 |
| Non-controlling interests | | -11.749 | -7.678 |
| | | **-24.803** | **-19.196** |

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Profit** | **-24.803** | **-19.196** |
| **Other comprehensive income** | | |
| Revaluation PPE (note 6) | - | 185.263 |
| PPA adjustment Goodwill | -17.059 | -16.109 |
| Deferred Tax Liabilities | 17.902 | -48.187 |
| Translation differences foreign companies | -1.765 | 1.175 |
| **Total comprehensive income** | **-25.724** | **102.945** |
| | | |
| **Total comprehensive income atrributable to:** | | |
| Equity holders of the company | -13.975 | 54.111 |
| Non-controlling interests | -11.749 | 48.834 |
| **Total result** | **-25.724** | **102.945** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

| EUR 1.000 | Note | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property plant and equipment | 6 | 597.088 | 582.104 |
| Intangible fixed assets | 7 | 787.348 | 781.075 |
| Financial fixed assets | 8 | 49.699 | 39.866 |
| **Total non-current assets** | | **1.434.135** | **1.403.045** |
| **Current assets** | | | |
| Inventories | 9 | 5.681 | 6.092 |
| Receivables, prepayments and accrued income | 10 | 120.836 | 151.790 |
| Cash and cash equivalents | 11 | 80.872 | 68.195 |
| **Total current assets** | | **207.389** | **226.077** |
| **Total assets** | | **1.641.524** | **1.629.122** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | | 1.000 | 1.000 |
| Reserves and retained earnings | | 248.507 | 283.423 |
| **Equity attributable to the owners of the company** | | 249.507 | 284.423 |
| **Non-controlling interest** | | 217.933 | 211.928 |
| **Total equity** | | **467.440** | **496.351** |
| **Non-current liabilities** | | | |
| Loans and borrowings | 12 & 14 | 868.303 | 795.311 |
| Provisions | 12 & 13 | 2.525 | 6.126 |
| Deferred tax liabilities | 5 | 102.909 | 120.811 |
| **Total non-current liabilities** | | **973.737** | **922.249** |
| Current liabilities and accruals | 12 & 14 | 200.348 | 210.523 |
| **Total current liabilities** | | **200.348** | **210.523** |
| **Total equity and liabilities** | | **1.641.524** | **1.629.122** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Operating profit** | 119.419 | 61.322 |
| **Working capital changes** | | |
| - Movements trade receivables | 32.190 | -31.172 |
| - Movements inventories | 411 | -2.330 |
| - Movements on other receivables and assets | 27.006 | -61.147 |
| - Movements trade payables | -21.095 | 27.748 |
| - Movements other payables and liabilities | -31.643 | 108.048 |
| - Movements Trade finance and other financing | -1.362 | 52.228 |
| | 5.505 | 93.375 |
| Income tax paid | -13.555 | -2.084 |
| | -13.555 | -2.084 |
| **Cash flow from operating activities** | 111.370 | 152.613 |
| Investments in intangible fixed assets | -13.718 | -325.254 |
| Disposals of intangible fixed assets | 680 | 5.354 |
| Investments in property plant and equipment | -80.878 | -333.767 |
| Disposals of property plant and equipment | 14.471 | - |
| Acquisitions of group companies | - | -296.500 |
| **Cash flow from investment activities** | -79.445 | -950.167 |
| Minority shareholder | -1.504 | -1.714 |
| Proceeds from borrowings and leasing liabilities | 80.053 | 902.758 |
| Repayment of borrowings and leasing liabilities | -32.563 | -22.210 |
| Movements on loans receivable | -200 | 2.127 |
| Other finance income | 235 | -5.009 |
| Other finance expense | -20.618 | -962 |
| Interest received/paid | -43.305 | -22.240 |
| **Cash flow from financing activities** | -17.902 | 852.751 |
| Net cash flow | | |
| Exchange rate and translation differences on movements in cash | -1.345 | 1.506 |
| **Movements in cash** | **12.678** | **56 .702** |
| Cash and cash equivalents at 1 January 2020 | 68.195 | |
| Cash and cash equivalents at 31 December 2020 | 80.872 | |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

| EUR 1.000 | Issued share capital | Revaluation reserve | Translation reserve | Other reserves | Result for the year | **Legal entity share in group equity** | Third-party share in group equity | **Group Equity** |
|---|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | | |
| **Opening Balance** | **1.000** | **-** | **63** | **5.878** | **7.804** | **14.745** | **20.510** | **35.255** |
| **Total comprehensive income and expense for the period** | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | -11.519 | -11.519 | -7.678 | -19.197 |
| Revaluation PPE | - | 64.536 | - | - | - | 64.536 | 56.431 | 120.967 |
| Foreign currency translation differences | - | - | 1.095 | - | - | 1.095 | 80 | 1.175 |
| **Total comprehensive income and expense for the period** | - | 64.536 | 1.095 | - | -11.519 | **54.110** | 48.833 | **102.945** |
| **Other movements in equity** | | | | | | | | |
| Allocation of prior year result | - | - | - | 7.804 | -7.804 | - | - | - |
| Capital contribution | - | - | - | - | - | - | - | - |
| Acquisitions | - | - | - | 215.567 | - | 215.567 | 142.585 | 358.152 |
| Disposals | - | - | - | - | - | - | - | - |
| **Total other movements in equity** | - | - | - | 223.371 | -7.804 | **215.567** | 142.585 | **358.152** |
| **Total** | **1.000** | **64.536** | **1.158** | **229.249** | **-11.519** | **284.422** | **211.928** | **496.351** |
| **2020** | | | | | | | | |
| **Opening Balance** | **1.000** | **64.536** | **1.158** | **229.249** | **-11.519** | **284.422** | **211.928** | **496.351** |
| **Total comprehensive income and expense for the period** | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | -13.054 | -13.054 | -11.749 | -24.803 |
| Adjustment IFRS 3.48 | - | - | - | 843 | - | 843 | - | 843 |
| Foreign currency translation differences | - | - | -1.765 | - | - | -1.765 | - | -1.765 |
| **Total comprehensive income and expense for the period** | - | - | -1.765 | 843 | -13.054 | **-13.975** | -11.749 | **-25.724** |
| **Other movements in equity** | | | | | | | | |
| Allocation of prior year result | - | - | - | -11.519 | 11.519 | - | - | - |
| Other movements in equity | - | - | - | 2.555 | - | 2.555 | -5.744 | -1.502 |
| **Total other movements in equity** | - | - | - | -8.961 | 11.519 | **4.242** | -5.744 | **-1.502** |
| **Total** | **1.000** | **64.536** | **-607** | **221.128** | **-13.053** | **273.005** | **194.435** | **467.440** |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1. ACCOUNTING POLICIES

### 1.1 Corporate information

The activities of R-Logitech S.A.M. ("R-Logitech" or "the Company") and its group companies primarily consist of running ports and terminals, providing logistical services and transportation, procurement solutions and technical solutions. The Company has its legal seat at 7, Rue du Gabian, Monaco and is registered with the chamber of commerce under number 15S06815.

The Company was incorporated as a limited liability company under the laws of Monaco for the purpose of establishing a holding company for logistics and technological solutions.

Until 4 October 2019 the company was registered under R-Logitech S.à.r.l. a limited liability company incorporated under the laws of Monaco, having its statutory seat in Monaco and its registered office at 7, Rue du Gabian, Monaco, registered with the chamber of commerce under number 15S06815.

By resolution of the shareholder's meeting of 6 June 2019 the company changed its legal structure. R-Logitech Group continues under the form of a public limited liability company (Société Anonyme Monégasque) under the name "R-Logitech S.A.M.".

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

### 1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in Monaco. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

The Company is exempted from its obligation to prepare consolidated financial statements as Cycorp First Investment Ltd. prepares and publishes consolidated statements. However, the Group has voluntarily decided to prepare consolidated financial statements over the financial year 2020.

The Company- only financial statements are prepared in accordance with the General Accepted Accounting Principles of Monaco ("Monegasque GAAP") and are presented and published separately from the consolidated financial statements.

This statutory company - only annual report of the Company prevails over this annual report from a legal perspective. The objective of this report is to provide an overview of the activities of the Group and its subsidiaries.

The difference between the statements in accordance with Monaco GAAP and these IFRS financial statements are related to the valuation of the subsidiaries: In accordance with Monegasque GAAP, the subsidiaries are valued at cost, whereas the subsidiaries are valued (and consequently consolidated) at the net asset value.

### 1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of

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the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 1.4 New and revised IFRSs

A number of amendments is effective for annual periods that begin on or after 1 January 2020 and have been adapted in preparing these consolidated financial statements. None of these amendments had a significant effect on the financial statements:

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amendments to References to the Conceptual Framework in IFRS Standards

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The following new and revised IFRSs that are relevant for the Company have been issued but are not yet effective:

IFRS 17 Insurance Contracts: IFRS 17 will require insurance liabilities tobemeasuredat a currentfulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 will supersede IFRS 4 Insurance Contracts as of 1 January 2023.

The Directors have evaluated the impact that these new standards and interpretations and consider them as not material on the financial statements of the Company in the current version of IFRS 17.

### 1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

has power over the investee;

is exposed or has rights, to variable returns from
its involvement with the investee; and

has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non- controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.
All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

### 1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its

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subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

## 1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 1.8 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including

## NOTE 1.

goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.
Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.
When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

### 1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.
Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.10 Leasing

For any new contracts entered into on or after 1 January 2020, the Group evaluates whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that con-tains the right to use an asset for a period of time in exchange for consideration to be payed.

To apply this definition the Group assesses whether the contract meets three key evaluations of IFRS 16:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset in the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.

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- the Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used in the period of use.

- At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the following costs:

- the initial measurement of the lease liability,
- any initial direct costs incurred by the Group,
- an estimate of any costs to dismantle and remove the asset at the end of the lease, and
- any lease payments made in advance of the lease commencement date net of incentives.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the beginning of leasing date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. The Group uses an incremental borrowing rate if the implicit rate is not available.

Lease payments included in the measurement of the lease liability are made up of the following:

- fixed payments
- variable payments based on an index or rate,
- amounts expected to be payable under a residual value guarantee and
- payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has decided to choose for the possibility of IFRS 16 to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in loans and borrowings or current liabilities and accruals.

### 1.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not re-translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge foreign currency risks.

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.
Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

### 1.12 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

### 1.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized

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in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

### 1.14 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and licenses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not amortized.

The major categories of property, plant and equipment and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows:

| | |
|---|---|
| Land: | Fair value model |
| Buildings: | 0% |
| Plant and Equipment: | 10% - 33% |
| Other operating assets: | up to 10% |

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

### 1.15 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.
An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.16 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 1.17 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 1.18 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Since 1 January 2019 the Group classifies its financial instruments as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

Amortised cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.

FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when

this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.

FVTPL : Assets that do not meet the criteria for amortised cost or FVTOCI. Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement.

Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on FVTPL equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivatives are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities (except derivatives and liabilities with provisional price features) are initially recognised at fair value of consideration received net of transaction costs

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as appropriate and subsequently carried at amortised cost. Derivatives and financial liabilities including provisional price features are carried at FVTPL

### 1.19 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter-party; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. R-Logitech Group applies the simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortised cost the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.
When a trade receivable is considered non-collectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.
For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

# NOTE 1.

### 1.20 De-recognition of financial assets and financial liabilities

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.
On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

### 1.21 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counter-party risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognised firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.
A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.
When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

# NOTE 1.

### 1.22 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical or understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

#### *Depreciation and amortization of property plant and equipment*

Plant and equipment are depreciated / amortized using the linear method, and therefore the annual charge is subject to the estimation of the economic life of property, plant and equipment and the actual economic life can fluctuate from initial estimates.

#### *Impairments*

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are base on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

#### *Provisions*

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

#### *Fair Value measurements*

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

# NOTE 2. SEGMENT INFORMATION

## 2.1 General

The company is an international infrastructure and logistics service provider.

Following the acquisition of Euroports in June 2019 the Group is organised into six Business Units that spans Ports & Terminals, Logistics Services, Bulk Handling, Bagging, Airport Terminals, Transportation and Technology.

This structure is used by the management to assess the performance of the company.

## 2.2 Segment Revenues and Results

The following is an analysis of the Group's revenue, gross profit ("GM") and results from continuing operations by reportable segment.

| | Revenue | | GM | | Operating Profit | | Adjusted EBITDA |
|---|---|---|---|---|---|---|---|
| EUR 1.000 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| **Business Units** | | | | | | | |
| - Ports & Terminals Logistic services (Europe & China) | 347.522 | 174.217 | 176.872 | 123.035 | 91.893 | 36.687 | 99.983 |
| - Ports & Terminals Logistic Services (Emerging Markets) | 77.252 | 143.620 | 32.924 | 22.902 | 16.259 | 18.849 | 16.259 |
| - Freight Forwarding | 241.159 | 109.899 | 35.244 | 24.516 | 11.267 | 5.786 | 11.267 |
| Total | 665.933 | 427.736 | 245.040 | 170.454 | 119.419 | 61.322 | 127.419 |

## 2.3 Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

| | Assets | | Liabilities | |
|---|---|---|---|---|
| EUR 1.000 | 2020 | 2019 | 2020 | 2019 |
| Ports & Terminals Logistic Services (Europe & China) | 1.393.133 | 1.380.751 | 926.565 | 914.848 |
| Ports & Terminals Logistic Services (Emerging Markets) | 183.485 | 185.862 | 196.337 | 165.944 |
| Freight Forwarding | 64.906 | 62.508 | 51.183 | 51.979 |
| **Total** | **1.641.524** | **1.629.121** | **1.174.085** | **1.132.771** |

| | Depreciation and amortization | | Additions to non-current assets | |
|---|---|---|---|---|
| EUR 1.000 | 2020 | 2019 | 2020 | 2019 |
| Ports & Terminals Logistic Services (Europe & China) | 74.916 | 48.916 | 18.474 | 1.203.586 |
| Ports & Terminals Logistic Services (Emerging Markets) | 5.359 | - | 12.240 | 153.686 |
| Freight Forwarding | 1.897 | 1.173 | 376 | 8.605 |
| **Total** | **82.172** | **50.089** | **31.090** | **1.365.877** |

## NOTE 2.

### 2.4 Geographical Information

The Group operates globally and operations are managed by the following geographical analysis:

| | Revenue | | GM | | Non-Current assets | |
|---|---|---|---|---|---|---|
| EUR 1.000 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Region** | | | | | | |
| Europe | 487.496 | 235.281 | 179.439 | 124.821 | 1.201.413 | 1.175.368 |
| Middle East | 9.200 | 4.440 | 2.168 | 1.508 | 823 | 805 |
| Asia-Pacific | 71.859 | 34.681 | 26.748 | 18.606 | 41.141 | 40.249 |
| Americas | 20.126 | 9.713 | 3.761 | 2.616 | 436 | 427 |
| Africa | 77.252 | 143.620 | 32.924 | 22.902 | 190.322 | 186.196 |
| **Total** | **665.933** | **427.736** | **245.040** | **170.454** | **1.434.135** | **1.403.045** |

## NOTE 3. EXPENSES

| EUR 1.000 | 2020 | 2019 |
|---|---|---|
| **Selling expenses** | | |
| Personnel | 6.041 | 4.671 |
| Sales and marketing expenses | 5.884 | 485 |
| **Total selling expenses** | **11.925** | **5.155** |
| **Administrative expenses** | | |
| Personnel | 64.669 | 59.987 |
| Professional services fees | 5.252 | 5.402 |
| Facilities and offices | 11.725 | 25.725 |
| Other operating expenses | 32.050 | 12.863 |
| **Total administrative expenses** | **113.696** | **103.977** |
| **Operating expenses** | **125.621** | **109.132** |
| Other operating income | | - |
| **Breakdown: depreciation and amortization** | | |
| Property Plant and Equipment | 27.897 | 13.966 |
| Intangible assets | 5.717 | 3.262 |
| Financial fixed assets | 1.362 | - |
| Right-of-use asset | 47.196 | 26.338 |
| Impairment of stock | - | 2.138 |
| **Total depreciation and amortization** | **82.172** | **45.704** |

The average number of employees of the Group during the year, converted to full-time equivalents was 4.208 (2019: 4.508) of which 12 are employed in Monaco (2019: 12).

## NOTE 4. FINANCIAL INCOME AND EXPENSES

| EUR 1.000 | 2020 | 2019 |
|---|---|---|
| **Financial income and expense** | | |
| Other interest income and similar income | 1.214 | 6.485 |
| Interest expenses and similar charges | -44.519 | -22.516 |
| Interest expense for leasing arrangements | -7.825 | -7.923 |
| Other non operating income and expenses | -12.793 | -8.938 |
| **Total financial income and expense** | **-63.923** | **-32.891** |
| **Income from foreign exchange** | | |
| Forex gains | 235 | 162 |
| **Total income from foreign exchange** | **235** | **162** |
| **Total financial income and expense** | **-63.687** | **-32.729** |

Furthermore expenses for expected loss assurance in amount of EUR 867 thousand are included in the other financial income.

## NOTE 5. TAXATION

Income taxes consist of the following:

| EUR 1.000 | 2020 | 2019 |
|---|---|---|
| Current income tax expense | -13.555 | -2.084 |
| Deferred income tax | 15.193 | - |
| **Total income tax expense** | **1.638** | **-2.084** |

| EUR 1.000 | 2020 | | 2019 | |
|---|---|---|---|---|
| | % | EUR | % | EUR |
| Taxable result | | -26.441 | | -17.112 |
| Tax burden based on nominal rate | 30,0% | -7.932 | 30,0% | -5.134 |
| Tax differences | | 6.294 | | 7.218 |
| **Taxation on result on ordinary activities** | | **-1.638** | | **2.084** |

The effective Group taxation differs from the statutory Monegasque income taxation applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

As a result of the corrections following IFRS 3.48 and the measurement period regarding the Euroports acquisition in 2019 the deferred tax liabilities decreased by EUR 17,9 million from EUR 120,8 million in 2019 to EUR 102,9 million in 2020. This is the consequence remeasurement of assets acquired and resulting in a higher goodwill of EUR 17,1 million.

# NOTE 6. PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

| EUR 1.000 | Land and buildings | Plant and machinery | Transportation vehicles | Other operating assets | Total |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| 1 January 2019 | 4 | 2.175 | 2.029 | 9.644 | 13.852 |
| Acquisition | 200.373 | 440.772 | 3.040 | 4.746 | 648.931 |
| Revaluation | 185.263 | - | - | - | 185.263 |
| **31 December 2019** | **385.640** | **442.947** | **5.069** | **14.390** | **848.046** |
| **Accumulated depreciation and impairments** | | | | | |
| 1 January 2019 | - | 384 | 644 | 2.550 | 3.578 |
| Acquisition | - | 236.892 | - | - | 236.892 |
| Depreciation | - | 22.749 | 178 | 2.544 | 25.471 |
| **31 December 2019** | **-** | **260.025** | **822** | **5.094** | **265.941** |
| **Net book value at 31 December 2019** | **385.640** | **182.922** | **4.247** | **9.296** | **582.104** |

| EUR 1.000 | Land and buildings | Plant and machinery | Transportation vehicles | Other operating assets | Total |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| **IFRS 16 adoption** | | | | | |
| 1 January 2020 | 385.640 | 442.947 | 5.069 | 14.390 | 848.046 |
| Additions | 9.035 | 26.024 | - | 13.454 | 48.513 |
| Disposals | -2.867 | -9.664 | -1.401 | -539 | -14.471 |
| Acquisition | 14.964 | 17.358 | - | 43 | 32.365 |
| Reclassification | -4.732 | 8.070 | 13.090 | -16.525 | -97 |
| Remeasurement IFRS 16 | - | 377 | - | -44 | 333 |
| Exchange rate differences | -840 | -448 | - | -41 | -1.329 |
| **31 December 2020** | **401.200** | **484.664** | **16.758** | **10.738** | **913.360** |
| **Accumulated depreciation and impairments** | | | | | |
| 1 January 2020 | - | 260.025 | 822 | 5.094 | 265.941 |
| Depreciation | 11.245 | 34.802 | 109 | 4.176 | 50.332 |
| **31 December 2020** | **11.245** | **294.827** | **931** | **9.270** | **316.273** |
| **Net book value at 31 December 2020** | **389.955** | **189.837** | **15.827** | **1.468** | **597.088** |

Included in the above line items are right-of-use assets over the following:

| | EUR |
|---|---|
| Buildings | 22.743 |
| Plant & machinery | 49.555 |
| Operating assets, construction and development | 2.738 |
| | **75.036** |

# NOTE 7. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

| EUR 1.000 | Concessions | Goodwill | Other intangible assets | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| 1 January 2019 | | 15.293 | 1.215 | 16.508 |
| Acquisitions | 702.359 | - | 21.480 | 723.839 |
| Additions | - | - | 748 | 748 |
| Purchase price allocation adjustment | - | 252.676 | - | 252.676 |
| **31 December 2019** | **702.359** | **267.969** | **23.443** | **993.771** |
| **Accumulated amortization and impairments** | | | | |
| 1 January 2019 | - | - | 985 | 985 |
| Acquisition | 193.895 | - | - | 193.895 |
| Amortization | 12.462 | - | 5.354 | 17.816 |
| **31 December 2019** | **206.357** | **-** | **6.339** | **212.696** |
| **Net book value at 31 December 2019** | **496.002** | **267.969** | **17.104** | **781.075** |

| EUR 1.000 | Concessions | Goodwill | Other intangible assets | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| 1 January 2020 | 702.359 | 267.969 | 23.443 | 993.771 |
| Remeasurement IFRS 16 | 7.528 | - | - | 7.528 |
| Additions | 3.235 | 5.434 | 5.729 | 14.398 |
| Disposals | -484 | - | -196 | -680 |
| Allocation adjustment IFRS 3.48 | - | 17.059 | - | 17.059 |
| Exchange rate differences | -651 | - | -13 | -664 |
| **31 December 2020** | **711.987** | **290.462** | **28.963** | **1.031.412** |
| **Accumulated amortization and impairments** | | | | |
| 1 January 2020 | 206.357 | - | 6.339 | 212.696 |
| Disposal | 404 | - | - | 404 |
| Amortization | 24.761 | - | 5.717 | 30.478 |
| Exchange rate differences | 483 | - | 3 | 486 |
| **31 December 2020** | **232.005** | **-** | **12.059** | **244.064** |
| **Net book value at 31 December 2020** | **479.982** | **290.462** | **16.904** | **787.348** |

Included in the above line items are right-of-use assets over the following:

| EUR 1.000 | |
|---|---|
| Concessions | 156.933 |

# NOTE 7.

### Concessions

Concessions in intangible assets contain terminal operation rights, that represent contractual entitlements to operate certain terminals of ports recognized as part of previous business combinations. Furthermore there are concessions, which contain operation rights to operate airports and terminals, that are recognized at cost of acquisitions. These concessions are located amongst others in the following states: Finland, Germany, Spain, China, Belgium, Italy.

The rights are amortised on a straight-line basis over the estimated economic life of the concessions of 0-39 years.

### Goodwill

The increase in Goodwill in 2020 with an amount of EUR 17 million results from the IFRS 3.48 adjustment on Euroports Group. The reported Goodwill results from the difference between the consideration and the equity of 100% of the shares in Euroports Group as of 1 June 2019, after conclusion on provisional amounts reference is made to Financial Statements 2019. The remaining addition of 4 million result from another acquisitions of Euroports Group.

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company's management.

### Impairment

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of multiple years, based on the financial plans. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

## NOTE 8. FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

| EUR 1.000 | Deferred tax assets | Associated companies | Other receivables | Total |
|---|---|---|---|---|
| **Book Value** | | | | |
| Balance at 1 January 2019 | - | 11.167 | 1.294 | 12.461 |
| Additions | 21.119 | 2.050 | 4.236 | 27.405 |
| **Balance at 31 December 2019** | **21.119** | **13.217** | **5.530** | **39.866** |
| **Book Value** | | | | |
| Balance at 1 January 2020 | 21.119 | 13.217 | 5.530 | 39.866 |
| Additions | 15.193 | - | - | 15.193 |
| Sales, redemptions and other | - | -3.413 | -584 | -3.997 |
| Impairments in value | - | - | -1.362 | -1.362 |
| **Balance at 31 December 2020** | **36.312** | **9.804** | **3.584** | **49.699** |

The "Associated companies" mainly consist of investments in port operations in the Philippines.

The "Other receivables" are mainly related to deposits that have been provided to service providers for utilities of port operation facilities.

## NOTE 9. INVENTORIES

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Raw materials and consumables | 5.681 | 6.092 |
| **Total inventories** | **5.681** | **6.092** |

The inventory consists of consumables that are required to keep the operation up-and-running. No impairment has been recorded for the inventories during the year.

## NOTE 10. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Trade receivables, prepayments and accrued income | 74.996 | 107.186 |
| Related parties | 1.386 | 1.186 |
| Trade receivables (Factoring) | 28.041 | - |
| Other receivables | 16.392 | 32.829 |
| Taxation | 20 | 10.589 |
| **Total receivables, prepayments and accrued income** | **120.836** | **151.790** |

Regarding the trade receivables the Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Groups´s provision matrix:

## NOTE 10.

Provision Matrix IFRS 9 for receivables and contract based assets 31/12/2020:

| EUR 1.000 | Expected default rate | Carrying amount | Credit Loss allowance (included) |
|---|---|---|---|
| Current | 0,34% | 63.329 | 226 |
| 1-30 days past due | 5,76% | 2.484 | 142 |
| 31-60 days past due | 6,92% | 1.941 | 132 |
| 61-90 days past due | 6,18% | 440 | 27 |
| more than 90 days past due | 6,95% | 7.866 | 537 |
| | | **76.061** | **1.065** |

The provision for doubtful receivables as at 31 December 2020 amounts to a total of EUR 4.513 thousand (2019: 1.756). The difference between the Credit loss allowance as per 31 December 2019 and 31 December 2020 amounts to EUR 867 thousand and is recognized as other financial income.

## NOTE 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as reflected in the balance sheet represent all positions including subsidiaries and joint ventures.

## NOTE 12. LIABILITIES

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Long-term liabilities** | | |
| Bank loans (> 1 year) | 466.519 | 469.082 |
| Bonds | 167.378 | 124.773 |
| IFRS 16 Leasing Liability | 234.405 | 201.455 |
| Provisions | 2.525 | 6.126 |
| | **870.827** | **801.437** |
| **Current liabilities and accruals** | | |
| Bank loans (< 1 year) | 5.860 | 4.500 |
| Short term portion of IFRS 16 Leasing Liability | 29.142 | 29.989 |
| Trade payables | 42.869 | 63.964 |
| Trade payables (Factoring) | 28.041 | - |
| Shareholder payable | - | 330 |
| Related parties payable | 3.141 | - |
| Taxes and social security charges payable | 6.126 | 6.614 |
| Other current liabilities | 16.953 | 48.108 |
| Accrued liabilities and deferred income | 68.217 | 57.016 |
| | **200.349** | **210.523** |

## NOTE 12.

| EUR 1.000 | Long-term borrowings | Short-term borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| **1 January 2019** | **26.743** | **46.199** | **1.090** | **74.032** |
| **Cash-flows** | | | | |
| -Repayment | - | -1.791 | -20.419 | -22.210 |
| -Proceeds | 573.239 | 77.656 | 250.773 | 901.668 |
| **Non-cash** | | | | |
| -Foreign exchange movements | - | 331 | - | 331 |
| -Addition to right-of use asset in exchange for increased lease liabilities | - | - | - | - |
| -Movement in accruals | - | 58.139 | - | 58.139 |
| **31 December 2019** | **599.982** | **180.535** | **231.445** | **1.011.960** |

| EUR 1.000 | Long-term borrowings | Short-term borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| **1 January 2020** | **599.982** | **180.535** | **231.455** | **1.011.960** |
| **Cash-flows** | | | | |
| -Repayment | -2.563 | -330 | -847 | -3.740 |
| -Proceeds | 42.605 | 4.498 | 32.950 | 80.053 |
| **Non-cash** | | | | |
| -Foreign exchange movements | - | - | - | - |
| -Movements in accruals | -3.601 | 11.201 | - | 7.599 |
| **31 December 2020** | **636.422** | **223.945** | **263.547** | **1.095.873** |

### Long Term Liabilities

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 7 years. The interest rate of these loans are between 3.5% and 8% per annum.

Bonds represent the 2018 – 2023 bond which were launched in 2018 on the Frankfurt Exchange (EUR 160 million). The term of the bond is 5 years with an interest of 8,50 % per annum. The fair value of the bond amounts to EUR 143,92 million at 31 December 2020.

### Current Liabilities and Accruals

All liabilities due in less than a year represent bank overdraft facilities, that are renewed regularly on an annual basis. The liabilities related to R-Logistic have an interest rate between 3% and 9% per annum.

## NOTE 13. PROVISIONS

The provisions comprise of employment benefit related matters. No legal provision exceeds EUR 200 thousand except for a provision related to a dispute that dates back to the year 2000. In 2000 the former Necotrans company also deployed trading activities and did not deliver properly under one of the contracts.

The claim has been fully provided for. No trading activities are deployed by any former Necotrans company.

## NOTE 14. LEASING

The Group has leases for port operation concessions, land, warehouses and related facilities, offices, plant and machinery, some IT equipment and some vehicles. With the exception of short- term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Leases of the Group do not contain variable lease payments.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 6), with the exemption of leases for port operation concessions which are classified separate within intangible assets .

Concessions, warehouses and related facilities have generally a long lease term of 15+ years.

Leases of vehicles and IT equipment are generally limited to a lease term of 2 to 5 years.

Leases of property generally have a lease term of 2 to 5 years.

Lease payments of the Group are generally fixed.

Each lease generally has restrictions that, unless there is a contractual right for the Group to sub-rent the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying asset at the end of the lease, or to ex-tend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office and other buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group has to insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

| Right-of-use asset | No. of right of use assets leased | Range of remaining term | Average remaining term | No. of leases with extension options | No. of leases with options to purchase | No. of leases with termination options |
|---|---|---|---|---|---|---|
| Buildings | 41 | 0 - 27 Years | 4 Years | 18 | 1 | 16 |
| Concession (intangible) | 121 | 0 - 40 Years | 10 Years | 121 | - | 105 |
| Plant and machinery | 383 | 0 - 7 Years | 3 Years | 29 | 135 | 76 |

## NOTE 14.

### Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

| EUR 1.000 | Carrying Amount | Additions | Depreciation | Disposal |
|---|---|---|---|---|
| Concessions (intangible) | 181.263 | 484 | 24.330 | 484 |
| Warehouses and related facilities | 39.010 | 1.567 | 15.022 | 2.812 |
| Plant and machinery | 62.921 | 15.799 | 21.901 | 4.526 |

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

### Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

| EUR 1.000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Current | 29.142 | 29.989 |
| Non-current | 234.405 | 200.368 |

The Group has no possible future lease termination options, therefore additional information on the lease liabilities and amounts in respect of possible future lease termination options not recognised are given.

At 31 December 2020 the Group had not committed to leases which had not commenced.
The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

## NOTE 14.

| Minimum lease payment due | | | | |
|---|---|---|---|---|
| | Within 1 year | 1-5 years | Over 5 years | Total |
| **31.12.2020** | | | | |
| Lease payments | 35.753 | 89.606 | 212.010 | 337.369 |
| Finance charges | 7.825 | 28.472 | 97.104 | 133.401 |
| Net present value | 30.412 | 90.523 | 142.612 | 263.547 |
| **31.12.2019** | | | | |
| Lease payments | 37.912 | 95.194 | 183.120 | 316.226 |
| Finance charges | 7.923 | 24.738 | 52.121 | 84.782 |
| Net present value | 29.989 | 70.456 | 130.998 | 231.444 |

### Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

| | EUR |
|---|---|
| Variable costs | 777 |
| Short-term leases | 8.302 |
| Leases of low value assets | 907 |
| Lease payments not recognised as a liability | 9.986 |

At 31 December 2020 the Group was committed to short term leases and the total commitment at that date was EUR 1.131 thousands.

## Additional profit or loss and cash flow information

| | |
|---|---|
| Total cash outflow in respect of leases in the year EUR 1.000 | 28.823 |

For interest expense in relation to leasing liabilities, leasing interest amount to EUR 7.825 thousands.

## NOTE 15. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the Group divided into the classes amortised cost and fair value through profit and loss ("FVTPL"). Financial instruments of the class fair value through other comprehensive income ("FVTOCI") are not applicable.

| 2019<br>EUR 1.000 | note | amortised cost | FVTPL | total |
|---|---|---|---|---|
| Financial fixed assets (other receivables) | 8 | 36.866 | - | 36.866 |
| Trade receivables | 10 | 85.023 | - | 85.023 |
| Receivables, prepayments and accrued income | 10 | 66.767 | - | 66.767 |
| Cash and cash equivalents | 11 | 68.195 | - | 68.195 |
| **Total financial assets** | | **256.851** | **-** | **256.851** |
| Borrowings (> 1 year) | 12 | 801.437 | - | 801.437 |
| Trade payables | 12 | - | - | - |
| Bank loans (< 1 year) | 12 | - | - | - |
| Current liabilities and accruals | 12 | 210.524 | - | 210.524 |
| **Total financial liabilities** | | **1.011.961** | **-** | **1.011.961** |

| 2020<br>EUR 1.000 | note | amortised cost | FVTPL | total |
|---|---|---|---|---|
| Financial fixed assets (other receivables) | 8 | 49.699 | - | 46.699 |
| Trade receivables, prepayments and accrued income | 10 | 74.996 | - | 74.996 |
| Trade receivabes (Factoring) | 10 | - | 28.041 | 28.041 |
| Other Receivables | 10 | 17.799 | - | 17.799 |
| Cash and cash equivalents | 11 | 80.872 | - | 80.872 |
| **Total financial assets** | | **223.366** | **28.041** | **251.407** |
| Borrowings (> 1 year) | 12 | 870.827 | - | 870.827 |
| Trade payables | 12 | 42.869 | - | 42.869 |
| Trade payables (Factoring) | 12 | - | 28.041 | 28.041 |
| Current liabilities and accruals | 12 | 129.439 | - | 129.439 |
| **Total financial liabilities** | | **1.043.135** | **28.041** | **1.071.176** |

### Fair Value Measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- **Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- **Level 2** – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- **Level 3** – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

No instruments are valued at fair value.

## Financial and Capital Risk Management

The Group has exposure to the following risks arising from financial instruments:

**Credit risk**
**Liquidity risk**
**Market risk**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans related to resources development:

- The Financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.
- For the Receivables, prepayments and accrued income, the group policy is being introduced to ensure that all receivables will be secured through adequate credit insurance.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2019 and 2020 none of the Group's revenue attributable to sales transactions with a single multinational customer exceeded 10%.
The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. Nevertheless, since the acquisition of the activities, in principle insurance coverage is (in the process of being) obtained for all Trade Receivables.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The hedging activities primarily take place for the coverage of foreign currency exposure and this is structured in a manner in which margin calls are avoided.

### Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

#### *Currency risk*

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.
The activities are mainly exposed to the USD/EUR exchange rate, as the activities are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for the sales side. Furthermore, the local operations have a limited exposure to the local currency for the part that local resources are paid in the local currency. This effect is insignificant compared to the sales and other operating expenses.

#### *Interest rates*

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

#### *Market price risk*

The activities are performed on a contract basis that spans multiple years. Due to exclusive operations and ports, the market price risk is limited.
At 31 December 2020, the Company has no hedging instruments and no expenses related to derivatives are reflected in the profit and loss account over the year 2019 and 2020.

#### *Equity price risk*

The Company invested into unlisted shares of (air)port operators in order to generate synergies between our group and the co-shareholders. The exposure is limited as the investments are related to exclusive activities in various regions.

## NOTE 16. REMUNERATION OF KEY MANAGEMENT

The remuneration of the director is carried by the parent company.

## NOTE 17. TRANSACTIONS WITH RELATED PARTIES

In 2020, the Company conducted various transactions with related parties.

| EUR 1.000 | Note | 2020 | 2019 |
|---|---|---|---|
| Related parties <1yr | 10 | 1.386 | 1.186 |
| **Total Receivables** | | **1.386** | **1.186** |
| Shareholder >1yr | 12 | 3.141 | 330 |
| **Total Liabilities** | | **3.141** | **330** |
| **Net receivables (-liability)** | | **-1.754** | **856** |

The receivables from related parties will be repaid within the next 12 months. The receivables contain logistic services provided to other Monaco Resources Companies.

## NOTE 18. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

## NOTE 19. AUDITOR'S REMUNERATION

| EUR 1.000 | 2020 | 2019 |
|---|---|---|
| Audit of the financial statements | 78 | 78 |
| Other audit engagements | 932 | 932 |
| **Total professional service fees** | **1.010** | **1.010** |

## NOTE 20. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

| Name | Country of incorporation | Ownership interest 2020 | 2019 |
|---|---|---|---|
| **Consolidated (direct)** | | | |
| R-Logitech S.A.M. | Monaco | 100,00% | 100,00% |
| Nectar Holdings Ltd. | United Kingdom | 52,00% | 40,00% |
| RL Holding S.A. | Luxembourg | 100,00% | 100,00% |
| R-Logistic Group Ltd. | Cyprus | 100,00% | 100,00% |
| R-Logitech UK Ltd. | United Kingdom | 100,00% | 100,00% |
| Southern & Mediterranean Logistics S.A.M. | Monaco | 100,00% | 100,00% |
| **Consolidated (indirect)** | | | |
| Abidjan Port Gestion SAU | Ivory Coast | 100,00% | 100,00% |
| Absolit N.V. | Belgium | 42,69% | 42,69% |
| Albemarle Investments Limited | United Kingdom | 53,36% | 53,36% |
| Antwerp Port Shuttle N.V. | Belgium | 53,36% | 53,36% |
| Aragata Port Holding Company Limited | Cyprus | 53,36% | 53,36% |
| Barging Solutions N.V. | Belgium | 41,09% | 53,36% |
| BPH International Forwarding (Shanghai) Corporation LTD | China | 53,36% | 53,36% |
| BPH Westerlund Holdings N.V. | Belgium | 53,36% | 53,36% |
| Changsu Westerlund Warehousing Co, Ltd. | China | 40,02% | 40,02% |
| CIBEN S.A.S. | France | 53,36% | 53,36% |
| Citraco SARL | Togo | 65,00% | 65,00% |
| Conquest Asia | China | 53,36% | 53,36% |
| Continental Worldwide Logistics S.L. | Spain | 53,36% | 0,00% |
| Corex SARL | Gabon | 50,00% | 50,00% |
| C.S. Delta Union Investment Group Ltd. | Cyprus | 100,00% | 100,00% |
| C.S. Totem Investment Ltd. | Cyprus | 100,00% | 100,00% |
| EP BCo SA | Luxembourg | 53,36% | 53,36% |
| EP PaCo SA | Luxembourg | 53,36% | 53,36% |
| Eurofruitports N.V. | Belgium | 27,21% | 27,21% |
| Euroports  Beteiligungsholdings GmbH | Germany | 53,36% | 53,36% |
| Euroports Asia Holdings Ltd. | Singapore | 53,36% | 53,36% |
| Euroports Belgium N.V. | Belgium | 53,36% | 53,36% |
| Euroports Benelux S.A.R.L | Luxembourg | 53,36% | 53,36% |
| Euroports Breakbulk Oy | Finland | 53,36% | 0,00% |
| Euroports Bulk Terminal Oy | Finland | 53,36% | 0,00% |
| Euroports Bulk Terminal Rostock GmbH | Germany | 53,36% | 53,36% |
| Euroports Containers 524 N.V. | Belgium | 50,91% | 50,91% |
| Euroports Containers Oy | Finland | 53,36% | 0,00% |
| Euroports Düngemittel Dienstleitstung Rostock GmbH | Germany | 53,36% | 53,36% |
| Euroports Ferry Stevedoring Rostock GmbH | Germany | 53,36% | 53,36% |
| Euroports Finland Oy | Finland | 53,36% | 53,36% |
| Euroports France SAS | France | 53,36% | 53,36% |
| Euroports General Cargo Terminal GmbH | Germany | 53,36% | 53,36% |
| Euroports Germany  Verwaltungs GmbH | Germany | 53,36% | 53,36% |
| Euroports Germany GmbH & Co. KG | Germany | 53,36% | 53,36% |
| Euroports Getreide Service Rostock GmbH | Germany | 53,36% | 53,36% |
| Euroports GROUP BV | Belgium | 53,36% | 53,36% |
| Euroports Holdings S.A.R.L | Luxembourg | 53,36% | 53,36% |
| Euroports Iberica TPS SL | Spain | 53,36% | 53,36% |
| Euroports Inland Terminals S.A. | Belgium | 53,36% | 53,36% |

## NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

| Name | Country of incorporation | Ownership interest 2020 | 2019 |
|---|---|---|---|
| **Consolidated (indirect)** | | | |
| Euroports investment (Changshu) Co. Ltd | China | 53,36% | 53,36% |
| Euroports Italy S.p.A. | Italy | 53,36% | 53,36% |
| Euroports Logijstik AS | Turkey | 27,21% | 27,21% |
| Euroports Logistics Oy | Finland | 53,36% | 53,36% |
| Euroports Papier-Lager-und Umschlaggesellschaft GmbH | Germany | 53,36% | 53,36% |
| Euroports Pietarsaari Oy Ab | Finland | 53,36% | 53,36% |
| Euroports Port Acquisitions Luxembourg S.à r.l. | Luxembourg | 53,36% | 53,36% |
| Euroports Rauma Oy | Finland | 53,36% | 53,36% |
| Euroports SHRU Holdings S.à r.l. | Luxembourg | 53,36% | 53,36% |
| Euroports Storage Antwerp N.V | Belgium | 53,36% | 53,36% |
| Euroports Terminals Antwerp N.V. | Belgium | 53,36% | 53,36% |
| Euroports Terminals Gent N.V. | Belgium | 53,36% | 53,36% |
| Euroports Terminals Leftbank N.V. | Belgium | 53,36% | 53,36% |
| Euroports Terminals Rostock GmbH | Germany | 53,36% | 53,36% |
| Euroports TPS Port Spain S.L., Sociedad Unipersona | Spain | 53,36% | 53,36% |
| Euroports Turkey B.V. | Netherlands | 27,21% | 27,21% |
| Fast Customs N.V. | Belgium | 53,36% | 53,36% |
| Gesamthafenbetriebsgesellschaft Rostock mbH | Germany | 53,36% | 53,36% |
| IVK Manuport Logistics LLC | Dubai | 14,94% | 14,94% |
| KP Gestion Portuaire SA | Guinea | 100,00% | 100,00% |
| Liquid Solutions BVBA | Belgium | 53,36% | 53,36% |
| Logsys Bulgaria | Bulgaria | 53,36% | 53,36% |
| Manuport Logistics Asia Pte. Ltd. | Singapore | 32,02% | 32,02% |
| Manuport Africa Logistics N.V | Belgium | 53,36% | 0,00% |
| Manuport Logistics Chile SPA | Chile | 20,41% | 20,41% |
| Manuport Logistics do Brasil Ltda | Brazil | 40,02% | 40,02% |
| Manuport Logistics Engelbrecht S.A.S. | France | 53,36% | 53,36% |
| Manuport Logistics Germany GmbH | Germany | 40,02% | 40,02% |
| Manuport Logistics Malta (Holding) Limited | Malta | 53,36% | 53,36% |
| Manuport Logistics Malta Limited | Malta | 53,36% | 53,36% |
| Manuport Logistics Marseille S.A.S. | France | 53,36% | 53,36% |
| Manuport Logistics N.V. | Belgium | 53,36% | 53,36% |
| Manuport Logistics Netherlands BV | Netherlands | 53,36% | 53,36% |
| Manuport Logistics USA LLC | USA | 53,36% | 53,36% |
| Manuport Participaçoes LTDA. | Brazil | 39,49% | 39,49% |
| Manuport Road Transport Belgium N.V. | Belgium | 53,36% | 53,36% |
| Manuport Road Transport France SAS | France | 53,36% | 53,36% |
| Manuport Services N.V. | Belgium | 53,36% | 53,36% |
| Mauritanienne & Océans S.A. | Mauritania | 51,00% | 51,00% |
| NAT Shipping Bagging Services LTD | United Kingdom | 52,00% | 40,00% |
| Nectar (East Africa) LTD | United Kingdom | 52,00% | 40,00% |
| Nectar Coal Handling (Mozambique) LTDA | Mozambique | 39,00% | 30,00% |
| Nectar (West Africa) Nigeria LTD | Nigeria | 40,00% | 40,00% |
| Nectar GHANA LTD | Ghana | 52,00% | 40,00% |
| Nectar Group LTD | United Kingdom | 52,00% | 40,00% |
| Nectar MOZAMBIQUE LTDA | Mozambique | 39,00% | 30,00% |
| Nectar SENEGAL SARL | Senegal | 40,00% | 40,00% |

## NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

| Name | Country of incorporation | Ownership interest | |
|---|---|---|---|
| | | 2020 | 2019 |
| **Consolidated (indirect)** | | | |
| Nectar SIERRA LEONE BULK TERMINAL LTD | Sierra Leone | 41,60% | 32,00% |
| Oakguild LTD | United Kingdom | 40,00% | 40,00% |
| Oy Timberpark Ab | Finland | 40,24% | 40,24% |
| Polywest N.V. | Belgium | 53,36% | 53,36% |
| Promar Agencies N.V. | Belgium | 26,68% | 26,68% |
| R-Logistic Cameroun SA | Cameroun | 60,00% | 60,00% |
| R-Logistic Congo SA | Congo | 100,00% | 100,00% |
| R-Logistic Africa PVE LTD | Mauritius | 100,00% | 100,00% |
| R-Logistic Afrique SA | Ivory Coast | 100,00% | 75,00% |
| R-Logistic Benin SA | Benin | 100,00% | 99,80% |
| R-Logistic Burkina Faso SA | Burkina Faso | 70,00% | 70,00% |
| R-Logistic Central Africa Republic | Central African Republic | 60,00% | 0,00% |
| R-Logistic France S.A.S. | France | 100,00% | 100,00% |
| R-Logistic Guinée SA | Guinea | 100,00% | 100,00% |
| R-Logistic Mali SA | Mali | 75,00% | 75,00% |
| R-Logistic Niger SA | Niger | 100,00% | 100,00% |
| R-Logistic S.A.S. | France | 100,00% | 100,00% |
| R-Logistic Terminals PVE LTD | Mauritius | 100,00% | 100,00% |
| R-Logistic Tchad SACA | Chad | 60,00% | 0,00% |
| R-Logistic Togo SA | Togo | 99,00% | 99,00% |
| R-Logistic Waterway Management Limited | Cyprus | 100,00% | 100,00% |
| R-LOGITECH SA | Luxembourg | 100,00% | 100,00% |
| Rostock Trimodal GmbH | Germany | 34,58% | 34,58% |
| SALS AD | Bulgaria | 35,58% | 35,58% |
| Société de Gestion Fluviale SA | Guinea | 100,00% | 100,00% |
| Société des Ports Fluviaux du Congo SAU | Congo | 100,00% | 100,00% |
| Terminal Rinfuse Venezia S.P.A. | Italy | 53,36% | 53,36% |
| Thaumas N.V | Belgium | 53,36% | 53,36% |
| Westerlund Bulk Terminals N.V. | Belgium | 53,36% | 53,36% |
| Westerlund Group N.V. | Belgium | 53,36% | 53,36% |
| Zhuhai Galoan Euroports Terminals Co. Ltd. | China | 26,68% | 26,68% |

## NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

| Name | Country of incorporation | Ownership interest 2020 | 2019 |
|---|---|---|---|
| **Non-consolidated (Associates)** | | | |
| R-Logistic Algerie EURL | Algerie | 100,00% | 100,00% |
| Beira Grain Terminal | Mozambique | 4,88% | 3,75% |
| Container Depot München GmbH | Germany | 20,27% | 20,27% |
| Container Depot München GmbH & Co. Service KG | Germany | 23,11% | 23,11% |
| Grosstanklager – Ölhafen Rostock GmbH | Germany | 53,35% | 26,68% |
| HPG SA | Gabon | 39,00% | 39,00% |
| Ibarge N.V. | Belgium | 24,01% | 24,01% |
| Manuport Assessoria Aduaneira e Logistica LTDA | Brazil | 10,40% | 10,40% |
| R-Logistic Sénégal SA | Senegal | 75,00% | 75,00% |
| SEASIA Nectar Port Services INC | Philippines | 12,48% | 9,60% |
| Servei Mancomunat de Prevencio del Port de Tarrago | Spain | 7,44% | 7,44% |
| Sociedad de Estiba y Desestiba del Puerto de Tarra | Spain | 14,54% | 14,54% |
| Sucre Oceane SAS | France | 26,68% | 26,68% |
| Sugarlab 518 N.V. | Belgium | 26,68% | 26,68% |
| Tank Transit Consulting SA | Senegal | 75,00% | 75,00% |

# SIGNING OF THE FINANCIAL STATEMENTS

Monaco, 29 April 2021

Pascale Younès
Director

# 03

R-LOGITECH

# OTHER INFORMATION

# OTHER INFORMATION

## INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 68.

## SUBSEQUENT EVENTS

R-Logitech Group taped its Bond listed on the Frankfurt Exchange by EUR 40 million.

## APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

## APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2019

The Company-only annual report of 2019 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2019 to Other Reserves.

## PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2020

The Board of Directors proposes to transfer the result over the financial year 2020 to other reserves. The financial statements do not yet reflect this proposal.

04

R-LOGITECH

# INDEPENDENT AUDITOR'S REPORT

# INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of R-Logitech S.A.M.

## OUR OPINION

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of R-Logitech S.A.M. as at 31 December 2020 and of its results and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU- IFRS).

## WHAT WE HAVE AUDITED

We have audited the accompanying consolidated financial statements for the year ending 2020 of
R-Logitech S.A.M. Monaco ('the Company'), which comprise the

Consolidated statement of profit or loss
Consolidated statement of other comprehensive income
Consolidated statement of financial position
Consolidated statement of cash flows
Consolidated statement of changes in equity
Notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements are International Financial Reporting Standards as adopted by the European Union.

## THE BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of R-Logitech S.A.M. in accordance with the IFAC Code on independence requirements. Furthermore, we have complied with sections §§ 43, 49, 55 WPO (German Auditor's Regulations), §§ 2f, 20ff BS WP/vBP (Statute for German Auditors) and § 319 HGB (German Commercial Code).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the General Meeting of R-Logitech S.A.M., but these are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

| Key audit matter and description | Our audit response on Key audit matter |
|---|---|
| **Acquisitions and valuations** | |
| The Company has expanded through the years by acquiring new operations. In June 2019 the Company acquired the majority of the shares of Euroports Holdings Sarl. In 2020 there was a remeasurement on the valuation, purchase price allocation and deferred tax implications following the requirements of IFRS 3.94 and the measurement period of business combinations. | We performed a detailed analysis on the valuations and audited the validity and completeness of the stated positions. Furthermore, we assessed whether the disclosures were made in accordance with IFRS 3 Business Combinations. |
| **Impairment of goodwill, other intangible assets** | |
| As a result of the remeasurement of the Euroports acquisition during the year 2019, the company has disclosed an additional amount of EUR 17,1 million and another EUR 5,4 million from another acquisition in 2020 as goodwill under intangible fixed assets. The goodwills are subject to the future performances of these companies. This requires management to closely monitor the carrying values. In 2020 no impairments were noted. | We audited management's assessment of the indicators of any impairment and challenged significant underlying assumptions. Furthermore, we assessed the appropriateness of management's recoverable value models, which included the inherent model inputs and significant assumptions. We challenged the significant inputs and assumptions used in impairment testing for intangible assets. We also assessed the adequacy and completeness of impairment related disclosures in the financial statements, including the key assumptions used as well as the sensitivity. |

## RESPONSIBILITIES OF THE MANAGEMENT BOARD

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and for the preparation of the directors' report, and for

- such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

## OTHER MATTERS

These consolidated financial statements have not been prepared in accordance with the legal requirements of Monaco Company Ordinance and are not intended for statutory filing.

## OUR REPORT ON THE DIRECTORS' REPORT & THE OTHER INFORMATION

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

## OUR APPOINTMENT

We were appointed as auditors of R-Logitech S.A.M. on December 16th, 2020 by engagement letter dated on December 16th, 2020.

Berlin, 29 April 2021

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)
Am Kupfergraben 4-4a
10117 Berlin

Martens

Stephan Martens
Partner

D. Schröder

Detlef Schröder
Partner

04

R-LOGITECH

# APPENDIX TO OUR AUDITOR'S REPORT

## APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020 OF R-LOGITECH S.A.M.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

[Translator's notes are in square brackets]

# General Engagement Terms
## for
## Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
## [German Public Auditors and Public Audit Firms]
## as of January 1, 2017



### 1. Scope of application

**(1)** These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

**(2)** Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

### 2. Scope and execution of the engagement

**(1)** Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

**(2)** Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

**(3)** If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

### 3. The obligations of the engaging party to cooperate

**(1)** The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

**(2)** Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

### 4. Ensuring independence

**(1)** The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

**(2)** Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

### 6. Distribution of a German Public Auditor's professional statement

**(1)** The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

**(2)** The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

### 7. Deficiency rectification

**(1)** In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

**(2)** The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

**(3)** Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

### 8. Confidentiality towards third parties, and data protection

**(1)** Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

**(2)** When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

### 9. Liability

**(1)** For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

**(2)** Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

**(3)** The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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**(4)** When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

**(5)** An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

**(6)** A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

**(1)** If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

**(2)** If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

**(3)** The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

**(1)** When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

**(2)** The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

**(3)** Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

**a)** preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

**b)** examination of tax assessments in relation to the taxes referred to in (a)

**c)** negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

**d)** support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

**e)** participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

**(4)** If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

**(5)** Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

**(6)** Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

**a)** work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

**b)** support and representation in proceedings before tax and administrative courts and in criminal tax matters;

**c)** advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

**d)** support in complying with disclosure and documentation obligations.

**(7)** To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

## 13. Remuneration

**(1)** In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

**(2)** If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

# R-LOGITECH
# CONTACT

R-LOGITECH

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