



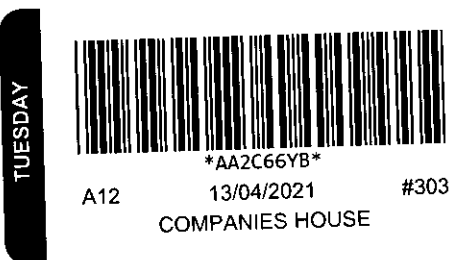
T: +31 (0)10 24 24 600  
E: rotterdam@bdo.nl  
www.bdo.nl

BDO Audit & Assurance B.V.  
K.P. van der Mandelelaan 40, 3062 MB Rotterdam  
The Netherlands

**Neques Holding B.V.**

**at Ridderkerk**

**Financial report for the year ended 31  
December 2019**



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Neques Holding B.V., Ridderkerk

To the Shareholders of  
Neques Holding B.V.  
Straatweg 179  
3054 AD Rotterdam

Rotterdam, 9 February 2021  
ref: 31792

Dear Board of Directors,

In accordance with your instructions we have audited the attached 2019 financial statements of your company. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit. These financial statements are included together with the directors' report and the other information, in these annual accounts attached to this report.

We trust to have been of your service. If you have any questions or comments, please do not hesitate to contact us.

Yours faithfully,

BDO Audit & Assurance B.V.  
On behalf of,

drs. W.P. Visser - De Wit RA

Neques Holding B.V., Ridderkerk

## **Management report**

Enclosed you will find the annual accounts of Neques Holding B.V. 2019.

### **General**

Neques Holding B.V. is engaged in logistics services from its location in Rotterdam in the Netherlands, as well as from a number of foreign offices. Neques Holding B.V. has an (indirect) interest in the following group companies: Merzario International B.V., Merzario B.V., Merzario Ltd., Merzario Limited, Lintrans B.V. and Merzario GmbH.

The turnover is realized with transport by road, air and water. The group has a diversity of buyers and transporters. The average number of employees of the group in the 2019 financial year has increased compared to the previous year as a result of the expansion of the group and its activities. This number is not expected to increase significantly in 2020.

The organizational structure has not changed compared to 2018. The central management remains in Rotterdam.

### **Strategy and objectives of the company**

The company's aim is and remains to achieve such a critical mass, whereby profit maximization and continuity are also guaranteed in the future.

### **Important elements of the pursued policy**

In order to improve the internal structure, a management team of 4 people has been formed. Consultation takes place monthly. The sales, IT and operations departments were further strengthened during 2019. The focus is increasingly on IT and information provision to customers. A new CEO has been hired in 2020. He will manage the company on a daily basis. There are no changes to the shareholder structure.

### **Risks and uncertainties**

The risk of human error is always present. Adequate insurance has been taken out for this. *The company works in the cloud. The risk of malware and hacks is thus minimized. The greatest uncertainty of the company remains "the situation in the world", because we are active worldwide.*

Inherent to the group's operational activities and the geographic location of customers and suppliers, the group faces risks of fraud and / or corruption. We are aware that in the present time it is increasingly important to be able to work compliant. In 2020, therefore, a risk analysis was started, which showed that various improvements can be made to mitigate these risks. The implementation of these improvements will continue in 2021.

In addition, the operational and financial processes have been mapped out and adjustments will be made where necessary so that work can be done more effectively and efficiently, with due observance of the applicable compliance rules.

A cumulative correction from previous years has been included in the 2019 financial statements. This correction is due on the one hand to the incomplete accounting of volume bonuses in previous years and on the other hand to the incorrect and incomplete presentation of costs. This concerns a presentation correction of € 790,000 in total, so there is no effect on equity and result.

## **Covid-19**

Due to the outbreak of the corona virus and the resulting corona crisis, the results of the Neques Holding B.V. during 2020 to date at a level comparable to 2019. Thanks to the spread in our customer portfolio, we have been able to maintain the volumes. The corona crisis is expected to have a limited effect on the group's result for the rest of 2020. When preparing the annual accounts, the full impact of the corona virus outbreak is not yet clear. This will partly depend on the way in which the coronavirus outbreak can be controlled. The great uncertainty makes it difficult to map out the different scenarios. The coronavirus outbreak is expected to have significant economic consequences for a number of sectors in which we operate, however the effects from these sectors are leveling out the impact on our results. We do everything we can to organize the availability and distribution of products as well as possible within the circumstances. In doing so, we follow the guidelines of the RIVM for our employees. Furthermore, if necessary, we will make use of the schemes offered by the government. We continuously assess the liquidity position, partly in relation to the covenants set in the loan agreements. In our estimation, we expect to be able to fully meet our financing needs in the coming period.

## **State of affairs during the financial year and state of affairs as at the balance sheet date**

2019 was a good year for the company, in which the strategy and objectives were achieved. Margins have increased slightly due to more focus on the full charging of file costs, but the increase in volume in particular has led to a strong increase in operating result. The expectations for 2020 are in line with 2019.

The financial highlights are:

Turnover increased by 12%, from € 52.3 million in 2018 to € 58.9 million in 2019. Turnover increased during the year due to increasing demand of existing customers, but also through the acquisition of new customers. The turnover is mainly realized in the Netherlands with the logistics services of both air and sea freight.

Personnel costs have increased compared to 2018. This is the result of an expansion of the workforce as well as regular salary developments. The operating result in 2019 was € 3.3 million (2018: € 1.7 million). The group result after tax increased from € 1,418,000 in 2018 to € 2,671,000 in 2019.

As of the balance sheet date, the company has a solvency of approximately 40%. The liquidity position on the balance sheet date has improved compared to the previous year. During the financial year, external financing was attracted to finance the new building.

The company is not active in research & development. There have been no special developments in the area of personnel or with regard to environmental aspects.

### **Future**

2020 is a challenging year. On the one hand, we know how to limit the negative effects of Covid-19 through the spread of our client portfolio, while on the other hand we fail to achieve the intended growth of our activities.

It is currently expected that the result for 2020 will not deviate significantly from 2019.

By recruiting a new CEO, we expect to further expand our client portfolio and to achieve further efficiency in our operation.

Additional funding may be required by the end of 2020 to finance current and future growth.

Ridderkerk, 9 February 2021

N.D. de Ruiter  
Director

## Consolidated balance sheet as at 31 December 2019

*(Before appropriation of result)*

	31-12-2019		31-12-2018	
	€	€	€	€
<b>ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment				
Land and buildings	5,845,700		723,380	
Other tangible assets	682,126		442,425	
		6,527,826		1,165,805
Financial assets				
Receivables from participants	3,072,953		3,072,953	
Other investments	13,871		43,500	
Other amounts receivable	470,414		504,860	
		3,557,238		3,621,313
<b>Current assets</b>				
Receivables				
Trade receivables	7,047,837		6,663,948	
Receivables from participants	-		1,445,379	
Taxes and social security charges	127,697		116,678	
Other receivables and accrued assets	2,168,741		1,705,090	
		9,344,275		9,931,095
Current securities		-		471,676
Cash and cash equivalents		1,859,016		911,640
<b>Total assets</b>		<b>21,288,355</b>		<b>16,101,529</b>

	31-12-2019		31-12-2018	
	€	€	€	€
<b>LIABILITIES</b>				
<b>Group equity</b>				
Equity	7,834,205		8,887,957	
Minority interest	575,854		362,117	
		8,410,059		9,250,074
<b>Provisions</b>				
Deferred tax liabilities		50,100		-
<b>Non-current liabilities</b>				
Payables to banks		2,380,000		-
<b>Current liabilities</b>				
Payables to banks	680,000		-	
Trade payables	4,007,187		2,774,603	
Payables to participants and other companies	354,189		322,488	
Payables relating to taxes and social security contributions	1,076,448		279,099	
Current other payables, liabilities and accrued expenses	4,330,372		3,475,265	
		10,448,196		6,851,455
<b>Total equity and liabilities</b>		<u>21,288,355</u>		<u>16,101,529</u>



# Consolidated income statement for the year 2019

	2019		2018	
	€	€	€	€
Net Revenue	58,882,338		52,302,689	
Cost of sales	-46,902,870		-43,591,498	
<b>Gross margin</b>		<b>11,979,468</b>		<b>8,711,191</b>
Wages	5,393,307		4,122,132	
Social security premiums and pensions cost	768,116		693,629	
Depreciation of tangible fixed assets	15,075		359,227	
Other operating expenses	2,574,027		1,837,583	
<b>Total of sum of expenses</b>		<b>8,750,525</b>		<b>7,012,571</b>
<b>Total of operating result</b>		<b>3,228,943</b>		<b>1,698,620</b>
Other interest and similar income	136,123		138,313	
Changes in value of long-term receivables and securities	8,732		-22,037	
Interest and similar expenses	-96,401		-45,959	
<b>Financial income and expense</b>		<b>48,454</b>		<b>70,317</b>
<b>Total of result of activities before tax</b>		<b>3,277,397</b>		<b>1,768,937</b>
Income tax expense		-606,485		-351,085
<b>Total of result of activities after tax</b>		<b>2,670,912</b>		<b>1,417,852</b>
Result share of third parties		-333,737		-159,108
<b>Total of result after tax</b>		<b>2,337,175</b>		<b>1,258,744</b>

## Consolidated cash flow statement for the year 2019

	2019		2018	
	€	€	€	€
<b>Total of cash flows from (used in) operating activities</b>				
Operating result		3,228,943		1,698,620
<i>Adjustments for</i>				
Depreciation		15,075		359,227
<i>Changes in working capital</i>				
Decrease (increase) in other receivable	586,820		-1,728,982	
Decrease (increase) in securities	-		6,071	
Increase (decrease) in other payables	2,672,985		1,018,341	
		3,259,805		-704,570
<b>Total of cash flows from (used in) operations</b>		6,503,823		1,353,277
Interest received	136,123		138,313	
Interest from long-term receivables and securities	-		22,037	
Interest paid	-96,401		-45,959	
Income tax paid	-313,807		-393,499	
		-274,085		-279,108
<b>Total of cash flows from (used in) operating activities</b>		6,229,738		1,074,169
<b>Total of cash flows from (used in) investment activities</b>				
Purchase of property, plant and equipment	-6,379,054		-243,872	
Proceeds from sales of property, plant and equipment	1,000,000		-	
Loans granted	-		-1,332,000	
Repayment loans	46,655		11,883	
<b>Total of cash flows from (used in) investment activities</b>		-5,332,399		-1,563,989
<b>Total of cash flows from (used in) financing activities</b>				
Dividend paid	-3,520,000		-	
Proceeds from borrowings	3,400,000		-	
Repayments from borrowings	-340,000		-	
Securities sold	510,037		-	
<b>Total of cash flows from (used in) financing activities</b>		50,037		-

**Total of increase (decrease) in cash and cash equivalents**

947,376

-489,820

**Movement in cash and cash equivalents**

Cash and cash equivalents at the beginning of the period

911,640

1,401,460

Increase (decrease) cash and cash equivalents

947,376

-489,820

Cash and cash equivalents at the end of the period

1,859,016

911,640

## Accounting policies of the consolidated annual report

### Entity information

#### Registered address and registration number trade register

The actual address of Neques Holding B.V. is Straatweg 179, 3054 AD in Rotterdam, the registered place of business is Ridderkerk. Neques Holding B.V. is registered at the Chamber of Commerce under number 24383116.

### General notes

#### The most important activities of the entity

The activities of Neques Holding B.V. and its group companies consist mainly of management and expedition activities.

#### Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Neques Holding B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The estimates in the financial statements do not take into account the possible impact of the coronavirus on the company.

#### Disclosure of consolidation

The consolidation includes the financial information of Neques Holding B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Neques Holding B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which Neques Holding B.V. exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The consolidated companies are listed below:

- Neques Holding B.V., Rotterdam
- Merzario International B.V., Ridderkerk (100% direct interest);
- Merzario B.V., Ridderkerk (70% indirect interest);
- Merzario Ltd., London, England (100% indirect interest)
- Merzario Limited, Hong Kong, China (100% indirect interest)
- Lintrans B.V., Ridderkerk (100% indirect interest);
- Merzario GmbH, Hamburg, Germany (100% indirect interest)
- Merzario China Ltd, China (100% indirect interest)
- Merzario Ltd., Ho Chi Minh City, Vietnam (100% indirect interest)

Merzario Ltd. (London, England), a wholly owned subsidiary of the company, is exempt from the requirements of the Companies Act 2006 concerning the audit of individual accounts pursuant to Section 479A for non-dormant subsidiaries. All outstanding debt of Merzario Limited at 31 December 2019 has been guaranteed by Neques Holding B.V. and no liability is expected to arise during the warranty period.

## **General accounting principles**

### The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. The balance sheet and profit and loss account contain references. These refer to the disclosures in the financial statements.

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

### Conversion of amounts denominated in foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Non-monetary assets measured at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

### Pension arrangements

Neques Holding B.V. operates a pension plan for its staff that qualifies as a defined contribution plan. The Company's sole obligation is payment of an annual contribution to the insurance company. The contributions payable in the future partly depend on the developments in the terms and conditions of employment within the industry and on the returns generated on the contributions invested. The Company does not form a provision for any future increases in the contributions.

### Financial instruments

Financial instruments are primary and derivative financial instruments. For the financial instruments, reference is made to the treatment per balance sheet item.

## Accounting principles

### Property, plant and equipment

Land and buildings, plant and equipment, other fixed operating assets, tangible fixed assets in production and prepayments on tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets and considering a residual value. Land, tangible fixed assets in production and prepayments on tangible fixed assets are not depreciated. Depreciation starts when the asset has been taken into use.

Other tangible fixed assets are measured at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

### Financial assets

Receivables recognised under financial fixed assets are initially valued at nominal value. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues.

### Impairment of non-current assets

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell. Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

### Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### Current securities

Securities are recognised initially at fair value. Securities can, for the subsequent valuation, be divided into securities that are held for trading and securities that are not held for trading, being equity instruments or bonds.

Securities which are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognised directly in the consolidated income statement.

Purchased bonds which are not held for trading are stated at amortised cost.

### Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Share in group equity not accrued to legal entity

Non-controlling interests in group equity are stated at the amount of the net interest in the net assets of group companies concerned.

Provision for tax liabilities

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax balances are valued at nominal value.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Net revenue

Net turnover comprises the income from the supply of services after deduction of discounts and such like and of taxes levied on the turnover.

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property and other tangible fixed assets.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Profit (loss) attributable to non-controlling interest not accrued to legal entity

The result share of third parties is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. *Interest paid and received, dividends received and income taxes are included in cash from operating activities.* Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.



## Notes to the consolidated balance sheet as at 31 December 2019

### Assets

#### Fixed assets

##### Property, plant and equipment

Changes in tangible fixed assets are presented as follows:

	<i>Land and buildings</i> €	<i>Other tangi- ble assets</i> €	<i>Total</i> €
<u>Balance as at 1 January 2019</u>			
Cost or manufacturing price	1,351,500	1,963,712	3,315,212
Accumulated depreciation	-628,120	-1,521,287	-2,149,407
Book value as at 1 January 2019	<u>723,380</u>	<u>442,425</u>	<u>1,165,805</u>
<u>Movements</u>			
Additions	5,936,000	443,054	6,379,054
Depreciation	-104,378	-201,395	-305,773
Disposals	-1,351,500	-1,101,793	-2,453,293
Depreciation on disposals	642,198	1,099,835	1,742,033
Balance movements	<u>5,122,320</u>	<u>239,701</u>	<u>5,362,021</u>
<u>Balance as at 31 December 2019</u>			
Cost or manufacturing price	5,936,000	1,304,973	7,240,973
Accumulated depreciation	-90,300	-622,847	-713,147
Book value as at 31 December 2019	<u>5,845,700</u>	<u>682,126</u>	<u>6,527,826</u>
 Depreciation percentages	 <u>0% - 6.25%</u>	 <u>20%</u>	

Financial assets

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<i>Receivables from participants</i>		
N.D. de Ruiter	3,072,953	3,072,953

During 2019, interest of 4% (2018: 4%) has been charged. There are no fixed repayment obligations. During the financial year no repayments have taken place. The security for the loan is a house located at Straatweg 179 in Rotterdam.

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<i>Other investments</i>		
Certificate The Dutch	13,871	43,500
<i>Other amounts receivable</i>		
Mortgage Olympiastraat 68 Breda	470,414	504,860
<i>Mortgage Olympiastraat 68 Breda</i>		

During 2019, interest of 2.71% (2018: 2.71%) has been charged. The loan must be repaid before 31 December 2047.

**Current assets**

Receivables

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<i>Trade receivables</i>		
Trade receivables	7,461,308	7,076,718
Provision for doubtful debts	-413,471	-412,770
	<u>7,047,837</u>	<u>6,663,948</u>
<i>Receivables from participants</i>		
Current-account N.D. de Ruiter	-	1,445,379
<i>Taxes and social security charges</i>		
Foreign value added tax	87,205	70,122
Value added tax	40,492	46,556
	<u>127,697</u>	<u>116,678</u>

	31-12-2019	31-12-2018
	€	€
<i>Other receivables and accrued assets</i>		
Freight costs to be invoiced	1,351,707	1,068,350
Purchase invoices received in advance	653,927	481,360
Guarantee deposits	137,764	102,758
Prepaid expenses	25,343	40,413
Short term part of mortgage Olympiastraat	-	12,209
	<u>2,168,741</u>	<u>1,705,090</u>
<u>Securities</u>		
Securities	-	471,676
<u>Cash and cash equivalents</u>		
ABN AMRO Bank N.V.	1,422,661	638,966
Bank of China	385,028	191,754
HSBC Limited	49,875	72,418
InsingerGilissen Bankiers N.V.	-	6,071
Cash	1,452	2,431
	<u>1,859,016</u>	<u>911,640</u>

Cash and cash equivalents only include amounts that are immediately accessible and available on the Company's demand.

## Liabilities

### Group equity

The shareholders' equity is explained in the notes to the non-consolidated balance sheet.

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<b>Minority interest</b>		
Share in group equity not accrued to legal entity	575,854	362,117

This concerns the minority share of 30% in Merzario B.V.

### Deferred tax liabilities

	<u>2019</u>	<u>2018</u>
	€	€
Balance as at 1 January	-	-
Movements	50,100	-
Balance as at 31 December	50,100	-

Deferred tax liabilities are recognised for temporary differences between the value of the tangible fixed assets under tax regulations on the one hand and the book values applied in these financial statements on the other. Deferred tax balances are valued at nominal value. The applied tax rate is 25%.

## Non-current liabilities

### Non-current liabilities

	<i>Balance as at 31 December 2019</i>	<i>Remaining pay-back time &gt; 1 year</i>	<i>Remaining pay-back time &gt; 5 year</i>	<i>Interest percentage</i>
	€	€	€	%
Payables to banks	2,380,000	2,380,000	-	1.70

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

### Non-current liabilities

ABN AMRO Bank N.V. has issued a mortgage loan of € 3,400,000 with a remaining maturity of 5 years. The interest rate on this loan amounts to 1.7%. The securities are as follows:

- a pledge on the building at K.P. van der Mandelelaan 20, Rotterdam;
- a pledge on receivables;
- a pledge on goods.

## Current liabilities

	31-12-2019	31-12-2018
	€	€
<i>Payables to participants and other companies</i>		
Paulos Holding B.V.	161,244	161,244
Rosare Beheer B.V.	161,244	161,244
Current-account N.D. de Ruiter	31,701	-
	<u>354,189</u>	<u>322,488</u>
<i>Payables relating to taxes and social security contributions</i>		
Dividend tax	510,000	-
Wage tax	322,158	277,387
Corporate income tax	244,290	1,712
	<u>1,076,448</u>	<u>279,099</u>
<i>Current other payables, liabilities and accrued expenses</i>		
Freight charges to be paid	2,809,169	2,145,461
Revenue invoiced in advance	818,437	618,111
Bonus accrual	322,583	271,888
Payable import duties	287,232	358,699
Vacation days payable	53,997	51,210
Other payables	38,954	29,896
	<u>4,330,372</u>	<u>3,475,265</u>

## **Off-balance-sheet commitments, guarantees and security**

### **Disclosure of contingent arrangements**

Merzario B.V. has a credit facility of maximum € 1,000,000, of which € 400,000 is directly available. The average interest rate is 5.95%. The securities are as follows:

- a pledge on receivables;
- a pledge on goods;
- a pledge on receivables arising from recourse and subrogation.

Neques Holding B.V. is jointly and severally liable for the credit facility provided.

### **Disclosure of contingent liabilities on behalf of group companies**

The Company has issued a declaration of joint and several liability as referred to in section 403, book 2 of the Dutch Civil Code. The declaration concerns:

- Lintrans B.V. at Hoogblokland;
- Merzario B.V. at Rotterdam;
- Merzario International B.V. at Ridderkerk.

Merzario Limited, England, a wholly owned subsidiary of the company, is exempt from the requirements of the Companies Act 2006 concerning the audit of individual accounts pursuant to Section 479A for non-dormant subsidiaries. All outstanding debt of Merzario Limited at 31 December 2019 has been guaranteed by Neques Holding B.V. and no liability is expected to arise during the warranty period.

### **Off-balance sheet commitments relating to guarantees**

As at 31 December 2019 the Company and its subsidiaries have provided guarantees in the total amount of € 665,000 (2018: € 665,000).

### **Off-balance sheet commitments relating to payments to obtain usage rights**

As per year end the commitments relating to rent can be specified as follows:

0-1 year € 219,980  
1-5 years € 251,473  
5 years € -  
Total € 471,453

### **Disclosure of operating leases**

As per year end the commitments relating to lease can be specified as follows:

0-1 year € 4,817  
1-5 years € -  
5 years € -  
Total € 4,817

## Notes to the consolidated income statement for the year 2019

### Net Revenue

Net turnover for 2018 has increased by 12.6% from the previous year.

### Remuneration of directors

The board of Neques Holding B.V. consists of 1 person. In accordance with the exemption within 2:383 paragraph 1 of the Netherlands Civil Code, no disclosure regarding payments to directors has been made.

### Average number of full time equivalent employees 2019

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2019	58.60	52.20	110.80

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2018	56.00	45.00	101.00

	2019	2018
	€	€

### Social security premiums and pensions cost

Social security charges	680,503	615,395
Pension charges	87,613	78,234
	<u>768,116</u>	<u>693,629</u>

### Depreciation of tangible fixed assets

Buildings and land	104,378	67,576
Other fixed assets	201,395	291,651
	<u>305,773</u>	<u>359,227</u>
Book profit buildings	-290,698	-
	<u>15,075</u>	<u>359,227</u>

### Other operating expenses

Other expenses of employee benefits	186,538	154,189
Housing expenses	1,029,531	536,370
Selling expenses	442,328	345,653
Car expenses	210,600	179,256
General expenses	705,030	622,115
	<u>2,574,027</u>	<u>1,837,583</u>

	2019	2018
	€	€
<i>Other expenses of employee benefits</i>		
Representation expenses	63,668	69,224
Travel expenses	62,461	42,353
Education expenses	25,452	10,660
Other staff expenses	34,957	31,952
	<u>186,538</u>	<u>154,189</u>
<i>Housing expenses</i>		
Rent expenses	850,594	414,753
Maintenance building	79,187	60,061
Energy expenses	44,593	27,969
Cleaning expenses	36,922	22,069
Storage costs	7,829	7,591
Other housing expenses	10,406	3,927
	<u>1,029,531</u>	<u>536,370</u>
<i>Selling expenses</i>		
Promotion and advertising	437,526	344,774
Addition to provision doubtful debtor	4,802	879
	<u>442,328</u>	<u>345,653</u>
<i>Car expenses</i>		
Car expenses	197,218	166,623
Miscellaneous car expenses	13,382	12,633
	<u>210,600</u>	<u>179,256</u>
<i>General expenses</i>		
Automation costs	327,711	330,955
Audit costs	132,837	144,884
Telephone expenses	68,085	64,052
Subscriptions	41,879	12,069
Stationary	36,136	27,662
Insurance costs	19,359	19,546
Legal expenses	15,214	12,641
Fines	320	1,309
Other general expenses	63,489	8,997
	<u>705,030</u>	<u>622,115</u>



Financial income and expense

	<u>2019</u>	<u>2018</u>
	€	€
<u>Other interest and similar income</u>		
Interest of receivables from loan director	122,920	124,169
Interest other receivables	13,203	14,144
	<u>136,123</u>	<u>138,313</u>
 <i>Interest other receivables</i>		
Interest loan Olympiastraat	<u>13,203</u>	<u>14,144</u>
 <u>Changes in value of long-term receivables and securities</u>		
Value changes other securities	<u>8,732</u>	<u>-22,037</u>
 <u>Interest and similar expenses</u>		
Paid bank interest	46,747	-
Other interest expenses	49,654	45,959
	<u>96,401</u>	<u>45,959</u>
 <i>Paid bank interest</i>		
Financing interest	<u>46,747</u>	<u>-</u>
 <i>Other interest expenses</i>		
Exchange result participations	650	4,345
Other interest expenses	49,004	41,614
	<u>49,654</u>	<u>45,959</u>
 <u>Income tax expense</u>		
Income tax expense from current financial year	-556,385	-352,846
Deferred taxes	-50,100	-
Income tax expense from previous years	-	1,761
	<u>-606,485</u>	<u>-351,085</u>

Other notes to the consolidated income statement

A cumulative correction from previous years has been included in the 2019 financial statements. This correction is due on the one hand to the incomplete accounting of volume bonuses in previous years and on the other hand to the incorrect and incomplete presentation of costs. This concerns a presentation correction of € 790,000 in total, so there is no effect on equity and result. It is expected that there will be no tax consequences and corrections for the company.

## Company balance sheet as at 31 December 2019

(Before appropriation of result)

	31-12-2019		31-12-2018	
	€	€	€	€
<b>ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment				
Land and buildings		5,845,700		723,380
Financial assets				
Participating in group companies	1,591,369		2,392,881	
Receivables from participants	3,072,953		3,072,953	
Other investments	13,871		43,500	
Other amounts receivable	470,414		504,860	
		5,148,607		6,014,194
<b>Current assets</b>				
Receivables				
Receivables from group companies	342,415		392,415	
Receivables from participants	-		1,445,379	
Other receivables and accrued assets	-		12,209	
		342,415		1,850,003
Current securities		-		471,676
Cash and cash equivalents		218,430		22,874
<b>Total assets</b>		<b>11,555,152</b>		<b>9,082,127</b>

	31-12-2019		31-12-2018	
	€	€	€	€
<b>LIABILITIES</b>				
<b>Equity</b>				
Share capital	18,004		18,004	
Share premium reserve	198,477		198,477	
Other legal reserves	9,073		-	
Other reserves	5,271,476		7,412,732	
Undistributed profit	2,337,175		1,258,744	
		7,834,205		8,887,957
<b>Provisions</b>				
Deferred tax liabilities		50,100		-
<b>Non-current liabilities</b>				
Payables to banks		2,380,000		-
<b>Current liabilities</b>				
Payables to banks	680,000		-	
Current payables to group companies	-		180,000	
Payables to participants and other companies	31,701		-	
Payables relating to taxes and social security contributions	579,146		14,170	
		1,290,847		194,170
<b>Total equity and liabilities</b>		<u>11,555,152</u>		<u>9,082,127</u>

## Company income statement for the year 2019

	2019		2018	
	€	€	€	€
Net Revenue	360,149		172,260	
Other operating income	50,000		50,000	
<b>Gross margin</b>		410,149		222,260
Depreciation of tangible fixed assets	-186,320		67,576	
Other operating expenses	46,897		3,942	
<b>Total of sum of expenses</b>		-139,423		71,518
<b>Total of operating result</b>		549,572		150,742
Other interest and similar income	136,123		138,313	
Changes in value of long-term receivables and securities	8,732		-22,037	
Interest and similar expenses	-46,747		-	
<b>Financial income and expense</b>		98,108		116,276
<b>Total of result before tax</b>		647,680		267,018
Income tax expense		-149,920		-56,755
		497,760		210,263
Share in result from participations		1,839,415		1,048,481
<b>Total of result after tax</b>		2,337,175		1,258,744

## **Accounting policies of the non-consolidated annual report**

### **General accounting principles**

#### The accounting standards used to prepare the financial statements

The company financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

### **Accounting principles**

#### Financial assets

Participations, over which significant influence can be exercised, are valued according to the equity method on the basis of net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence. In assessing whether the company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. Measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. If and insofar as Neques Holding B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

#### Share in results of participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Neques Holding B.V..

## Notes to the balance sheet as at 31 December 2019

### Assets

#### Fixed assets

##### Property, plant and equipment

	<i>Land and buildings €</i>
<u>Balance as at 1 January 2019</u>	
Cost or manufacturing price	1,351,500
Accumulated depreciation	-628,120
Book value as at 1 January 2019	<u>723,380</u>
<u>Movements</u>	
Additions	5,936,000
Depreciation	-104,378
Disposals	-1,351,500
Depreciation on disposals	642,198
Balance movements	<u>5,122,320</u>
<u>Balance as at 31 December 2019</u>	
Cost or manufacturing price	5,936,000
Accumulated depreciation	-90,300
Book value as at 31 December 2019	<u>5,845,700</u>
Depreciation percentages	<u>0% - 6.25%</u>

### Financial assets

An overview of the financial fixed assets can be found below:

	<i>Participating in group companies</i> €	<i>Receivables from participants</i> €	<i>Other investments</i> €	<i>Other amounts receivable</i> €	<i>Total</i> €
<u>Balance as at 1 January 2019</u>					
Principal value	2,392,881	3,072,953	43,500	504,860	6,014,194
Balance as at 1 January 2019	2,392,881	3,072,953	43,500	504,860	6,014,194
<u>Movements</u>					
Disposals	-	-	-29,629	-	-29,629
Result	1,839,415	-	-	-	1,839,415
Dividend received from participations	-2,650,000	-	-	-	-2,650,000
Mutation revaluation reserve	9,073	-	-	-	9,073
Repayments	-	-	-	-34,446	-34,446
Balance movements	-801,512	-	-29,629	-34,446	-865,587
<u>Balance as at 31 December 2019</u>					
Principal value	1,591,369	3,072,953	13,871	470,414	5,148,607
Balance as at 31 December 2019	1,591,369	3,072,953	13,871	470,414	5,148,607

	<u>31-12-2019</u> €	<u>31-12-2018</u> €
<i>Participating in group companies</i>		
Merzario International B.V.	1,591,369	2,392,881
<i>Receivables from participants</i>		
N.D. de Ruiter	3,072,953	3,072,953

During 2019, interest of 4% (2018: 4%) has been charged. There are no fixed repayment obligations. During the financial year no repayments have taken place. The security for the loan is a house located at Straatweg 179 in Rotterdam.

	<u>31-12-2019</u> €	<u>31-12-2018</u> €
<i>Other investments</i>		
Certificate The Dutch	13,871	43,500
<i>Other amounts receivable</i>		
Mortgage Olympiastraat 68 Breda	470,414	504,860

During 2019, interest of 2.71% (2018: 2.71%) has been charged. The loan must be repaid before 31 December 2047.

## Current assets

### Receivables

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<i>Receivables from group companies</i>		
Merzario International B.V.	342,415	342,415
Merzario B.V.	-	50,000
	<u>342,415</u>	<u>392,415</u>

During 2019 and 2018 no interest has been charged. There are no fixed repayment obligations.

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<i>Receivables from participants</i>		
Current-account N.D. de Ruiter	-	1,445,379
	<u>-</u>	<u>1,445,379</u>
<u>Securities</u>		
Securities	-	471,676
	<u>-</u>	<u>471,676</u>
<u>Cash and cash equivalents</u>		
ABN AMRO Bank N.V.	218,430	16,803
InsingerGilissen Bankiers N.V.	-	6,071
	<u>218,430</u>	<u>22,874</u>



## Liabilities

### Equity

Movements in equity of 2018 were as follows:

	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Other reserves</i>	<i>Undistributed profit</i>	<i>Total</i>
	€	€	€	€	€
Balance as at 1 January 2018	18,004	198,477	6,431,936	980,796	7,629,213
Result for the year	-	-	-	1,258,744	1,258,744
Appropriation of result	-	-	980,796	-980,796	-
Balance as at 31 December 2018	18,004	198,477	7,412,732	1,258,744	8,887,957

### Equity

Movements in equity of 2019 were as follows:

	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Other legal reserves</i>	<i>Other reserves</i>	<i>Undistributed profit</i>
	€	€	€	€	€
Balance as at 1 January 2019	18,004	198,477	-	7,412,732	1,258,744
Result for the year	-	-	-	-	2,337,175
Appropriation of result	-	-	-	1,258,744	-1,258,744
Addition in financial year	-	-	9,073	-	-
Dividend payment	-	-	-	-3,400,000	-
Balance as at 31 December 2019	18,004	198,477	9,073	5,271,476	2,337,175

	<i>Total</i>
	€
Balance as at 1 January 2019	8,887,957
Result for the year	2,337,175
Appropriation of result	-
Addition in financial year	9,073
Dividend payment	-3,400,000
Balance as at 31 December 2019	7,834,205

Neques Holding B.V. at Ridderkerk

#### *Share capital*

The authorised share capital consists of 90,000 shares of € 1 totalling EUR 90,000. The issued capital amounts to € 18,004, divided into 18,004 shares of € 1. There were no movements during the year.

#### *Share premium reserve*

The share premium reserve has been formed as a result of contributions by the shareholder of the company

#### *Other legal reserves*

This represents a currency translation reserve which is recognised in connection with participations denominated in foreign currencies.

### **Provisions**

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<u>Deferred tax liabilities</u>		
Balance as at 1 January	-	-
Movements	50,100	-
Balance as at 31 December	<u>50,100</u>	<u>-</u>

Deferred tax liabilities are recognised for temporary differences between the value of the tangible fixed assets under tax regulations on the one hand and the book values applied in these financial statements on the other. Deferred tax balances are valued at nominal value. The applied tax rate is 25%.

## Non-current liabilities

### Non-current liabilities

	<i>Balance as at 31 December 2019</i>	<i>Remaining pay-back time &gt; 1 year</i>	<i>Remaining pay-back time &gt; 5 year</i>	<i>Interest percentage</i>
	€	€	€	%
Payables to banks	2,380,000	2,380,000	-	1.70

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

### Non-current liabilities

ABN AMRO Bank N.V. has issued a mortgage loan of € 3,400,000 with a remaining maturity of 5 years. The interest rate on this loan amounts to 1.7%. The securities are as follows:

- a pledge on the building at K.P. van der Mandelelaan 20, Rotterdam;
- a pledge on receivables;
- a pledge on goods.

## Current liabilities

	31-12-2019	31-12-2018
	€	€
<i>Current payables to group companies</i>		
Lintrans B.V.	-	180,000

During 2019 and 2018 no interest has been charged. There are no fixed repayment obligations.

	31-12-2019	31-12-2018
	€	€
<i>Payables to participants and other companies</i>		
Current-account N.D. de Ruiter	31,701	-
<i>Payables relating to taxes and social security contributions</i>		
Dividend tax	510,000	-
Corporate income tax	48,925	5,253
Value added tax	20,221	8,917
	579,146	14,170

## Off-balance-sheet commitments, guarantees and security

### Disclosure of contingent arrangements

Merzario B.V. has a credit facility of maximum € 1,000,000, of which € 400,000 is directly available. The average interest rate is 5.95%. The securities are as follows:

- a pledge on receivables;
- a pledge on goods;
- a pledge on receivables arising from recourse and subrogation.

Neques Holding B.V. is jointly and severally liable for the credit facility provided.

### Disclosure of contingent liabilities on behalf of group companies

The Company has issued a declaration of joint and several liability as referred to in section 403, book 2 of the Dutch Civil Code. The declaration concerns:

- Lintrans B.V. at Hoogblokland;
- Merzario B.V. at Rotterdam;
- Merzario International B.V. at Ridderkerk.

Merzario Limited, England, a wholly owned subsidiary of the company, is exempt from the requirements of the Companies Act 2006 concerning the audit of individual accounts pursuant to Section 479A for non-dormant subsidiaries. All outstanding debt of Merzario Limited at 31 December 2019 has been guaranteed by Neques Holding B.V. and no liability is expected to arise during the warranty period.

## Notes to the company-only income statement for the year 2019

### Remuneration of directors

The board of Neques Holding B.V. consists of 1 person. In accordance with the exemption within 2:383 paragraph 1 of the Netherlands Civil Code, no disclosure regarding payments to directors has been made.

### Average number of full time equivalent employees 2019

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2019	-	-	-

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2018	-	-	-
		2019	2018
		€	€

### Depreciation of tangible fixed assets

Buildings and land	104,378	67,576
Book profit buildings	-290,698	-
	<u>-186,320</u>	<u>67,576</u>

### Other interest and similar income

Interest of receivables from loan director	122,920	124,169
Interest other receivables	13,203	14,144
	<u>136,123</u>	<u>138,313</u>

### Interest other receivables

Interest loan Olympiastraat	13,203	14,144
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### Changes in value of long-term receivables and securities

Value changes other securities	8,732	-22,037
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### Income tax expense

Deferred taxes	-50,100	-
Income tax expense from current financial year	-99,820	-56,755
	<u>-149,920</u>	<u>-56,755</u>

### Share in result from participations

Result from Merzario International B.V.	1,839,415	1,048,481
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Neques Holding B.V. at Ridderkerk

### **Subsequent events**

The outbreak of the coronavirus during the first months of 2020 has a major impact on the global economy. The consequences of the coronavirus outbreak are classified as events after the balance sheet date that do not provide further information about the actual situation as at the balance sheet date and have therefore not been included in the 2019 financial statements. However, the coronavirus outbreak and the resulting corona crisis have had no or only limited negative impact on the results of the group during 2020. It is expected that the corona crisis will not have a negative, or only limited negative effect on the results of the group for the year 2021. However, this will also depend on how the coronavirus outbreak can be controlled. Due to the great uncertainty, it is difficult to map out the different scenarios. As a result, the expected impact of the coronavirus outbreak on our operations is not yet clear.

### **Proposed appropriation of appropriation of result**

The net result after tax of € 2,337,175 for the year is shown as 'Undistributed profit' until the shareholders of the company adopt the 2019 financial statements.

Rotterdam, 9 February 2021  
Neques Holding B.V.

Merzario International B.V.  
Represented by:  
N.D. de Ruiter  
Director

Neques Holding B.V. at Ridderkerk

### **Other information**

**Provisions of the Articles of Association relating to profit appropriation**  
The net profit is at free disposal of the general shareholders' meeting.

# Independent auditor's report

RA21-30

To: the shareholders of Neques Holding B.V.

## A. Report on the audit of the financial statements 2019 included in the annual report

### Our opinion

We have audited the financial statements 2019 of Neques Holding B.V. based in Ridderkerk. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Neques Holding B.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2019;
2. the consolidated and company profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Neques Holding B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

### Emphasis of matter paragraph concerning the impact of Covid-19

We draw attention to the text in the explanatory notes to the financial statements in the section 'Subsequent events', which describe the uncertainties about the possible consequences that the Coronavirus has for Neques Holding B.V. We have not modified our audit opinion as a result of this matter.



## **B. Report on other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ the management report;
- ▶ other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- ▶ is consistent with the financial statements and does not contain material misstatements;
- ▶ contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **C. Description of responsibilities regarding the financial statements**

### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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.



### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ 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 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 entity's internal control;
- ▶ evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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. However, future events or conditions may cause a 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.



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

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Rotterdam, February 9, 2021

For and on behalf of BDO Audit & Assurance B.V., For identification purposes:

Digitaal ondertekend door:  
Wilma Visser - de Wit.  
9 februari 2021 22:28 GMT +00:00..

W.P. Visser-de Wit RA

A handwritten signature in blue ink, appearing to be 'W.P. Visser-de Wit'.

# Galloways

## Accounting

Atlas Chambers  
33 West Street  
Brighton  
BN1 2RE

t: 01273 324163

[www.wearegalloways.com](http://www.wearegalloways.com)

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
Wales  
CF14 3UZ  
DX 33050 Cardiff

Our ref: JRS001

9 April 2021

Dear Sir/Madam

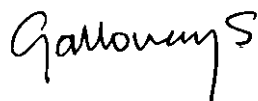
**ERG Process Technologies Ltd - Company Number: 04171774 (Parent)**  
**ERG APC Maintenance Ltd - Company Number: 09990146 (Subsidiary)**

In response to your letter dated 01/04/2021 with ref: AA/09990146/EP, please find enclosed:

- The 29 February 2020 year-ended accounts for filing for ERG APC Maintenance Ltd.
- The updated completed AA06 - Statement of guarantee by a parent undertaking of a subsidiary company form for ERG APC Maintenance Ltd.
- Written notice that all members of ERG APC Maintenance Ltd agree to the exemption to audit for the year-ended 29 February 2020.
- A copy of the ERG Process Technologies Ltd consolidated accounts for the year-ended 29 February 2020. Please note that these ERG Process Technologies Ltd accounts have already been successfully filed and we are not filing them again or amending them.

If there are any issues with the enclosed documents, please feel free to contact [Chris.thompson@wearegalloways.com](mailto:Chris.thompson@wearegalloways.com) to resolve.

Yours faithfully



GALLOWAYS