



## **Exmar NV**

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2020 - Consolidated financial statements

The original text of this report is in Dutch / French

## Statutory auditor's report to the shareholders' meeting of Exmar NV for the year ended 31 December 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Exmar NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 19 May 2020, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2022. We have performed the statutory audit of the consolidated financial statements of Exmar NV for 4 consecutive periods.

### Report on the consolidated financial statements

#### Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 931 924 (000) USD and the consolidated statement of profit or loss shows a profit for the year then ended of 91 960 (000) USD.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

**Material uncertainty relating to going concern**

We draw attention to Note “Significant judgements and estimates” in the financial statements, which states that the Company is facing ongoing challenges that put pressure on its financial position. In preparing the financial statements, and as disclosed in this note, the board has considered two main assumptions to be successfully and timely completed to provide sufficient liquidity to the Company during a period of at least 12 months from the authorization date of the annual report.

These two assumptions form a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern when not timely and successfully realized. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in section “Materiality uncertainty relating to going concern”, we have determined the following Key audit matter in our audit.

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment of property, plant and equipment - vessels</b></p> <ul style="list-style-type: none"> <li>Property, plant and equipment – vessels with a carrying amount of 561 424 (000) USD represent 60% of the consolidated balance sheet total as at 31 December 2020. Management’s assessment of the valuation of property, plant and equipment is significant to our audit because this process is complex and requires significant management judgement.</li> <li>In the course of 2020 a settlement agreement was reached with customer YPF S.A. to terminate the contract for Tango FLNG which represents a specific indicator for potential impairment. We remark that Tango FLNG represents a significant portion (around 50%) of the total carrying amount of vessels as reported in the consolidated balance sheet of Exmar NV.</li> </ul> <p><b>Reference to disclosures</b></p> <p>We refer to the consolidated financial statements, including notes to the consolidated financial statements: 11 – vessels. We draw specific attention to the disclosure provided in this note regarding the Tango FLNG impairment testing. Explanation is provided around the assumptions of the value in use determination also taking into account, amongst other, information from the ongoing negotiations with various parties to contract a new employment for Tango FLNG.</p>	<ul style="list-style-type: none"> <li>We considered the process and the internal controls implemented by management and we carried out testing relating to the design and implementation of management’s controls to assess impairment indicators and perform impairment testing.</li> <li>We validated for each cash generating unit if impairment indicators, as determined by IAS 36, were considered in the impairment assessment of management.</li> <li>We obtained the appraisal reports from external brokers which are used by management to test for impairment indicators and to determine the fair value less costs to sell (“FVLCTS”) of the vessels.</li> <li>We tested management’s assumptions used in the value in use (“VIU”) calculations especially the most critical assumptions such as the post contract charter rates and discount rates. In challenging these assumptions, we took into account actual results, negotiated contract terms, external data, independent market reports and market conditions.</li> <li>For Tango FLNG we have inquired management, as well as other Exmar responsible persons, on the status of the ongoing negotiations regarding future charter of the Tango FLNG and inspected supporting documentation available. We furthermore involved our valuation experts in challenging the value in use calculation for Tango FLNG.</li> </ul>

- We evaluated the adequacy of the disclosures regarding the impairments of property, plant and equipment.

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### **Responsibilities of the board of directors for the preparation of the consolidated financial statements**

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

### **Responsibilities of the statutory auditor for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. 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 consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain 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 group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated 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 statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

### Other legal and regulatory requirements

#### **Responsibilities of the board of directors**

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

#### **Responsibilities of the statutory auditor**

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

### Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in the directors' report on the consolidated financial statements. This non-financial information has been established by the company in accordance with an internationally recognised framework. In accordance with article 3:80 § 1, 5° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with this internationally recognised framework.

### Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

### Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Zaventem.

### The statutory auditor

#### Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL

Represented by

Digitally signed by  
Rik Neckebroeck  
Signed By: Rik Neckebroeck (Signature)  
Signing Time: 09-Apr-21 | 11:45 CEST  
  
C: BE  
Issuer: Citizen CA  
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Rik Neckebroeck

Digitally signed by  
Ben Vandeweyer  
Signed By: Ben Vandeweyer (Signature)  
Signing Time: 09-Apr-21 | 12:06 CEST  
  
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Issuer: Citizen CA  
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