Statement of Financial Position

In EUR	Notes	31 December 2021	31 December 2020	1 January 2020
Assets				
Property, plant and equipment	*12*	56 112	33 665	-
Entitlement to use	*12*	1 543 328	-	-
Right-of-use assets	*12*	-	44 119	-
Investments	*14*	49 874	50 207	-
Goodwill	*26*	928 815	928 815	-
Non-current assets		**2 578 129**	**1 056 806**	**-**
Contract assets	*6/15*	205,929	-	-
Trade and other receivables	*16*	939 053	300 001	44 870
Receivables to related parties	*17*	685,139	981 837	-
Cash and cash equivalents	*18*	115 172	215 019	59 672
Current assets		**1 945 429**	**1 496 857**	**104 542**
Total assets		**4 523 558**	**2 553 663**	**104 522**
Equity				
Share capital	*19*	1 000 000	1 000 000	50 000
Share premium	*19*	940 000	940 000	-
Reserves	*19*	82 442	-49 652	-
Retained earnings		636 545	311 174	371
Total equity		**2 658 988**	**2 201 522**	**50 371**
Liabilities				
Loans and borrowings	*22*	1 752 078	-	-
Non-current liabilities		**1 752 078**	**-**	**-**
Current tax liabilities	*11.3*	65 255	31 760	1 095
Accruals	*16*	12 685	-	-
Leasing Liability	*13*	-	44 796	-
Trade and other payables	*16*	34 552	275 585	53 076
Current liabilities		**112 492**	**352 141**	**54 171**
Total liabilities		**1 864 570**	**352 141**	**54 171**
Total equity and liabilities		**4 523 558**	**2 553 663**	**104 522**

Statement of Comprehensive Income

In EUR	Notes	2021	2020
Revenue	*6*	4 072 505	1,166,506
Cost of sales	*7.1*	-2 271 160	-150 538
Gross profit		**1 801 345**	**1 015 968**
Selling and distribution expenses	*7.2*	-92 007	-42 917
Administrative expenses	*7.3*	-1 409 136	-642 848
Impairment loss on receivables	*16.3*	41 258	-149 987
Operating profit		**341 460**	**180 216**
Finance income	*8*	777	25 321
Finance costs	*8*	-10 132	-
Net finance costs		**-9 355**	**25 321**
Other gain and loss	*9*	31 823	138 403
Profit before tax		**363 928**	**343 940**
Income tax expense	*11*	-35 198	-33 137
Profit from operations		**328 730**	**310 803**
Other comprehensive income for the period, net of tax		-	
Total comprehensive income for the period		**328 730**	**310 803**

Statement of Changes in Equity

In EUR	Notes	Paid-in Capital	Share Premium	Reserve	FX-Reserve	Retained Earnings	Total
1 January 2020		**50 000**	**-**	**-**	**-**	**371**	**50 371**
Profit/Loss for the year		-	-	-	-	310 803	310 803
Capital contribution		950 000	940 000	-	-	-	1 890 000
Transfer reserves		-	-	-	-52 851	-	-52 851
Statutory surplus to reserve	*19*	-	-	3 199	-	-	3 199
Dividends paid	*19*	-	-	-	-	-	-
31 December 2020		**1 000 000**	**940 000**	**3 199**	**-52 851**	**311 174**	**2 201 522**
Profit/Loss for the year		-	-	-	-	328 730	328 730
Capital contribution		-	-	-	-	-	-
Transfer reserves		-	-	-	128 734	-	128 734
Statutory surplus to reserve	*19*	-	-	3 359	-	-3 359	-
Dividends paid	*19*	-	-	-	-	-	-
31 December 2021		**1 000 000**	**940 000**	**6 558**	**75 884**	**636 546**	**2 658 988**

Statement of Cash Flows

In EUR	Notes	2021	2020
Cash flows from operating activities			
Profit before income taxes		328 730	310 803
– Depreciation	*12*	142 490	+59 662
– Impairment losses on receivables	*16.3*	-41 258	+149 987
– Badwill from purchase allocation	*9/26*	-	-205 607
– FX-Effect unrealized gains and losses		132 094	-49 652
– Net Finance Cost	*8*	9 355	-25 321
Changes in working capital			
– Contract assets		-205 929	-
– Trade and other receivables		-639 052	-255 131
– Receivables related companies		+255 439	138 899
– Trade and other payables		-193 827	-20 596
Cash generated from operating activities		**-132 936**	**103 044**
Income taxes paid	*11.4*	-1 703	-2 471
Net cash from operating activities		**-134 639**	**100 573**
Cash flows from investing activities			
Interests Received		777	25 321
Purchase Price Allocation	*26.5*	-	80 204
Acquisition of property, plant and equipment	*12*	-53 474	-29 974
Net cash used in investing activities		**-52 697**	**75 551**
Cash flows from financing activities			
Proceeds from loans and borrowings	*22*	208 750	-
Interest paid	*8*	-10 132	-
Payments Leasing Liabilities	*13/26.3*	-44 119	-20 777
Net cash from financing activities		**154 499**	**-20 777**
Net decrease in cash and cash equivalents		-99 847	155 347
Cash and cash equivalents at 1 January		215 019	59 672
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at 31 December		**115 172**	**215 019**

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1. Reporting entity

Centurion International AG (the "Group") is domiciled in Germany and registered at the local court of Frankfurt am Main, Germany, under HRB 116663. The Company´s registered office is at Am Opernplatz 14, 60313 Frankfurt am Main, Germany. These consolidated financial statements comprise the Company and its subsidiaries (together referred as the "Group") (see Note 25 and 26). The Group principally engages in legal, tax and business advice services (see Note 6).

2. Basis of accounting

These financial statements have been prepared in accordance with IFRS Standards, as adopted in the EU. They were authorised for issue by the Group´s board of directors on 24 June 2022.

Group is a first-time adopter of IFRS. For all periods up to and including the year ended 31 December 2019, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). The financial statements for the year ended 31 December 2020 are the first the Group has prepared in accordance with IFRS (as adopted in the EU).

The financial statements have been prepared on a historical cost basis, except for debt and equity financial assets and contingent consideration that have been measured at fair value.

Details of the Group's accounting policies are included in Note 32.

3. Functional and presentation currency

These consolidated financial statements are presented in EURO (presentation currency).

However, does the Group has different functional currencies. A functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which it primarily generates and expends cash. Management's judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and

intercompany transactions and arrangements. As a result, management decided to have three functional currencies:

- Dollar of the United States of America ("USD"),
- South Africa Rand ("ZAR") and
- EURO ("EUR").

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

– *Note 3* – determining functional currency

– *Note 6.5 - revenue recognition*: whether revenue is recognised over time or at a point in time;

– *Note 24*: Determining a reverse acquisition

4.2. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

– *Note 6* - revenue recognition;

– *Note 11 and 32.7* - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be

utilised;

- *Note 12.4*- impairment test of Goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- *Note 16.3, 24.2 and 32.10* – measurement of ECL allowance for trade receivables and contract assets; key assumptions in determining the average loss rate

4.2.1. Measurement of fair values

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 the financial statements is determined on such a basis, leasing transactions that are accounted for in accordance with IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4.2.2. Level of fair values

In addition, for financial reporting purposes, fair value measurements are categorised 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 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.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24- Financial Instruments

5. Operating Segments

5.1. Basis for segmentation

The Group has at the current stage the following strategic divisions, which are its reportable segments. These divisions offer similar services and are managed separately because they require different market approaches.

The following summary describes the operations of each reportable segment.

Reportable Segment	Description
South Africa	This Segment comprises legal, tax and business advisory services, carried out by the subsidiary in Johannesburg
Mauritius	This comprises tax and legal services, carries out by the subsidiary in Mauritius.
Germany	This comprises primarily business advisory and some holding functions

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

5.2. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Segment reporting 2021

In EUR	Mauritius	South Africa	Germany	Adjustment	Consolidated
External Revenue	1 893 290	2 119 359	373 165	(313 310)	4 072 505
Inter-Segment Revenue					
Segment Revenue	**1 893 290**	**2 119 359**	**373 165**	**(313 310)**	**4 072 505**
Segment profit/Loss before tax	**(66 568)**	**306 057**	**89 241**	-	328 730
Interest income	-	0.80	776	-	777
Interest expense	-	(9 909)	(223)	-	(10 132)
Depreciation and amortization	-	(143 749)	-	-	(143 749)
Segment assets	**1 483 694**	**1 831 453**	**1 208 411**	**-**	**4 523 558**
Capital expenditures	-	1,562,663	-		1,562,663
Segment liabilities	**34 943**	**1 910 445**	**85 373**	**(166 191)**	**112 491**

Segment reporting 2020

In EUR	Mauritius	South Africa	Germany	Adjustment	Consolidated
External Revenue	721 471	187 840	315 485	(58 291)	1 166 506
Inter-Segment Revenue					
Segment Revenue	**721 471**	**187 840**	**315 485**	**(58 291)**	**1 166 506**
Segment profit/Loss before tax	170 780	(159 905)	94 321	205,607	310 803
Interest income					-
Interest expense	(2 387)	28 060	(353)		25 321
Depreciation and amortization	(376)	(58 780)	(506)		(59 662)
Segment assets	**1 154 325**	**278 513**	**1 120 825**	**(245 013)**	**2 553 663**
Capital expenditures	-	29 974	966 705	(966 709)	29 974
Segment liabilities	**201 538**	**386 872**	**56 471**	**(292 740)**	**352 141**

6. Revenue

6.1. Revenue streams

The Group generates revenue primarily from providing service in the field of legal, tax and business development to its customers.

- **Legal advice** is a legal service that includes guidance in legal matters for private or legal persons. The activities of legal services and legal representation are to be distinguished from the provision of advice. Legal advisory is primarily an ongoing service with a specific subject in an engagement. As a result, revenue from this service is recognized primarily when the service is provided on the basis of the hours spend and hourly rates agreed on that engagement. In certain cases- like providing an appraisal or being paid on a success basis – revenue is only recognized when this specific performance have been achieved.
- **Tax advice** is a legal service who is focussing on tax law and financial-related counseling. They advise clients on income tax returns and a range of financial matters, including trust, estate and retirement taxes. Tax advisory is primarily an ongoing service with a specific subject in an engagement. As a result, revenue from this service is recognized primarily when the service is provided on the basis of the hours spend and hourly rates agreed on that engagement.
- **Business advice** is an unparalleled advice on all aspects of their commercial transactions, including general trade and distribution law, the trade in goods and services, and at all stages of the value chain – from manufacture and production to procurement and purchase and the distribution and sale of products via national and international B2B and B2C businesses in the entire AfCTA area. There is no specific pattern of charging the service. It is quite common to work in this field on a success fee basis. In those cases the company is only allowed to recognize revenue, when the specific performance obligation is met. Anything before is recognized as work in process.

6.2. Disaggregation of revenue from contracts with customers

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market and major service lines.

In EUR	2021	2020
Domestic market	373 165	315 486
Overseas market	3 699 340	851 020
Total	**4 072 505**	**1 166 506**

In EUR	2021	2020
Legal Advisory	1 734 606	721 471
Tax Advisory	384 754	187 840
Business Advisory	1 953 145	257 195
Total	**4 072 505**	**1 166 506**

6.3. Revenues recognised at a point of time or over a period of time

In EUR	2021	2020
At a point of time	4 072 505	1 166 506
Over a period of time	-	-
Total	**4 072 505**	**1 166 506**

For the majority of service the Group is recognising revenue over a period of time, because the group has not to fulfil a particular success and the hours will be charged as provided. If the group has to fulfil a particular success – providing an appraisal or getting a deal done - revenue is recognised at a point in time.

6.4. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In EUR	Note	31 December 2021	31 December 2020
Trade receivables	*16*	938 918	187 632
Contract assets		205 929	-

A contract asset is recognised when a performance obligation is satisfied (and revenue recognised), but the payment is conditional not only on the passage of time. A contract liability is recognised when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied.

The contract assets primarily relate to the Group´s rights to considerations for work completed but not billed at the reporting date. This is in substance reflected by the carrying amount of work in progress. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues and invoice to the customer.

The contract liabilities mainly refer to the advance considerations (payments) from customers for the service.

6.5. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Performance Obligation	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Legal	Provide guidance to the client or achieve a particular success	When service is provided on an ongoing basis and no particular success – providing an appraisal or getting a deal done - has to be achieved, customers receive the service when it is provided by the company (over a period of time). Sometimes payments are agreed, when specific stages have been achieved.	Revenue is recognised when service is provided. and recognized on the hours spend and rates agreed. In all other cases revenue is recognized when the particular success is achieved. Payment terms are not considered.
Tax	Provide guidance to the client or achieve a particular success	When service is provided on an ongoing basis and no particular success – providing an appraisal or getting a deal done - has to be achieved, customers receive the service when it is provided by the company (over a period of time). Sometimes payments are agreed, when specific stages have been achieved.	Revenue is recognised when service is provided. and recognized on the hours spend and rates agreed. In all other cases revenue is recognized when the particular success is achieved. Payment terms are not considered.
Business	Provide guidance to the client or achieve a particular success	When service is provided on an ongoing basis and no particular success – providing an appraisal or getting a deal done - has to be achieved, customers receive the service when it is provided by the company (over a period of time). Sometimes payments are agreed, when specific stages have been achieved.	Revenue is recognised when service is provided. and recognized on the hours spend and rates agreed. In all other cases revenue is recognized when the particular success is achieved. Payment terms are not considered.

7. Income and expenses

7.1. Cost of Sales

In EUR	2021	2020
Consultants	759 307	
Salaries and employee benefits	309 614	148 200
Travel, Accommodation and other direct cost	1 202 239	2 338
Total	**2 271 160**	**150 538**

7.2. Selling and distribution expenses

In EUR	2021	2020
Transportation	15 703	8 468
Entertainment	292	533
Advertising and promotion	5 668	7 844
Rental expense	56 349	26 072
Others	13 995	-
Total	**92 007**	**42 917**

7.3. Administrative expenses

In EUR	2021	2020
Salaries and employee benefits	352 315	262 472
Depreciation	143 749	34 199
Professional fee	8 923	-
Office expenses	881 165	341 492
Telephone charges	16 464	1 296
Insurance	-	3 418
Others	6.520	(29)
Total	**1 409.136**	**642 848**

7.4. Expenses by Nature

In EUR	Notes	2021	2020
Salaries and employee benefits	*7.1/7.2*	661 929	410.672
Cost of purchased services	*7.1*	1 511 853	150 538
Depreciation	*12/13*	143 749	59 662

8. Net finance costs

In EUR	Notes	2021	2020
Interests on borrowings		(10 132)	25 321
Interest income from bank deposit		777	-
Total		**(9 355)**	**25 321**

All interests have been paid or received within the mentioned year.

9. Other gain and losses

In EUR	Notes	2021	2020
Badwill from Purchase Price Allocation	24.4	-	205 607
FX gains and losses		3 322	(67 204)
Termination of lease agreement	13	28 501	-
Total		**31 823**	**138 403**

The gain in 2020 results from the badwill of the consolidation of the Mauritius component. For further information see Note 26. For information of the gain from the termination of the lease agreement see Note 13.

10. Earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

10.1. Profit (loss) attributable to ordinary shareholder

In EUR	Notes	2021	2020
Profit (loss) for the year, attributable to the owners of the Company		328 730	310 803
Dividends on non-redeemable preference shares		-	-
Profit (loss) attributable to ordinary shareholders		**328 730**	**310 803**

10.2. Weighted average number of ordinary shares

In shares	Notes	2021	2020
Issued ordinary shares at 1 January		1 000 000	50 000
Effect of shares issued related to a business combination		0	950 000
Weighted-average number of ordinary shares at 31 December		**1 000 000**	**1 000 000**

10.3. Earnings per share

In shares	Notes	2021	2020
Profit/Loss attributable		328 730	310 803
Weighted number of shares		1 000 000	1 000 000
Earnings per share		**0,329**	**0,311**

11. Income taxes

See accounting policies in Note 32.14

The Group is subject to various corporate taxes like South Africa, Mauritius and Germany. For the years ending December 31, 2021 and 2020, the statutory corporate income tax rate in South Africa is 28%. In Mauritius the tax rate is 15%. However, only 20% of the tax profits are subject to the taxation (80% tax exemption). In Germany the overall tax rate is approx. 30%.

11.1. Amounts recognised in profit or loss

In EUR	Note	2021	2020
Current tax expense			
Current year		(35 199)	(33 137)
Tax expense on continuing operations		**(35 199)**	**(33 137)**

11.2. Reconciliation of effective tax rate

In EUR	2021	%	2020	%
Profit before tax	322 670		493 927	
Tax using the Group's domestic tax rate	90 348	28%	138 300	28%
Tax free income arising from purchase price allocation	-	0%	-57 485	12%
Tax effect of unrecognized tax loss carry forwards and different taxations jurisdictions	-55 149	17%	-47 678	7%
Tax charge for the year	**35 199**	**11%**	**33 137**	**7%**
Deferred taxes	**-**	**0%**	**0**	**0%**
Tax expense	**35 199**	**11%**	**33 137**	**7%**

The tax free income arising from the purchase price allocation relates to the badwill of € 205,607 (see Note 9 and 25).

In addition the group companies did not recognized any taxable loss carry forward. Another difference arose from the different taxation jurisdictions. The applicable tax rate for South Africa is 28%. In Mauritius 80% of the taxable income is tax free and the applicable tax rate is 15%.

11.3. Current tax liabilities

The current tax liabilities comprise by income tax payable.

11.4. Taxes Paid

In EUR	31 December 2021	31 December 2020
Balance at 1 January of the Year	31 760	1 094
Accrual for Current tax expenses	35 198	33 137
Paid to Tax department	-1 703	-2 471
Balance at 31 December of the Year	**65 255**	**31 760**

12. Goodwill, Entitlement to use and Property, plant and equipment

See accounting policies in Note 32.8 and 32.9.

12.1. Reconciliation of carrying amount

Cost	Goodwill	Entitlement to use	PPE	Total
1 January 2020	-	-	-	-
Purchase Price Allocation	928 815	-	37 890	966 705
Additions	-	-	29 974	29 974
Disposals	-	-	-	
31 December 2020	928 815	-	67 864	996 679
1 January 2021	928 815	-	67 864	996 679
Additions	-	1 543 388	19 275	1 562 663
Disposals	-	-	-	-
31 December 2021	928 815	1 543 388	87 139	2 559 342
Accumulated depreciation				
1 January 2020	-	-	-	-
Depreciation	-	-	34 199	34 199
Disposals	-	-	-	-
31 December 2020	-	-	34 199	34 199
1 January 2021	-	-	34 199	34 199
Depreciation	-	-	31 027	-31 027
Disposals	-	-	-	-
31 December 2021	-	-	-65 226	-65 226
Carrying amounts				
31 December 2020	928 815	-	33 665	962 480
31 December 2021	928 815	1 543 328	56 112	2 528 255

Property, plant and equipment are measured at amortised cost. This comprises all costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by Management less any accumulated depreciation and accumulated impairment losses.

The entitlement to use the premises results from a purchase agreement for the office premises at the end of 2021. The purchase agreement is subject to the condition precedent that secured financing for the acquisition must be available. As the financing

was in place as of December 31, 2021, the Group has the obligation to pay the purchase price of TEUR 1 543. A corresponding liability was recognized.

As of December 31, 2021, the Company had not yet been registered in the land register as the new owner. This can sometimes take several months in South Africa. For this reason, the Group has not recognized a building as of the balance sheet date, but the entitlement to use the office premises.

12.2. Depreciation

Depreciation is recognised for assets over the estimated useful life utilizing the 'straight-line method' and taking into account no potential residual value.

The estimated useful lives are as follows:

Estimated useful lives of property, plant and equipment	Buildings	Plant and equipment	Fixtures and fittings
Years	20	5-10	3-5

12.3. Impairment

The Group asses at the end of each reporting period whether there is any indication that an asset is impaired. Goodwill is tested for impairment every year. For further information please see Note 32.9.

At 31 December 2021 and 2020 no plant and equipment were temporarily idle.

12.4. Security

The acquisition of the office space was financed by a bank. Securities were provided for the loan volume of TEUR 1 543. The office space as real estate was granted as a security in the amount of TEUR 1,102. In addition, the principal shareholder has provided further securities via one of his companies (see Note 30.2).

12.5. Impairment test

An entity shall asses at the end of each reporting period whether there is any indication that an asset is impaired. Irrespective of whether there is any indication of impairment, an entity shall test goodwill annually by comparing its carrying amount with its recoverable amount.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

In EUR	Notes	2021	2020
South Africa	5.2	928 815	928 815
Goodwill		**928 815**	**928 815**

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of TEUR 2 928 thousand. As a result, no impairment was necessary.

The key assumptions used in the estimation of value in use were as follows:

In percent	2021	2020
Discount rate	9,03%	9,03%
Terminal Value growth rate	1,0%	1,0%
Budgeted growth rate (average of next five years)	10,76%	10,76%

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation

over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

13. Right of use assets

See accounting policies in Note 32.14.

Right of use assets refers to the lease contract of the Group for it´s office in Johannesburg/South Africa. The lease ended in May 2021 and the group moved his office within the building. As a result, it entered into a new lease agreement in June 2021. By the end of 2021 the group decided to buy the office property and entered into a purchase agreement. As at the end of May 2022 the ownership of the office property has not been transferred to the group, while the group is still paying a lease. However, the group has an obligation to buy the office property.

Group has estimated at 31 December 2021 that the transfer of ownership will be made within the first half year of 2022. As a result, the liability and right of use have been adjusted and any gain or loss have been recognized in the profit & loss.

In EUR	2021	2020
1 January	44 119	-
Purchase Price Allocation	-	64 896
Additions	648 840	0
Depreciation	-111 463	-25 463
FX-Effects	-47 511	-
Adjustments	-533 985	-
31 December	**0**	**44 119**

At the balance sheet date – 31 December 2021 – there was no longer a right of use and liability under the lease agreement because the Company decided to purchase the office space. The company decided not to present any intra-year financing with respect to the interests and repayment of the leasing liability with in the loans and borrowings (see Note 22). Instead of this the company recognized the liability for buying the office space. However, to get aware of this transaction the company decided to recognize the right of use.

The adjustment results from the termination of the lease agreement in substance due to the fact that the group bought the lease property at balance sheet date. The off-setting of the right of use against the lease liability led to the following gain

In EUR	
right-of-use	533 985
Leasing liability	562 486
Gain	**28 501**

From 1 January 2022 until the transfer of ownership the group decided to treat the lease agreement as an operating lease.

14. Investments

Investments are investments in business opportunities with third parties.

15. Contract assets

See accounting policy in Note 6.

The contract assets primarily relate to the Group´s rights to considerations for work completed but not billed at the reporting date. This is in substance reflected by the carrying amount of work in progress. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues and invoice to the customer (see Note 6.4).

16. Trade and other receivables

See accounting policies in Notes 32.10.

The breakdown of trade and other receivables are as follows. The carrying amount of receivables corresponds to the Fair Value.

In EUR	Notes	31 December 2021	31 December 2020
Trade receivables	*16.1*	938 918	187 632
Other receivables	*16.2*	135	112 369
Total		**939 053**	**300 001**

16.1. Trade receivables

In EUR	Notes	31 December 2021	31 December 2020
Trade receivables - carrying amount		938 918	187 632
Trade receivables – bad debt provision		-	-
Trade receivables - net		**938 918**	**187 632**

16.2. Other receivables

In EUR	Notes	31 December 2021	31 December 2020
Other receivables		135	112 369
bad debt provision		-	-
Other receivables – net		**-**	**112 369**

16.3. Movement of impairment loss of trade and other receivables

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 24.2.

In EUR	31 December 2021	31 December 2020
At the beginning of the year	-	-
Accrual/reversal	-	-
At the ending of the year	**-**	**-**

17. Receivables against related companies

Related parties are companies with which the Group works closely and with which it pursues common interests. These include the partner offices, but also other companies. The companies are not controlled by the group or under a joint control. The group has also not a significant influence.

The receivables result from the fact that the Group helps to build the business.

In EUR	Note	31 December 2021	31 December 2020
Receivables		793 868	1 131 824
Bad Debt Allowance	24.2.2	-108 729	-149 987
Total		**685 139**	**981 837**

Movement of impairment loss.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 24.2.

In EUR	Note	31 December 2021	31 December 2020
At the beginning of the year	24.2.2	149 987	-
Accrual/reversal	24.2.2	-41 258	+149 987
At the ending of the year		**108 729**	**149 987**

18. Cash and cash equivalents

See accounting policies in Notes 32.10.

The carrying amount of the cash and cash equivalents corresponds to the fair value.

In EUR	31 December 2021	31 December 2020
Bank balances	115 173	215 019
Other cash equivalents	-	-
Total	**115 173**	**215 019**

19. Capital and reserves

See accounting policies in Note 32.11.

19.1. Share capital and Share Premium

In EUR	Ordinary shares	Share Premium	Total
1 January 2020	50 000	-	50 000
Issued for Shares	950 000	940 000	1 890 000
31 December 2020	1 000 000	940 000	1 940 000
1 January 2021	1 000 000	940 000	1 940 000
Issued	-	-	-
31 December 2021	1 000 000	940 000	1 940 000

1 000 000 shares are issued and fully paid by the shareholders by cash or contribution in kind, with a par value of EUR 1.00 per share.

In 2020 all shares in the

- Centurion Law Group (Pty) Ltd. with registered office in Sandton, Johannesburg/South Africa (CLG South Africa)
- Centurion Law Group GBL1 with registered office in Grand Bay 30529 Mauritius (CLG Mauritius)

have been transferred into the Company. In exchange for the transferred shares the company issued equity instruments (950 000 shares). As the Fair Value of the shares is € 1,99 per share (€ 1 890 000 in total), the company recognized the amount exceeding the capital increase in share premium.

19.2. Nature and purpose of reserves

i. Statutory Surplus Reserve

The ending balance as of 31 December 2020 and 31 December 2021 refer to the statutory surplus reserve required by § 152 (2) AktG (German Stock Corporation Act). According to the Company Law, the enterprise shall draw the statutory surplus reserve according to 5 % of the net profit. When the cumulative amount of the statutory surplus reserve and capital reserve has reached 10 % or the higher part of the share capital as determined in the Articles of Association, it may no longer be withdrawn.

ii. Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements into the presentation currency.

19.3. Dividends

After the reporting date, no dividends were proposed by the board of directors.

20. Capital management

The group is a service provider (Consultant) and as thus they do not have to finance long-term assets like machines on a regular basis to provide their service. As a result, long-term finance is the exemption. With respect of funding the group is focusing on the working capital.

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the operative cash-flow, as well as the level of dividends to ordinary shareholders.

The Group monitors working capital using a ratio of ‘current assets’ to ´current liabilities´.

The Group’s working capital ratio at 31 December 2021 was as follows.

In EUR	2021	2020
Accounts Receivables and other	939 053	300 001
Contract Assets	205,928	-
Cash and cash equivalents	115 173	215 019
Current Assets	**1 260 154**	**515 020**
Liabilities	**112 491**	**352 141**
Working Capital Ratio	**11,20**	**1,46**

21. Provisions

See accounting policies in Notes 32.13

21.1. Employee benefits

The employee benefits of the Group mainly consist of salary and social insurance. As the Group accrues monthly salary and pays salary in the next month, the year-end balance of 2021 represents one month's salary and social insurance.

22. Loans and borrowings

See accounting policies in Note 32.10.

In EUR	31 December 2021	31 December 2020
Non-current	**1 752 078**	**0**
Loans from shareholder	208 750	-
Office premises	1 543 328	-
Current	**0**	**0**
Loans from shareholder	0	-
Total	**1 752 078**	**0**

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 24.2.

22.1. Movement of Loans and borrowings

In EUR	2021	2020
1 January	-	-
Proceeds from loans and borrowings	208 750	-
Non-Cash-Movements	1 543 328	
Repayments of borrowings	-	-
31 December	**1 752 078**	**-**

The non-cash-movements result from the purchase agreement of the office premises. It is at the balance sheet date only a liability against the seller of the office space. No

payments were made by the bank. As there is a granted loan for the office space, the company decided to present the whole liability as non-current, as this is the nature of this liability (see Note 13).

23. Trade and other payables

See accounting policies in Notes 32.10.

Information about the Group's exposure to currency and liquidity risks is included in Note 24(B).

In EUR	31 December 2021	31 December 2020
Trade payables	34 551	237 468
Accruals	12 685	38 117
Other tax payable	65 256	31 760
Total	**112 491**	**307 345**

24. Financial instruments – Fair values and risk management

24.1. Accounting classifications and fair values

See accounting policies in Notes 32.10.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. All financial assets and liabilities that are measured at amortised cost.

Further, for the current year the fair value disclosure of lease liabilities is also not required. Their carrying amount is a reasonable approximation of fair value.

In EUR	31 December 2021	31 December 2020
Cash and cash equivalents	115 173	215 019
Investments	49 873	50 207
Receivables to related companies	685 139	981 837
Trade and other receivables	939 053	300 001
Total	**1 789 238**	**1 547 064**
Trade and other payables	112 491	307 345
Loans and borrowings	1 752 078	-
Total	**1 864 569**	**307 345**

24.2. Financial risk management

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

- credit risk (see 24.2.2);
- liquidity risk (see 24.2.3); and
- market risk (see 24.2.4).

24.2.1. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Finance department is responsible for developing and monitoring the Group's risk management policies. The CFO reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

24.2.2. 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.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivables and other receivables

In EUR	Note	31 December 2021	31 December 2020
Trade receivables - carrying amount		939 053	187 632
Trade receivables - bad-debt provision		(-)	(-)
Trade receivables - net		**939 053**	**187 632**
Other receivables - carrying amount		135	112 369
Other receivables - bad-debt provision		(-)	(-)
Other receivables - net		**135**	**112 369**
Receivables related companies	*17*	793 868	1 131 824
Receivables related companies – bad debt provision	*17*	-108 729	-149 987
Receivables related companies - net		**685 139**	**981,837**
Receivables total - gross		**1 733 056**	**1 431 825**
Bad Debt Allowance		**108 729**	**149 987**
Receivables total – net		**1 624 327**	**1 281 838**

Changes in bad debt provision for accounts receivable and other receivables during reporting period are as below:

Allowance for bad debts	1 January	Net remeasurement	Write-off	31 December
2021	149 987	+41 258	-	108 729
2020	-	-149 987	-	149 987

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The finance department has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes industry information and in some cases bank references.

The total amount of the top 5 accounts receivable at the end of the period was EUR 771 269 (2020: EUR 429 547), accounting for 45 % (2020: 30 %) of book balance of the accounts receivable.

The majority of our customer are corporates or NGO (National Gas Organizations).

Expected credit loss assessment for customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at each year end:

31. December 2021	Note	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)		0%	945 272	-	No
Within 90 days past due		0%	244 136	-	No
90 - 120 days past due		10%	-	-	Yes
More than 120 days past due		20%	543 648	108 729	Yes
Total			**1 733 056**	**108 729**	

31 December 2020	Note	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)		0%	301 701	-	No
Within 90 days past due		0%	210 000	-	No
90 - 120 days past due		10%	340 371	34 037	Yes
More than 120 days past due		20%	579 753	115 950	Yes
Total			**1 431 825**	**149 987**	

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 115 173 as at December 31 2021 with a decrease by EUR 99 846 or 46.00 % compared to an amount of EUR 215 019 as of December 31, 2020.

24.2.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty 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 have sufficient liquidity to meet its liabilities when they are due,

under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on daily operating over the next 30 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2021		Contractual cash-flows					
In EUR	**Carrying amount**	Total	2 month or less	2-12 month	1-2 years	2-5 years	More than 5 years
Trade payables and other	**112 492**	112 492	112 492	-	-	-	-
Loans and borrowings	**1 752 078**	1 752 078	-	1 543 328	208 750	-	-
Lease Liabilities	**-**	-	-	-	-	-	-
Total	**1 864 570**	**1 864 570**	**112 492**	**1 543 328**	**208 750**		

31 December 2020		Contractual cash-flows					
In EUR	**Carrying amount**	Total	2 month or less	2-12 month	1-2 years	2-5 years	More than 5 years
Trade payables and other	**307 345**	307 345	307 345	-	-	-	-
Loans and borrowings	**-**	-	-	-	-	-	-
Lease Liabilities	**44 796**	44 796	17 918	26 878	-	-	-
Total	**352 141**	**352 141**	**325 263**	**26 878**			

No bank loan covenant was breached in the reporting period.

24.2.4. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices 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 optimising the return.

Currency risk

The carrying amount of the Group's monetary assets and monetary liabilities at the end of respective reporting periods are all denominated in EUR. The management monitors foreign exchange exposure and the directors of the Group consider the Group's exposure to foreign currency risk is limited.

The Group´s transactions are denominated and settled in its functional currencies.

As the functional currencies have been very volatile in the last two years and are to be expected being volatile the group is not able to give a reliable sensitivity analysis. In addition the presentation currencies is the smallest functional currency and has only a minor role in the daily operation of the group.

Interest rate risk

The Group's interest rate risk primarily arose from loans and borrowings with fixed rates (details of which has been disclosed as below).

The table below sets out the Group's exposure to interest rate risks. Included in the tables are loans and borrowings stated at carrying amounts, categorised by maturity dates.

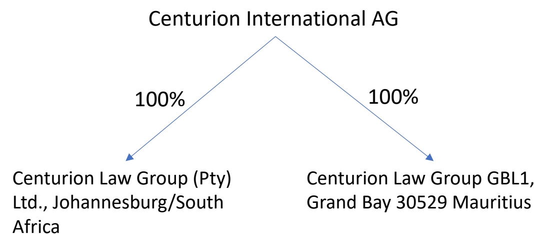
Exposure to interest rate risk

The Group's exposure to interest rate risks is primarily a loan to the shareholder and an upcoming loan from a bank for the purchase of the office premises. The Group does not account for any fixed-rate financial asset or financial liability at FVTPL. Therefore, changes in interest rates at the reporting date would not affect profit and loss. As a result there is no exposure to changes in interest rates.

25. List of Subsidiaries

See accounting policy in Note 32.1.

Set out below is a list of subsidiaries of the Group.



In addition to the subsidiaries, the group operates 6 partner offices with local lawyers in various African countries. These offices are in Cameroon, Congo-Brazzaville, Equatorial-Guinea, Ghana, Nigeria and Mozambique. As there is currently no control within the meaning of IFRS 10 or a contractual agreement relating to the cooperation, these companies have not been consolidated.

26. Acquisition of subsidiary

See accounting policy in Note 32.1.

On 28 June 2019, the Company was founded and registered at the local court of Frankfurt am Main on 12 September 2019. At the Annual General Meeting of Company on 26 February 2020, it was resolved to increase the share capital of the company by € 950,000.00. This capital increase is to be achieved by the contribution of all shares in the

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into the company. On 28 September 2020 the contribution agreements have been signed and the shares have been transferred. At this point in time, the company had control over its subsidiaries in accordance with IFRS 10.

As the acquisition of CLG South Africa and CLG Mauritius was done by the company by issuing shares as a contribution for the shares received, management has to decide whether this is a reverse acquisition. Taking into account the indicators in IFRS 3 B15 management decided that this not a reverse acquisition, as the former owner can not control the company, even when they have received the biggest portion of the voting rights in the company. He can not appoint the board members and the board is not bound to the shareholders. In addition the members of the supervisory board are independently from the majority shareholder.

Included in the identifiable assets and liabilities acquired at the date of acquisition of CLG South Africa and CLG Mauritius are inputs (e.g. lease contracts for the offices and customer relationships) and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired sets are a business.

Taking control of CLG South Africa and CLG Mauritius will enable the Group to appear as a an international – with it´s headquarter in Europe – service provider. The acquisition is also expected to provide the Group with an increased share in legal business.

For the three months ended 31 December 2020, CLG South Africa and CLG Mauritius contributed revenue of € 851 021 and profit of € 191,201 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been € 1 780 121, and consolidated profit for the year would have been € 74 196. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

26.1. Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

As consideration for the transfer of shares the company issued shares

In EUR	Notes	
Equity instruments (950,00 ordinary shares)	*19*	1 890 000
Total consideration transferred		**1 890 000**

The fair value of the ordinary shares issued was based on the company valuation for the contribution in kind at 30 September 2020 of €1.99 per share.

26.2. Acquisition related cost

The Group incurred acquisition-related costs of € 20 thousand on advisory, legal, accounting, valuation, and other professional or consulting fees. These costs have been included in 2020 in ‘administrative expenses’.

26.3. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In EUR	Notes	Mauritius	South Africa	Total
Property, Plant & Equipment		366	37 524	37 890
Right of use		0	64 896	64 896
Investments		0	46 156	46 156
Trade Receivables and other receivables		1 210 253	15 599	1 225 852
Cash and cash equivalents		10 667	69 537	80 204
Lease liability		0	-64 896	-64 896
Trade and other liabilities		-209 338	-6 602	-215 940
Loans to/from related companies		289 859	-297 229	-7 370
Total identifiable net assets		**1 301 807**	**-135 015**	**1 166 792**

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

The fair values of property, plant & equipment are deemed to be their book values, as there are no major hidden reserves. Due to the nature of trade receivables and other receivables, we consider their book values also as their fair values. The fair values of the Right-of-use have been calculated by its NPV.

26.4. Goodwill / Bad Will

In EUR	Notes	Mauritius	South Africa	Total
Consideration transferred		1 096 200	793 800	1 890 000
Fair Value of identifiable net assets	*16(C)*	1 301 807	-135 015	-1 166 792
Badwill / Goodwill		**-205 607**	**928 815**	**723 208**

The goodwill is attributable mainly to the skills and technical talent of South Africa work force and the synergies expected to be achieved from integrating the company into the Group's consultancy business. None of the goodwill recognised is expected to be deductible for tax purposes.

The badwill in Mauritius has been recognized as gain in the profit & loss statement, after re-evaluating the fair values. In substance the bad results primarily from profit carry forwards.

26.5. Cash-Flow Statement

It is in the nature of things that the acquisition of shares against equity instruments is a non-cash transaction. As a result, it basically does have any impact on the cash flow statement. For this reason, only the bank balances acquired are presented in the cash flow statement as cash flow from investing (see Note 26.3).

27. Leases

See accounting policy in Note 32.14.

Information about leases for which the Group is a lessee is presented below.

i. Amounts recognised in profit or loss

In EUR	2021	2020
short-term or low-amount leases	56 349	26 072

ii. Amounts recognised in statement of cash flows

In EUR	2021	2020
short-term or low-amount leases	59 349	26 072

28. Commitments

As at December 31, 2021, the Group has no material commitments that need to be disclosed.

29. Contingencies

No material contingency was identified by the date of issue of this report.

30. Related parties

30.1. Ultimate controlling party

The ultimate controlling party is NJ Ayuk, holding more than 50% of total shares of the Group collaboratively.

30.2. Transactions with key management personnel

30.2.1. Key management personnel compensation

Key management personnel compensation comprised mainly salaries and bonus as following:

In EUR	2021	2020
Wages and Salaries	221 805	177 140

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

30.2.2. Related party transactions and balances

In EUR	2021	2020
Loan		
NJ Ayuk	208 750	-
Total	**208,750**	**-**

The CEO and majority shareholder of the group granted in 2021 via one of his companies securities for the loan for the acquisition of the office space in the amount of TEUR 434. In addition he granted an interest free loan of TUER 209.

30.3. Other related party transactions

No other related party transaction was identified in the reporting period.

31. Subsequent events

31.1. Impact of war in the Ukraine

The Group's results of operations have been affected by the outbreak of COVID-19 in 2020. In 2022 war has broken out in Ukraine. At the moment the group can´t see a clear impact on its business.

32. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

32.1 Basis of Consolidation

32.2 Foreign currency

32.3 Revenue from contracts with customers

32.3 Employee benefits

32.4 Government grants

32.5 Finance income and finance costs

32.6 Income tax

32.7 Property, plant and equipment

32.8 Intangible assets and goodwill

32.9 Financial instruments

32.10 Share capital

32.11 Impairment

32.12 Provisions

32.13 Leases

32.14 Operating profit

32.15 Fair value measurement

32.16 First-time-adoption

32.1. Basis of Consolidation

32.1.1. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 32.1.2.). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 32.13). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see 32.12).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

32.1.2. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

32.1.3. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

32.1.4. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

32.1.5. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint
venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity- accounted investees, until the date on which significant influence or joint control ceases.

32.1.6. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.b Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

32.2. Foreign currency

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

32.3. Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6.5.

32.4. Employee benefits

32.4.1. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

32.4.2. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

32.4.3. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

32.5. Government grants

32.5.1. Types of government grants

Government grants refer to the monetary assets or non-monetary assets obtained by the Group from the government for free, not including the investment made by the government as an owner. The government grants are mainly divided into asset-related government grants and revenue-related government grants.

32.5.2. Accounting treatment of government grants

Asset-related government grants shall be recognised as deferred income in the profit or loss for the current period and allocated on an even basis over the useful life of the asset. All other government grants shall be recorded directly in profit and loss for the current period. Revenue-related government grants shall be treated as follows:

- those used to compensate relevant expenses or losses to be incurred by the Group in subsequent periods are recognised as deferred income and recorded in profit or loss for

the current period when such expenses are recognised;

- those used to compensate relevant expenses or losses that have been incurred by the Group in former or current periods are recorded directly in profit or loss for the current period.

32.5.3. Basis for determination of asset-related government grant and revenue-related government grant.

If the government grant received by the Group is used for construction or other project that forms a long-term asset, it is regarded as asset-related government grant. If the government grant received by the Group is not asset-related, it is regarded as revenue-related government grant.

Government grant received without clear objective shall be classified as asset-related government grant or revenue-related government grant:

- Government grant subject to a certain project shall be separated according to the proportion of expenditure budget and capitalisation budget, and the proportion shall be reviewed and modified if necessary, on the balance sheet date;
- Government grant shall be categorised as related to income if its usage is just subject to general statement and no specific project in relevant document.

32.5.4. Amortisation method and determination of amortisation period of deferred revenue related to government grants.

Asset-related government grant received by the Group is recognised as deferred revenue and is evenly amortised to the profit or loss over the estimated useful life of the relevant asset starting from the date the asset is available for use.

32.5.5. Recognition of government grants.

Government grant measured at the amounts receivable is recognised at the end of period when there is clear evidence that the conditions set out in the financial subsidy policies and regulation are fulfilled and the receipt of such financial subsidy is assured. Other government grants other than those measured at the amount of receivables are recognised upon actual receipt of such subsidies.

32.6. Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

32.7. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

32.7.1. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

32.7.2. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

32.8. Property, plant and equipment

32.8.1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2017, the Group's date of transition to the Standards, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

32.8.2. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

32.8.3. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

– buildings: 20 years
– plant and equipment: 5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

32.9. Goodwill and Intangible assets

32.9.1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

32.9.2. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

32.9.3. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

32.10. Financial instruments

32.10.1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

32.10.2. Financial assets - Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment

are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are secognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

32.10.3. Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

32.10.4. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

32.10.5. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

32.11. Share capital

32.11.1. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

32.11.2. Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

32.12. Impairment

32.12.1. Non-derivative financial assets

For financial assets measured at amortised cost and debt instrument investments measured at fair value through other comprehensive income, contract assets and financial guarantee contracts, the Group recognises the loss provision based on the expected credit losses (ECLs).

The group measures loss allowances for trade receivables, contract assets and other receivables at an amount equal to lifetime ECL´s.

When determining whether a credit risk of a financial asset has increased significantly since initial recognition the Group considers reasonable and reliable information about past events, current conditions and forecasts of future economic conditions. It calculates the risk of default as a weight, and calculates the probability-weighted amount of the present value of the difference between the cash flow receivable and the cash flow expected to be received of the contract to confirm the expected credit losses.

Measurement of ECLs

On each balance sheet date, the Group measures the expected credit losses of financial instruments in different phases.

- First Phase: the credit risk has not increased significantly since the initial recognition. The Group measures the loss provision according to the expected credit losses in the next 12 months.
- Second Phase: the credit risk has increased significantly but credit impairment has not yet occurred since the initial recognition: Group measures the loss provision according to the expected credit losses of the instruments during the entire duration.
- Third Phase: the credit impairment has occurred since the initial recognition. The Group measures the loss provision according to the expected credit losses of the instruments during the entire duration.

For accounts receivable and contract assets, whether there exist significant financing components, the Group measures loss provision based on expected credit loss over the entire duration (normally it's around 3 to 4 months). The Group classifies accounts receivable into groups on the basis of shared credit risk characteristics, and calculates the expected credit losses on groups, the bases of group determination are as follows:

- For each group of accounts receivable, the Group makes the comparison of expected credit losses rates of accounts receivable in overdue days and over the entire duration to calculate

the expected credit losses by taking into account the historical credit losses experience, the existing conditions and forecast of future economic conditions.

- For each group of other accounts receivable, the Group applies exposure at default and expected credit losses rate within the next 12-24 months or over the entire duration to calculate the expected credit losses by taking into account the historical credit losses experience, the existing conditions and forecast of future economic conditions.

The Group recognises the loss impairment provision or reversed in profit or loss of the current period.

Credit Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would
- it is probable that the debtor will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

32.12.2. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and development projects in progress are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

32.13. Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

32.14. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

32.14.1. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group

is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform (see (P)(iii)), the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

32.14.2. Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

32.15. Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

32.16. Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 4(B)(i)).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

32.17. First-time-adoption

The Group / Group is a listed Group since February 2022. As a consequence, the Group decided to prepare voluntary consolidated IFRS Financial Statements. As a result, the

financial statements, for the year ended 31 December 20120 are the first Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2020 and 31 December 2021, together with the comparative period data, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2020.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- Because the amortised cost of PPE and intangible assets under local GAPP corresponds with the Fair Value, the Group made no amendments within these financial positions
- The Group did not reclassified any leasing arrangements

33. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

Independent Auditor's Report

To Centurion International AG, Frankfurt am Main

Audit opinion

We have audited the consolidated financial statements of Centurion International AG, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2021 to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on the findings of our audit, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in accordance with IFRSs as adopted by the EU.

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations concerning the propriety of the consolidated financial statements.

Basis for the audit opinion

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's responsibility for the audit of the consolidated financial statements" section of our auditor's report. We are independent of the group entities in accordance with German commercial law and professional regulations and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Responsibility of the legal representatives and the supervisory board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are

free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for accounting on a going concern basis unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements.

Auditor's Responsibility 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 an auditor's report that includes our opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- 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 material misstatements is higher in the case of non-compliance than in the case of misstatements, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements 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 system.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the going concern basis of accounting used by management 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as adopted by the EU.
- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Hamburg, 30 June 2022

bdp
Revision und Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

gez.

Wiegand
Chartered Accountant

This is an automated translation of the original German Audit Opinon