



20

ANNUAL REPORT

GOVERNANCE AND STATUTORY BODIES

Board of Directors

Chairman and CEO

Mr. Augusto Cosulich

Honorary Chairman

Mr. Andrea Cosulich

CEO

Mr. Matteo Cosulich

Mr. Tomaso Moreno

Mrs. Marta Cosulich

Mr. Timothy Cosulich

CFO

Mr. Stefano Abate

Board of Statutory Auditors

Chairman

Mr. Riccardo Bolla

Statutory Auditors

Mr. Sebastiano Bolla Pittaluga

Mr. Paolo Bisio

Independent Auditors

Baker Tilly Revisa

Mr. Davide Trincherò (partner)

Mr. Edoardo Beccaro (partner)

DELIVERING CHANGE



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01

**INTRODUCTION
TO 2020 RESULTS**

LETTER FROM THE CHAIRMAN



Looking back to what 2020 has been for Fratelli Cosulich Group I feel **honoured, grateful and proud**.

Honoured because all companies of our Group have played a key role in the supply chain, especially for those items that were of crucial importance during the hardest months of the pandemic. I am grateful that all our colleagues kept the same level of service sustaining our customers in their difficulties, but also accomplished those extraordinary operations that allowed us to expand the boundaries of our Group, no matter if the world around us was under an unprecedented crisis. Without our staff, we would have never been able to deliver it.

And finally, I am beyond proud to be part of a family-owned Group that supports internal and external stakeholders, while continuing to build a fully sustainable business set to prosper for future generations.

Fratelli Cosulich Group' 2020 has been an exciting year, achieving strong financial and strategic milestones.

Our activities' diversification enabled us to not only resist the pandemic, but actually, we have been able to keep growing: we did increase our Group Net Profit and, at the same time, improve our financial performance.

We have strategically invested in assets-based operations because we think that this will support our financial solidity and so, our future growth.

Thanks to the great reputation we have among financial entities, we concluded terrific M&A operations that will give us long-term benefits.

Among all operations made, I would like to remark some of them that are a great example of our diversified strategy. We expanded in the Steel Industry, acquiring an important stake of a prominent global trading company, and investing in vessels that are pivotal in the transport of raw materials. We invested in IT companies to get better insights from big data. Last but not least, we set the premises to make the biggest investment in 163 years of the history of the Group: a USD 45 Million LNG Bunkering Vessel that will be delivered in 2023. This is not just an investment, but it is a statement of Fratelli Cosulich Group and the will to have a more sustainable logistics and maritime industry.

Thank you to our stakeholders, the essence of our business success. We are Fratelli Cosulich Group and together, we are connected to the future, **"delivering change"**.

Augusto Cosulich
Chairman

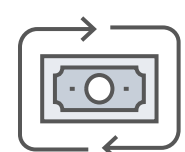
2020 AT A GLANCE



**NEW
COMPANIES**

10

Thanks to the support of financial institutions and the well-known brand in our industry, Fratelli Cosulich Group expanded its boundaries. With M&A activities and the establishment of several companies, our presence is wider than ever.



TURNOVER

1.105_M

Another year passed and Fratelli Cosulich Group is still a member of the exclusive billion' turnover club. Compared to last year, we strategically changed our business in Singapore improving our profit contribution.



EBITDA

26_M

Our long-term goal is to maintain our solidity, while continuing our year-on-year growth leveraging the diversified structure of our Group.



**GROUP
NET RESULT**

15_M

The 2020 pandemic did not stop us from achieving our targets. We recorded last year as one of the best ever. We are keen on re-investing all our profits in future activities.

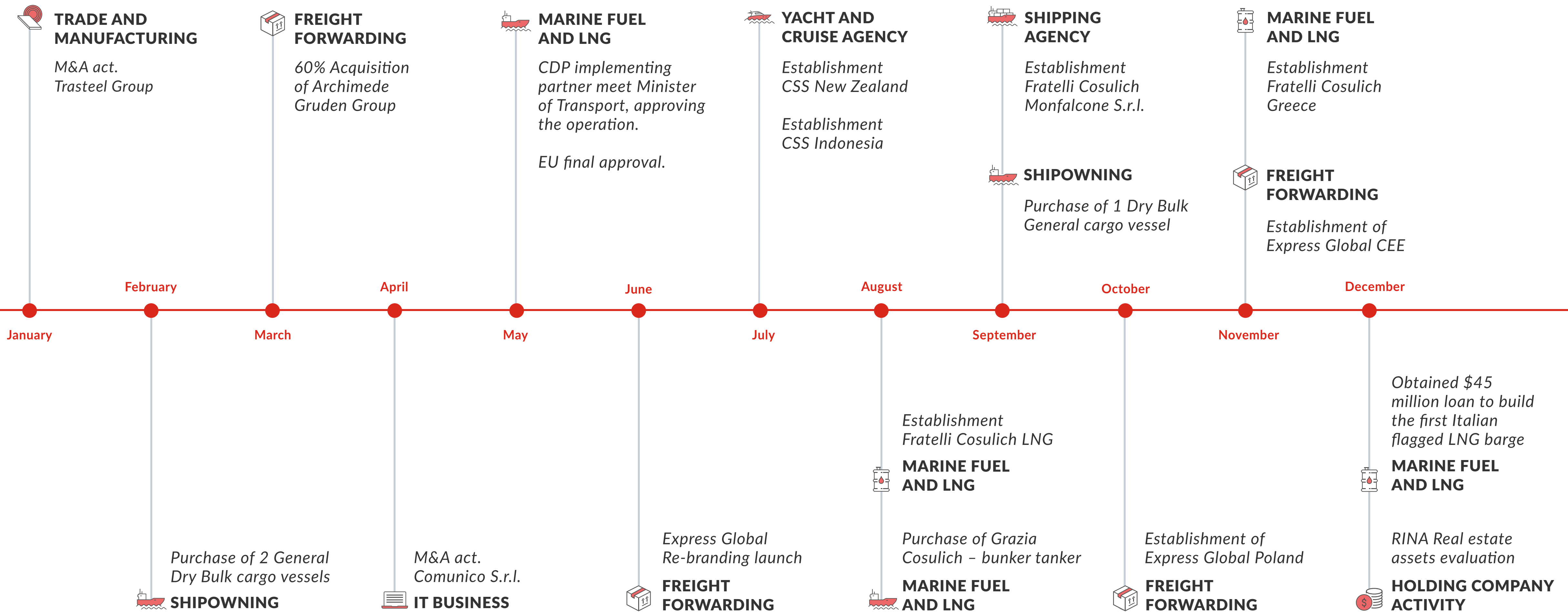


**GROUP
PERIMETERS**

104

We exploit any M&A opportunities in our industry. We are proud to see that our Group is growing and the total number of companies is now over 100.

2020 UNFORGETTABLE MOMENTS



2022

**OUR BOARD
OF DIRECTORS**

MEMBERS OF THE BOARD



**Augusto
Cosulich**

Chairman, CEO,
Cavaliere del Lavoro



**ANDREA
COSULICH**

Honorary Chairman



**MATTEO
COSULICH**

Vice Chairman, CEO



**Tomaso
Moreno**

CEO



**MARTA
COSULICH**

CEO,
Board member
of University of Genoa



**TIMOTHY
COSULICH**

CEO,
IBIA Vice Chairman



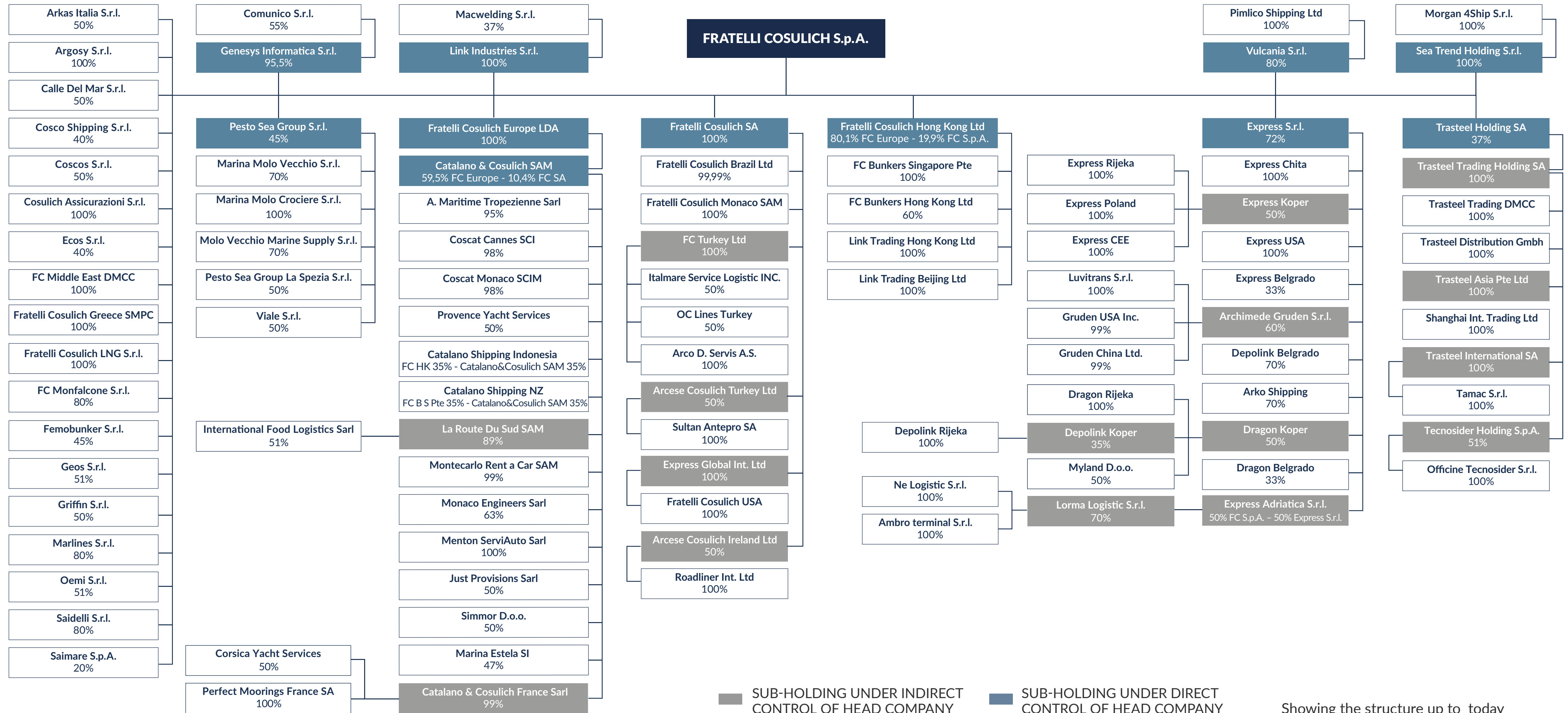
**STEFANO
ABATE**

Group CFO

03

**THE GROUP
ORGANIZATION
CHART**

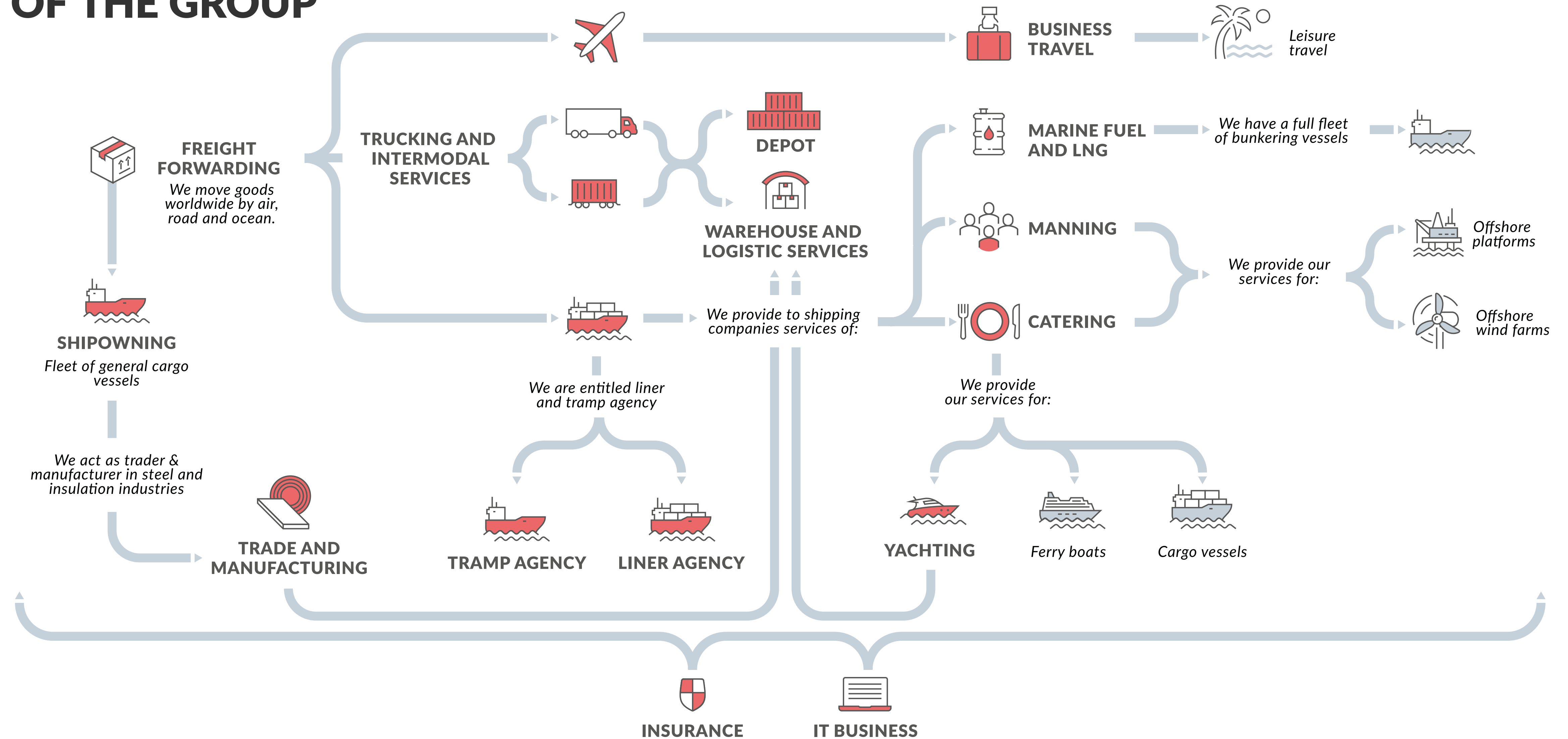
THE CHART



SUB-HOLDING UNDER DIRECT CONTROL OF HEAD COMPANY
 SUB-HOLDING UNDER INDIRECT CONTROL OF HEAD COMPANY

Showing the structure up to today

SYNERGIES OF THE GROUP



04

**THE MARKETPLACE
OF THE GROUP**

THE VISION

C COMPETENCIES

We never stop building our competencies through which we deliver on our promises. One of our key focus areas going forward will be on the technological development of the Group and of our offer.

O OUTSTANDING

In order to consistently bring value to our customers we strive to create an environment where outstanding performance is the norm, not the exception.

S STRATEGY

We are pursuing an acquisition-based strategy aimed at identifying growth opportunities and synergies with our existing business. We create partnerships with players that share our values and that place an equal weight on reputation.

U UNDERSTATED

You will not hear us boasting or bragging about how good we think we are. We would rather have our actions and behaviours remain true to our reputation and we focus on working rather than talking.

L LEARNING

With many “know it all” companies around, we see ourselves as a “learn it all” company, focused on constantly evolving and challenging the way we do things, with the goal of always providing a unique service to our clients.

I INTEGRITY

Everything we do, every decision we take is driven by the importance we place on what our name and brand represent. We are true to the values that have brought us where we are since 1857.

C CUSTOMER CENTRICITY

Everything we do is for our customer. We aim at developing the sort of deep knowledge of our clients that allows us to adapt our own structure to our clients' and make their life easier.

H HUMAN RESOURCES

We are a service company and the value we bring to the industry lies with our People. We invest in them and in their development as professionals and as persons; we want them to be true ambassadors of our Group.

THE COMPETITIVE ENVIRONMENT

It is an industry of immense value, with significant impact on our daily life, and yet it is invisible to most. It can determine business success or failure, but it is rarely the focus of strategies. The world of Logistics and Shipping continues to be the pillar of global trade and Fratelli Cosulich Group has been a key player in this field since 1857.

2020 was a year that redefined our priorities. Due to COVID 19, we have witnessed a progressive limitation of personal and, for the first time in modern history, business activities. In the hardest days of the lockdown, people understood that the majority of goods arrive from distant locations and their transport is vital.

Over the past year, the Group has operated through the most critical moments of the pandemic, not only managing the situation but showing the way and acting with strong leadership. **We have handled constraints, we have supported companies to transport their products outside their country, and we have continued to be close to our long-term partners.** Furthermore, in an uncertain political landscape with important events such as BREXIT, the experience gained in almost two centuries of history has allowed us to have the right network of expertise to achieve our objectives.

Throughout history, we have witnessed major changes in the transportation sector. These changes have emerged not only from macroeconomic or social events but also from technological advances. In 2020, our Group

has shown that it has the potential and the resources to add value in a wide range of sectors. Our stakeholders have been able to benefit significantly from our support and we find ourselves in a stronger competitive position compared to before the crisis.

Despite the challenging environment, **we focused on expanding our network, entering new markets in different business sectors such as Poland and CEE countries for freight forwarding, New Zealand and Indonesia for yachting.** We became major shareholders for companies active in our core-business, but also in sectors where we want to play an important role in future, such as the steel industry.

We have implemented new tools for immediate analysis and results. For those unfamiliar with the industry, it sounds simple. However, countless factors go into freight logistics. It starts with the suppliers and, through various channels and intermediaries, it ends with the consumer or the end-customer.

Our commitment is to provide full visibility on every form of transport we manage be it sea, land, or air. We do so by using our in-house developed technological tools and making them available to our end customers in order to redefine the most efficient strategies possible.

We are not afraid of transformation and innovation because we are focused on relentlessly delivering change.

Over the past year, the Group has operated through the most critical moments of the pandemic, not only managing the situation but showing the way and acting with strong leadership.

2021 TARGETS

In our last annual report, we claimed to be “connected to the future”.

Over the years, we have shown that this is not just a catchy slogan, but rather it is the essence of our way of doing business. **We have successfully concluded several M&A activities and established new companies.** On these premises, 2020 was the year for us to deliver change; the year in which we set several targets and have already achieved some of them.

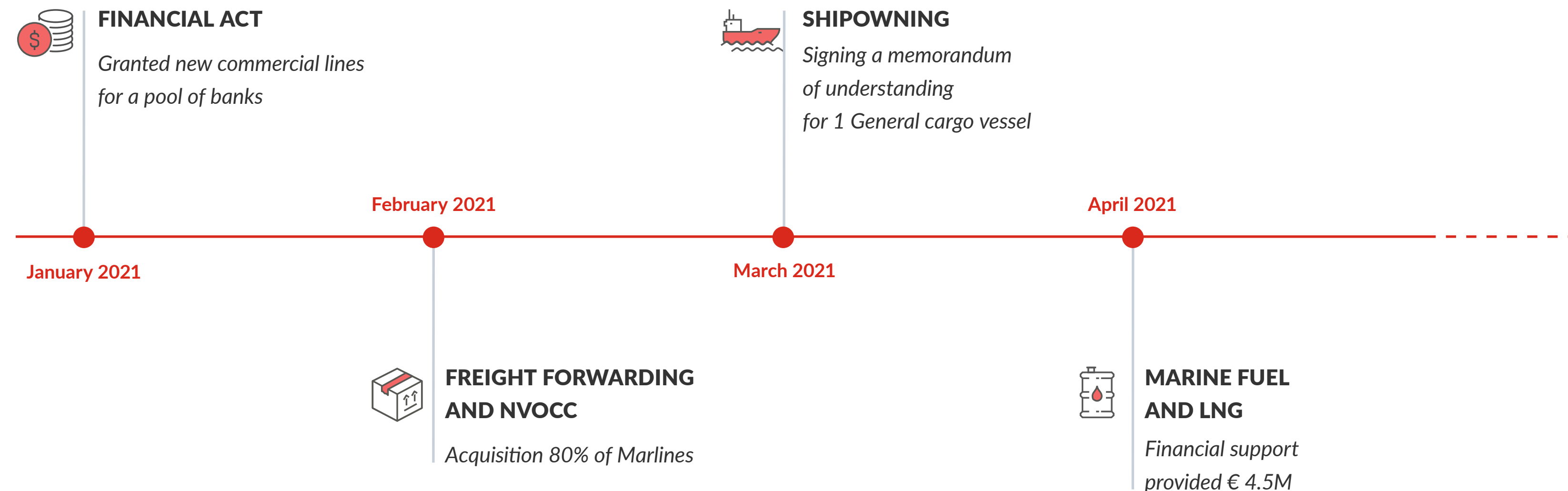
Our Group Finance Team works daily to guarantee that all Group companies receive the financial support they need.

We have internal reporting procedures to ensure smooth and regular communication of financial data to the HQ, ensuring full transparency on all our companies, globally located. For these reasons, we have been consistently supported by financial institutions that recognise our integrity and the quality of our operational strategy.

Some of the highlights for the year include the acquisition of a majority stake in “**Marlines S.r.l.**”, a freight forwarding company with over 40 years of experience, principally serving the steel products supply chain.

In March we signed a MoU with the intent of **purchasing a general cargo vessel** that will be used in the transport of steel products, representing a new addition to our current fleet of 4 general cargo vessels.

In addition to that, in May **we officially placed the order for the construction of an LNG Bunkering Vessel.** The total value of this investment is approximately USD 45 million, confirming the Group’s commitment to safeguard the environment and to operate with absolute safety. Our efforts are focused on decreasing our footprint, and on contributing to the infrastructure for the entire shipping and logistics industry.



05

**OUR
ACTIVITIES**

MARINE FUEL AND LNG



Timothy
Cosulich

2020 brought big – and, in some cases, unexpected – changes to the marine fuel industry. The IMO Sulphur Cap, which came into effect on 1st January 2020 certainly created uncertainty and some short-term confusion. **The new regulation however also presented an opportunity for us to provide our clients with the support they needed during the transition, as well as a chance to prove ourselves a reliable partner for suppliers and oil majors.**

In this scenario we started our activity as physical supplier in Genoa, which allowed us to channel some volumes towards our home port.

The COVID-19 pandemic did not spare the marine fuel industry and we faced changing regulations and restrictions around the world, coupled with the inability to meet clients and suppliers in person. **Creativity kicked-in and our colleagues across our offices found ways to keep our focus on our customers' needs, making them always feel supported.**

Increasingly stringent rules on emissions are now shaping the industry and are at the centre of every discussion, fostering innovation in ship-propulsion. The currently more promising solutions revolve around the use of LNG, Ammonia, Methanol and Biofuels. Further uncertainty will certainly impact the market in the coming years, and this will in turn generate information asymmetry and business opportunities.

Our objective is to retain our role as a reference point for our customers when it comes to new ship propulsion technologies and, with that in mind, we have started a number of collaborations in the Biofuels space and, more importantly, **we have placed an order for 1+1 LNG bunkering vessels which will be delivered in 2023.**

This investment, which is one of the largest ever for our Group, is based on an in-depth assessment of the market, through which we identified a significant shortage of infrastructure on the LNG bunkering side. Institutions around the world have identified LNG as the only bunkering solution currently available at scale and able to significantly reduce GHG emissions. This view has been further confirmed by the subsidy that the project received from the European Union.

Our focus going forward will be on leveraging our know-how in the LNG field, strengthening the structure of the newly created Fratelli Cosulich LNG and develop further synergies with other business units.

Overall, **Fratelli Cosulich continues to be one of the main players in the Marine Fuel industry globally and we intend to take the responsibilities that come with our role.** Being a family business with a very long-term approach, we will play an active role in the path towards emissions reductions and a more sustainable future.

“Our focus going forward will be on leveraging our know-how in the LNG field, strengthening the structure of the newly created Fratelli Cosulich LNG and develop further synergies with other business units.”



FREIGHT FORWARDING AND LOGISTICS



Augusto
Cosulich



Marta
Cosulich

The Group slogan is “Whether sea, land or air trust someone who knows them all”: this is however not just a slogan, but also the perfect summary for the strategy we implement in the freight forwarding and logistics activities.

We decided to be vertically present in the logistics chain, to better deliver value to our final customers. Thanks to our global presence over 14 countries, we offer integrated logistics and shipment services, both in import and export. Our Group can bring to the market a wide range of services: sea shipping, truck transport and intermodal, warehouses, assistance and customs formalities, filling and emptying of containerized goods, loading and unloading of bulk goods.

We act globally with a local touch. 2020 proved that our strategy brings incredible benefits to our customers and we are in a better position than many of our competitors. **While people were prevented from traveling, goods never stopped moving and we are proud to have helped with this.** From critical medical goods to primary goods, we have never stopped during the most crucial moments of the pandemic, allowing the final receiver to get what was needed.

Fratelli Cosulich is pursuing a policy of merging/collaborating between the various Group companies to strengthen the purchasing power towards vendors, thus reducing both “country risk” and “customer/product risk”.

In 2020 we finalised the acquisition of a majority stake in Archimede Gruden, a well-known player with a strong history that enabled us to reinforce our presence in Italy, US, and Asia. Moreover, Archimede Gruden is a key logistics player for the white goods industry, where we do have a well-known reputation thanks to our companies Express Global Italy, Fratelli Cosulich Turkey and Express Global UK. For this industry, we are also investing in digital solutions: in collaboration with our key customers we have created new digital tools that will speed up operations’ bureaucracy.

In addition to the above, we expanded our offering to the steel industry, intending to become - over the next few years - a prominent logistics player in this sector, leveraging tailor-made solutions and synergies with other Group companies.

The aftermath of the pandemic led to generic difficulties in booking cargo space and to a seemingly unstoppable growth of ocean freight rates. The ability to rely on favourable relationships with the main carriers has allowed our freight forwarding and logistics department to reap important benefits and pass them on to our customers. 2021 will be, once again, a year full of challenges, but with focused investments into human capital and strategic actions, we are confident that it will be a successful one for the Group freight forwarding and logistics business unit.

We act globally with a local touch. 2020 proved that our strategy brings incredible benefits to our customers and we are in a better position than many of our competitors.



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SHIPPING AGENCY



Augusto
Cosulich

At the very core of our Group, we are still rooted in our traditional activities. **Despite globalization and the massive transformation of the shipping industry, the head company Fratelli Cosulich S.p.A. is still a “unique” entity.** We maintain our traditional role of multi-firm shipping agents, representing several shipping companies in Italian ports, deploying niche-markets services.

If 2020 demonstrated to the global community how important the movement of goods is for our society, we are proud to play a key role in this field. With decades of experience as an independent shipping agency, we have been able to offer tailor-made services to our Principals during the most critical moments of the pandemic. **Under the professional dedication of our team, our activities never stopped.**

Surely, the extensive agency networks, a qualified and passionate staff, the smooth IT integration with Port Community Systems, and a deep understanding of the market are the secrets of our resilience in a tough year. **Fratelli Cosulich strongly believes in combining technology and personal relationships based on mutual trust and long-lasting knowledge.** Despite the pandemic, last year we got in touch with more than 600 final unique customers. Furthermore due to the pandemic and to higher demand for particular time-sensitive goods such as foodstuff, pharmaceutical products, medical disposable items, and scientific technology instruments, we did provide our Principals and customers our closest and keenest assistance to ship through our reliable networks of lines' routes.

One of the long-term goals of our Group is to become a key player in the steel industry logistic-chain, and our Tramp Shipping Agency plays a pivotal role in the journey towards the achievement of such goal. We assist shipowners, vessels, charterers and manage any kind of commodities through our Head Quarter located in Genoa and our wide network of owned offices and sub-agencies in any Italian ports.

The pandemic has not stopped us from strengthening our position in the steel industry or from developing a wide range of services in this sector. Loyal to the Group growth approach based on synergies and M&A, last year we took several actions, including the development of stronger synergies with Group freight forwarding and transportation companies. Our commercial proposition is unique thanks to the high level of diversification offered and to our presence in ports of North-East Italy, **establishing Fratelli Cosulich Monfalcone S.r.l.** and tightening the relationship with local partners. During last year we scouted any opportunities for strategic partnership or acquisitions and this approach led to **the acquisition of Marlines S.r.l., a well known player based in Porto Nogaro and Monfalcone.**

We regularly work with major producers and receivers of steel products such as steel coils, round bars, steel slabs, steel billets, steel blooms, steel plates, steel pipes etc. and over the course of 2020 we successfully handled about 4 million tons of steel products.

“*With decades of experience as an independent shipping agency, we have been able to offer tailor-made services to our Principals during the most critical moments of the pandemic.*”



LIBERTY

MARGUERITE A

HONEGR
GOTTW

TRU
TRU

YACHTING



**Tomaso
Moreno**

Our reputation in the market comes from our reliability, our integrity and, crucially, from our ability to solve customers' problems in a dynamic manner. With a general uncertainty and serious restrictions on travels and movements for both boats and individuals, new needs arose among our clients.

We are proud to have been a reliable supporting partner for them and their first interlocutor even during the most dramatic moments of the pandemic. **We have immediately adapted to assist the crew and their guests with new services, such as advising on COVID 19 restrictions and related administrative procedures, but also on arranging practical sanitary/medical assistance.**

BREXIT was also a key factor in 2020, creating significant confusion and uncertainty regarding the status of British seafarers and their visas. Once again, we followed the evolution and interpretations of laws on a daily basis, to assist our clients correctly and to help them stay compliant.

Despite the pandemic, we have maintained our focus on growth, that remains our long-term goal.

We have strengthened our international development with the creation of two new entities, Catalano Shipping New Zealand and Catalano Shipping Indonesia, and our presence in the Croatian market generated very positive results.

Our goal is to offer a wide portfolio of locations where we are able to assist our loyal clients. **We believe that the widening of our geographical coverage and the release of new technologies will boost our position towards the competition.**

Talking omnichannel presence, we have substantially improved our digital one thanks to a better social networks management and content strategy and we achieved exciting results, including an improved client conversion rate. In addition to the above, **we have also accelerated the digital transition for which we expect several projects to be delivered in 2021.**

There are also some internal changes that will positively sustain our energy transition and sustainability; we are currently signing the "Pacte National pour la transition énergétique" (National Pact for the energetic transition) which is led by the Government of the Principality of Monaco. **We believe there are no possible compromises when it comes to the environment, and we are determined to do our part,** like we did when we created Perfect Mooring, a company with a revolutionary eco-friendly mooring system.

The current context is challenging, as significant uncertainty remains due to the persistence of COVID-19 restrictions. Nonetheless, as in most crises, some opportunities will show up and as a strong player in the yachting sector we are ready to make the most out of them.

Despite the pandemic, we have maintained our focus on growth, that remains our long-term goal. We have strengthened our international development with the creation of two new entities, Catalano Shipping New Zealand and Catalano Shipping Indonesia.



CATERING



**Marta
Cosulich**

In over 75 years in this sector, 2020 was like no other before. Thanks to previous investments made, to the Group financial solidity, and to our growth strategy, we have been able to keep our activities on the right path.

During the course of last year, volatility and uncertainty have been the main difficulties we managed. In the most critical moments of the pandemic, we have been challenged to keep our operations running even with continuously changing rules. Overcoming those crucial moments by always guaranteeing our services on all world routes, we have consolidated our presence in the cargo ship market. Thanks to our proven network of global suppliers and the never-failing commitment of our staff operating from the Genoa headquarter, **all vessels under contract have been regularly supplied with the necessary provisions in full compliance with the different procedures and health rules.**

Furthermore, we have reinforced our reputation in the ferry segment that has been severely hit by covid-19 related health restrictions. For months, connections across ports were not granted and planned operations could suddenly change because of governments' decisions. In these trying times, our focus has always been on guaranteeing our services to customers operating on the routes with Albania, Greece, Croatia, Tunisia as well as Italian cabotage routes.

The restaurants, self-services, bars and Duty-Free shops managed by Fratelli Cosulich have always offered high-quality meals and services to ac-

company passengers and drivers on their journeys during all 2020.

In addition to this, our Group Company, Morgan4Ship, helped providing additional value to our customers in terms of technical supplies, logistics and warehousing services.

As a family-owned company, we are committed to providing tailor-made and high quality service to our clients, leveraging our nimble and agile structure to adapt to our customers' needs. A good example of this would be the efficiency and transparency that we were able to bring on the stocks management side thanks to a close collaboration with our Group IT business unit.

Our Catering business however, doesn't only focus on Ferries and Cargo vessels, as we play an important role for off-shore platforms too. In 2020, offshore activities suffered a marked slowdown caused by the decrease in oil price and by the significant challenges brought about by the pandemic. This was particularly relevant in Brazil, one of our key markets and also one of the countries more severely hit by covid-19. **The system was stressed by significant turnover of personnel, but we still managed to guarantee our services on board to the contracted units.**

The situation is gradually improving and we are now working on the signing of new contracts which, together with others we are negotiating, will ensure a bright future for our business.

All vessels under contract have been regularly supplied with the necessary provisions in full compliance with the different procedures and health rules.

MARINE AND OFFSHORE PERSONNEL



Matteo
Cosulich

We are really satisfied by 2020 results: a portfolio of new services offered to our customers together with a strong push on digitalization proved to be the right approach that has not been impacted by the pandemic.

For over 70 years, the Group has offered qualified and motivated personnel and services to leading shipping, offshore and catering companies. Our Trieste-based, experienced team successfully managed complexities and challenges offering solutions to our customers. **Through our long-standing experience in the selection, recruitment and management of human resources, we have been able to guarantee high quality personnel with relevant training certificates and with proven track record.** The people we provide are sourced from a pool of over 10 different nationalities in compliance with all different contractual needs required by our customers.

Our Manning business unit is recognised as a reliable provider in the Oil & Gas industry, with thousands of professionals outsourced to our customers, including many leading players.

It is undeniable that the Oil & Gas sector has suffered a contraction due to the pandemic; however we are confident that 2021 will provide encouraging improvements. The main issue during the pandemic was to scout professionals coming from different countries, with the right requirements, and complying with several different sanitary restrictions imposed by national governments. It has been a great challenge, but we are proud to

say that our customers have been enthusiastic about the quality of services rendered.

We will soon be able to add to our services the opportunity of operating as employers on behalf of our customers, offering a 360° service following the market demand and ensuring full protection for the workforce.

In 2020 we invested heavily through various channels to extend our reach and to be able to cover a wider spectrum of potential clients. **We are focusing our commercial action on players active in the Renewable Energy field, trusting that in the coming years Offshore Wind Power will require highly qualified personnel from the market.** In addition to this, we also make available our experience in the management of LNG personnel for the various offshore regasification projects that are starting in Italy and in the world.

Thanks to several projects already under way in 2021 in addition to the Group's shipping investments, we are confident that the future will give us even more opportunities to grow.

It has been a great challenge, but we are proud to say that our customers have been enthusiastic about the quality of services rendered.



WAREHOUSE AND LOGISTICS SERVICES



Matteo
Cosulich



Marta
Cosulich

Last year, we have kept our focus on the optimization of our resources and assets linked to the Warehousing activity and to the wide range of related services that we provide. **We have a portfolio of companies around the world able to support and integrate with added-value operations other shipping and logistics services offered within the Group.**

Luvitrans is the latest addition in our Group, with a strategically located warehouse close to Milan. Also, our Ambro Terminal depot has been totally refurbished last year and is now working at full capacity, serving as a focal intermodal point for logistics services.

As we know, the cruise industry suffered a complete stop last year and our structure located in Navacchio (with a total size of about 6.000 m², equipped with cold rooms at - 20 °C / capacity 600 pallets, and + 5 °C / capacity 150 pallets), was a good example of unexpressed potential, which ended up being used for other activities other than the usual ones.

The storage and logistics business is now experiencing a phase of strong development. The Group is proactively leveraging this opportunity, offering customers groupage services for wine export, in addition to the storage of food products at - 20 °C.

Navacchio warehouse, able to also store over 1.000 pallets at room temperature, is owned by our company Morgan4Ship S.r.l. (100% controlled by the Fratelli Cosulich Group) has been active since November 2019 clo-

se to the port of Leghorn. **With the purchase of this facility, the Fratelli Cosulich Group entered the world of food and non-food naval supplies, also offering storage and logistics services for third parties.** We have concentrated our efforts in the cargo ship market by starting fruitful collaborations with other naval suppliers, new shipowners operating mainly in the port of Leghorn, as well as offering our collaboration to the Fratelli Cosulich Catering office.

From this warehouse we are also able to reinforce our ship-chandling activity, with an average stock of about 1.500 products (food and no food) and the ability to supply ships with crews of different nationalities and eating habits in all Italian ports. These are important attributes that led us to play an important role for our customers during the pandemic. We have always been able to serve all required items to our customers.

The stop of the cruise activity throughout 2020 has definitely slowed down our development plans but it has allowed us to consolidate the procedures. Morgan4Ship achieved ISO 9001, ISO 14001, ISO 22000, ISO 45001 and EEC certifications, operating in full compliance with HACCP regulations.

We are conscious that our investment focused on asset-based investments are pivotal for our future business success, and warehousing will play a growing role in future years.

We have a portfolio of companies around the world able to support and integrate with added-value operations other shipping and logistics services offered within the Group.



SHIPOWNING



Augusto
Cosulich

Shipowning is at the very root of the activities of our Group. From the very beginning, we specialised not only in the ownership but also in the full management of all our assets. During the last decades, we built up a heterogeneous fleet of vessels: crucial for many business activities within our Group. **Shipowning is always at the very core of our strategy.**

In 2020 we made significant steps forward on the shipowning side, with **the acquisition of 2 general cargo vessels and the purchase of an additional one in 2021.** We are very pleased to see that this operation is not just a speculative project, but rather the result of the collaboration between our Group and our customers. Following their specific request for tailor-made solutions, we were ready to address their needs leveraging our financial solidity and wide expertise in all logistics activities.

These assets were pivotal for the realization of our long-term strategy in the steel industry. As a matter of fact, our general cargo vessels are operative in one of the biggest rivers of Europe, Dnepr, contributing to the movement of steel-related products more sustainably in its supply-chain.

Our Group is also a well-known player in the shipowning of bunkering vessels. **We currently count on a fleet of 6 bunkering tankers, with our latest addition “Grazia Cosulich”, operating in Singapore.** Over the course of 2019 and 2020, we refocused our Singapore business model from pure physical supplier to shipowner and logistic provider, offering oil majors

and large independent trading companies a quality fleet and unparalleled service.

On the bunkering side, we should not forget about what is so far the largest investment to date for our Group. Over the course of 2020 our Marine Fuel and LNG team, worked side by side with our Group Finance team to secure a significant subsidy for the construction of 1+1 8.200cbm LNG bunkering vessels. The order was placed in the first half of 2021 and the delivery will take place in 2023.

Last but not least, during 2020 our dry bulk carrier Vulcania (82.000DWT) passed a full drydock restyling, confirming to be a really valuable asset. In a competitive environment where ocean freight rates are increasing, this vessel is gaining a prominent role in the transport of goods.

We are confident about the quality of our strategy and we do not exclude replicating it if any opportunities will arise.

“During the last decades, we built up a heterogeneous fleet of vessels: crucial for many business activities within our Group.”



BUSINESS AND LEISURE TRAVEL



Matteo
Cosulich

Out of all activities within the perimeter of the Fratelli Cosulich Group, there is little doubt that the Business & Leisure Travel business unit did suffer the most because of the pandemic.

We are proud of the result that we generated in the first three months of 2020, during which the number of customers grew. **We serve several types of customers, from companies for business travel and meeting organizations to travel agencies to arrange the best proposal to final customers.** Finally, we have a physical showroom in Trieste offering the best leisure travel solutions to local clients.

Since the health restrictions put in place forced everyone to stay at home, we decided to invest our resources in filling the gap on those aspects we were missing the most. **We decided to make the most of opportunities that could arise from the wider Fratelli Cosulich Group and from the competitive environment.** We focused our strategy on creating a strong omnichannel presence. Thanks to the support of the Group IT Business Unit, we developed two main tools: the completely new “cosulich.travel” website and “MyTravel” web application.

The “MyTravel” web application is for internal use, implemented within the Fratelli Cosulich Group intranet. It was launched in Q4 2020 and it will progressively support all companies of the Group in receiving the same high-quality services offered to our external customers in terms of business travel. The advanced user experience tool allows for flights booking,

hotel reservation, and car rental in just a few clicks, across colleagues of different companies. Given the wide success of this solution, we are now planning to implement the “My Holidays” tool to offer the same services to arrange leisure travels to our Group colleagues.

We also worked on creating a new omnichannel identity able to show the entire range of our offering. The challenge was to create a unique website showing our 4 main segments of services: Business Travel, Travel Agency, Leisure Travel and our niche “Marine & Energy” personnel travel. **We started solid communication on the main social networks to promote our services, getting in touch with a wider range of potential final customers.** We are now reinforcing our management skills of M.I.C.E. requests (Meeting, Incentive, Congress & Events). We are members of “Travel Specialist”, thanks to the framework agreements we have developed Call4Expenses application. We are now offering new related technological services: our customers are now able to manage expense reports with OCR technology. Promoting the creation of dedicated accesses with customized reports for every single customer of our Business Travel department. **Simultaneously, we are focusing on the sales of the Leisure department, signing top contracts, thanks to our affiliation with Welcome Travel network for B2C sales to direct customers.**

We are happy to see that our commercial proposition is now stronger than ever and we are ready for the challenges that the end of the pandemic will bring.

We focused our strategy on creating a strong omnichannel presence. Thanks to the support of the Group IT Business Unit, we developed two main tools: the completely new “cosulich.travel” website and “MyTravel” web application.



TRADE AND MANUFACTURING



Augusto
Cosulich



Marta
Cosulich

We are active in the trade and manufacturing business with different entities.

For our company Link Industries, distributing marine and industrial insulation solutions and trading manhole covers and steel products, 2020 presented a great opportunity to understand where to improve efficiency and adapt to a changed environment.

Reacting to pandemic-related restrictions, we have implemented remote inspections at our main suppliers' premises, online technical training and a cross-functional Internal Team to support our customers. Despite the increase of both raw materials and sea freight rates, as well as challenges in obtaining production capacity, Link Industries was able to respond to these challenges, anticipating and mitigating the effects on results.

So far, we have developed long-term partnerships in the Marine Insulation Market with shipyards, relying on our marine stonewool and accessories. In 2020, we proudly celebrated the 20th anniversary of the collaboration between Link Industries and Paroc, enjoying a leading position on the national market.

We are focused on implementing the best tool for management systems, IT, but also new procedures aiming at continuous improvement. We have also focused on R&D investments that will generate opportunities in terms

of a circular economy. National, European and International initiatives aimed at promoting environmental sustainability will lead to a greater consideration of materials that can respond to energy efficiency needs, such as Paroc stonewool that we are supplying on the national market.

2020 was also the year in which we entered the steel industry with the acquisition of an important stake of Trasteel Holding Group. This important step forward is proof of our long-term commitment to becoming one of the most important players in the steel supply chain and logistics, creating synergies and a deeper understanding of operational concerns.

Trasteel is a Swiss-based company, with headquarters in Lugano, active in the trading of steel-related products, steel making raw materials, steel making consumables (such as refractories material), and solid fuel as steam coal and petcoke.

At Trasteel, we are keen on the consolidation of the work in the so-called Consumables (electrodes, refractories, spare parts): thanks to the implementation of a first-level technical advisory structure, we are looking for a continuous quality improvement of the final product.

Finally, we are also working on the development of the energy division and we expect to see concrete steps forward on natural gas trading by the end of 2021.

2020 was also the year in which we entered the steel industry with the acquisition of an important stake of Trasteel Holding Group. This important step forward is proof of our long-term commitment to becoming one of the most important players in the steel supply chain and logistics.



IT BUSINESS



Matteo
Cosulich



Marta
Cosulich

The current pandemic has demonstrated the urgency for all industries to adopt the latest digital technologies available. **Even those sectors that were historically more reluctant to embrace the digital transformation were forced to redefine their approach.**

Since the foundation of the IT business-unit back in 1995, we have designed technological infrastructure and digital product solutions to support the efficiency and the relevance of the companies of the Group operating in the Maritime & Logistics services. 2020 led the IT department to the real core of the commercial and operational activities of Fratelli Cosulich Group. Our relevance is greater than ever.

When the lockdown struck, our IT support team was able to assist all workers, enabling hundreds of colleagues to work effectively from home in a few hours. So far, zero “down-times” have been recorded in the full year.

Thanks to our “2020s long-term strategy”, based on diversification, the expansion of our offering, and internal business growth, we have taken advantage of all opportunities raised in the Group.

We are proud to announce that in the first quarter of 2020, we concluded an important M&A operation acquiring a majority stake of “Comunico S.r.l.”. This strategic step, which proves the strength of our business unit, has enabled us to provide more extensive services to our customers

in terms of business intelligence and project management solutions. We expanded our team, acquiring external talents to better support internal Group companies and external customers in providing omnichannel solutions.

We have created the commercial intelligence department, focusing on all types of solutions, from branding to website development, from commercial assets creation to user experience optimization. During 2020, and in collaboration with the software development department, we worked on the rebranding of the most important freight forwarding Group company, Express Global, further developing their operational “e-global” software that is now used by many of its customers, including worldwide leaders in the white goods industry.

We are delighted to share that “Genesys Informatica S.r.l.” has also accomplished a huge reorganization around workflow, database management, and security technologies that have contributed to the obtaining of ISO 27001 certification.

Our in-house solutions are no longer just a digital supplement of the core business: they effectively provide higher marginality, the value perceived and a general optimization for the Group’s final customers.

We are confident that we have the right assets, team, and strategy in place to keep delivering change for all stakeholders we will work with.

The current pandemic has demonstrated the urgency for all industries to adopt the latest digital technologies available. Even those sectors that were historically more reluctant to embrace the digital transformation were forced to redefine their approach.



12

9

3

6

2021

INSURANCE ACTIVITIES



Matteo
Cosulich

In the insurance sector, the competitive environment is moving in new directions.

National lockdowns led to a drastic reduction in claims and commercial activities were mostly hindered due to the sanitary restrictions. **After one full year in the pandemic, we are glad to see that our strategy turned out to be the correct one. We are confident that we will remain on track in this ever-evolving environment.**

Our Company is deeply rooted in the Maritime & Logistics sector and our connections within the Group helped us to exploit 2020 as a year of internal investments. We have listened closely to the increasing demand from our affiliated companies' colleagues for risk-management services in the freight forwarding activities. We have analysed their actual operations, offering insights, services and tools to help them better understand, manage, prevent and mitigate the risks they face. **We ended up building a comprehensive insurance coverage that will be adopted by most of the companies of the Group operating in the freight forwarding sector.**

Now, thanks to the great feedback obtained within the Group, we are looking for final customers of our affiliated companies. Our goal is to bring our customer-centric and simplifying approach to them, creating added value to the already existing services provided by the entire Group.

We are confident that this will have a significant impact on our commercial activities.

We are also still pursuing our strategy of increasing our presence in the public sector. However, our customers in this field faced significant challenges related to smart-working. We are satisfied because we managed to strengthen the relationship with them, and in 2021 we expect to further develop potential business prospects related to the public sector, which were suspended in 2020.

We have developed a 3-year business plan consistent with the Group's strategy, focusing on potential M&A opportunities as well as external agreements and partnerships. We are ready for action and keen on achieving all our goals.

Our goal is to bring our customer-centric and simplifying approach to them, creating added value to the already existing services provided by the entire Group.

06

**LIFE IN THE
GROUP**

FOCUS ON OUR PEOPLE

A customer-centric business, driven by a people-centric approach.

In recent years the Group has grown significantly, mainly through acquisitions; such a growth has brought to an increase in the number of colleagues working at Fratelli Cosulich and has highlighted the importance for us to continue to invest in people.

Our HR function has focused on attracting the right people and on providing our managers with the right tools to select those who, through their learning mindset and their skills, can contribute to the Group's success. At the same time, our efforts have also gone towards the creation of a structured learning journey for our people and on the set-up of an assessment platform that will allow us to make candid feedback a key feature of the way we work.

The introduction of a Group HR function is an ongoing change process and even when there is a buy-in from employees and managers, the uncertainty and fear of the unknown and resistance to change are significant barriers for real change to take place. **The cornerstone of this transition is to establish trust around shared experiences, successes and failures.**

We think that applying a “one size fits all” approach is ineffective and counterproductive. For this reason, we started to provide tailored and focused development opportunities whenever there are specific business needs.

We strive to learn from local markets and cultures, companies and clients, recognizing and appreciating diversity, and providing dedicated tools to leverage such diversity.

As we move into 2021, our attention will be focused on three dimensions:

- **Spending time with colleagues and their managers**, to clearly understand their professional needs and to become a partner in their learning journey;
- **Promoting synergies among Group Companies and Business Units**, reducing duplicated effort and focusing on shared experiences;
- **Putting in place a smart hiring process across the entire organization**, promoting a screening and interviewing method that allows us to find and select talented people who can fit our company culture.

• We are at the beginning of our HR journey and it is becoming increasingly clear how the future success of the Group depends on the quality, the motivation and the mindset of our people.

We think that applying a “one size fits all” approach is ineffective and counterproductive. For this reason, we started to provide tailored and focused development opportunities whenever there are specific business needs.

THE GROUP AND THE ENVIRONMENT

It has been clear for some time now how crucial it is to reduce the carbon footprint of the shipping and logistics industry. The topic, now discussed globally, is on the agenda of any political debate. Moving goods around the world is a primary need for the optimal functioning of the economy, but it is undoubtedly linked to negatively contributing to CO² emissions.

As a consequence, our Group has been focusing on achieving environmental efficiency for all our activities. Our strategy relies on four key enablers: **assets, operations, technology and people**.

We never stop investing in our assets, and we are proud that we will own one of the very first LNG bunkering vessels operating under Italian flag. At the same time, we have invested in our building's energy efficiency: in Fratelli Cosulich do Brasil, the office of Macaè is entirely self-sufficient thanks to the implementation of an advanced photovoltaic system.

We increase the efficiency of our operations thanks to the advanced planning of all involved stakeholders and required procedures.

For instance, we are working on an alternative to road transportation where possible, moving goods with fluvial vessels. Whether it is the management of the most complex cargo project or the transport from point A to B of containers or goods, we always look for the environmentally optimal choice.

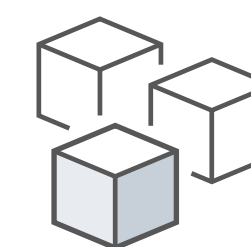
All business units are equally involved in this approach: the travelling of maritime personnel for example is organised by our Travel departments considering the total Co2 consumption of air flights as well as companies environmental regulations.

We believe that taking advantage of the technological innovations available will help us decrease our impact on the environment. Year on year, we are improving our software, offering the most efficient possible combination of jobs, and reducing the number of wasted journeys per day for our trucking company. Our commitment is to maintain a modern fleet of trucks, with hybrid powertrain equipped vehicles chosen to replace old ones, achieving a fuel consumption reduction of about 40% compared to the old generation trucks. Since trucking companies require heavy-duty trucks, we consider this investment one of the most crucial.

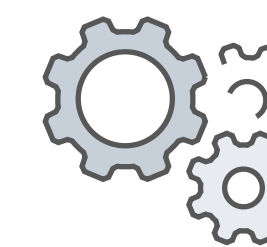
To conclude, our people are at the centre of our strategy. **We try to promote environmentally conscious actions both in the workplace and in their private life.**

We also support the green revolution that will impact the entire industry through our Manning business unit. Our employees are scouting for the best talents to work on wind farms that will soon be built.

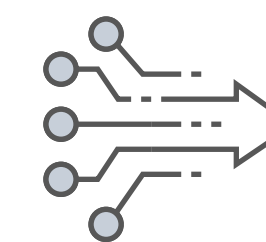
We are committed to be an active part of this virtuous process and we want to play a role in delivering the change.



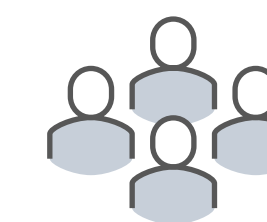
ASSETS



OPERATIONS



TECHNOLOGY



PEOPLE

07

**2020 CONSOLIDATED
FINANCIAL STATEMENT**

LETTER FROM CFO



Over the years, the Cosulich family has looked after both stakeholders and employees of the Group. **The success that Fratelli Cosulich enjoyed so far is rooted in the intrinsic urge to do business guaranteeing a job for thousands of people and the reinvestment of all profits in conservative long-term activities.**

These family policies, coupled with an acquisition-based growth strategy, so far led to positive results. Over the last 20 years, the total number of companies belonging to the Group has quadrupled. At the same time, the consolidated turnover has increased tenfold, reaching a value of EUR 1.5 billion, spread over a total of 90 companies.

This significant and accelerating growth does not rely on reinvested profits alone, but also on the important support of financial institutions. In the last ten years, banks have granted us increasing lines of credit that have been the essential enabler for many of our investments. We have always focused on maintaining a balanced debt to equity ratio and we have now available reserves close to EUR 120 million and credit lines of various kinds for a further EUR 300 million.

We worked to strengthen our already reliable accounting procedures and credit management, aiming at a minimisation of counterparty risk. Our budgeting and financial reporting processes are based on business intelligence tools, with individual Group companies providing their input on a quarterly basis and allowing the Group Finance team to build a thorough consolidated report. **We also continue to focus on achieving the ideal mix between short-term and long-term debt, depending on the type of investment.**

These are just some examples of the work done by the Group Finance team over the years, which is consistently recognised and appreciated by the banking system.

Going forward, we will continue to monitor our balance sheet ratios for

solvency, profitability and liquidity and we expect to achieve increasing stability at a corporate structure level.

In a historical moment that has seen the world economy suffer a setback due to the Covid 19 pandemic, we can be proud of our results. As we look at our preliminary results for 2021, we can foresee a further improvement compared to the – already successful – recent years.

As we see a general improvement in both Gross Profit and EBITDA, we believe a shift to a more asset-based type of business model was pivotal in achieving our goals.

At Fratelli Cosulich, the synergic teamwork between the commercial and financial departments and the shareholders themselves is real. We pursue transparency on objectives, sharing them and pursuing them together. Our shareholders always act guided by a “WE as a Group” culture as opposed to a “WE as an owner” one, thus providing significant support inside and outside the company.

In this positive moment, where the future seems to continue to be bright, we are assessing new financial instruments to access credit such as mini-bonds, green bonds and bond loans.

We want to continue to grow in a sustainable way, and keep the control of the Group firmly in your hands.

Stefano Abate
CFO

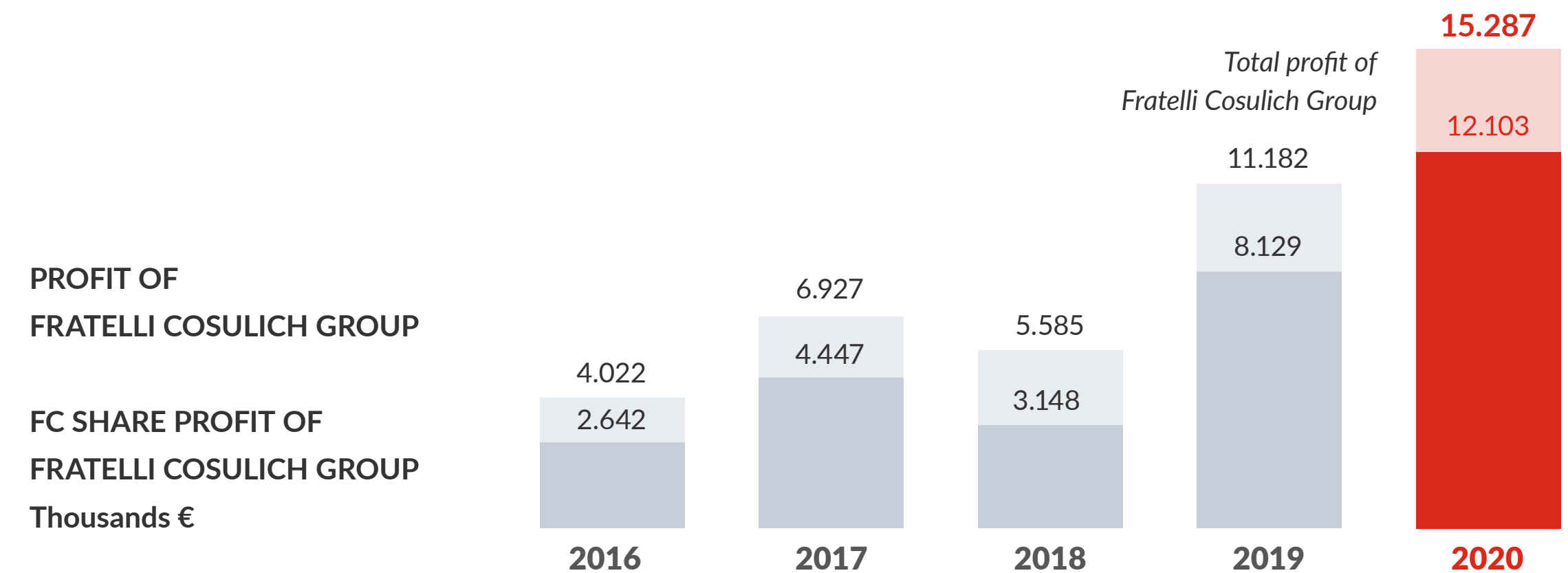
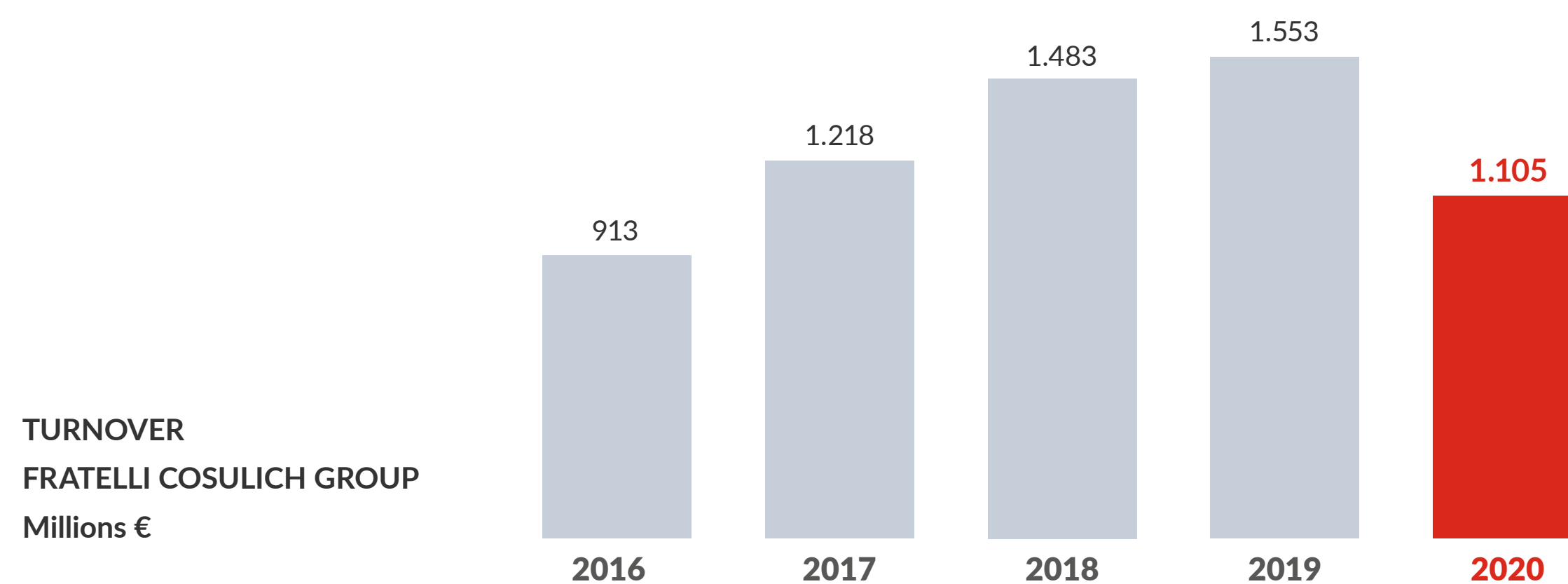
OVERALL RESULT

The Fratelli Cosulich Group 2020 results show a strong improvement compared to the previous year.

The 2020 turnover exceeded Euro 1.1 billion. A decrease in Revenues compared to last year, that is related to the change of the business activities of one of our companies operating in Marine Fuel. Fratelli Cosulich Bunkers S Pte LTD moved from physical supply through its fleet of barge vessels to chartering them to major: the final result is a solid improvement on the total net profit.

We improved our operational profit by 18%, hitting a new top value of EUR 67 million, a result that has outperformed the last year figures.

The difference between Revenues and Costs has recorded an outstanding improvement of 51%, at Euro 16.6 million. The Group's Net Profit After Tax in 2019 has reached Euro 15 million (of which Euro 3.1 million linked to third parties). From 2016, the Group has generated over 30 million of Profit that has been fully invested in new projects and business developments.



MAIN FINANCIAL STATEMENT RATIOS

Despite the pandemic impacting several businesses, the Fratelli Cosulich Group achieved excellent results in 2020.

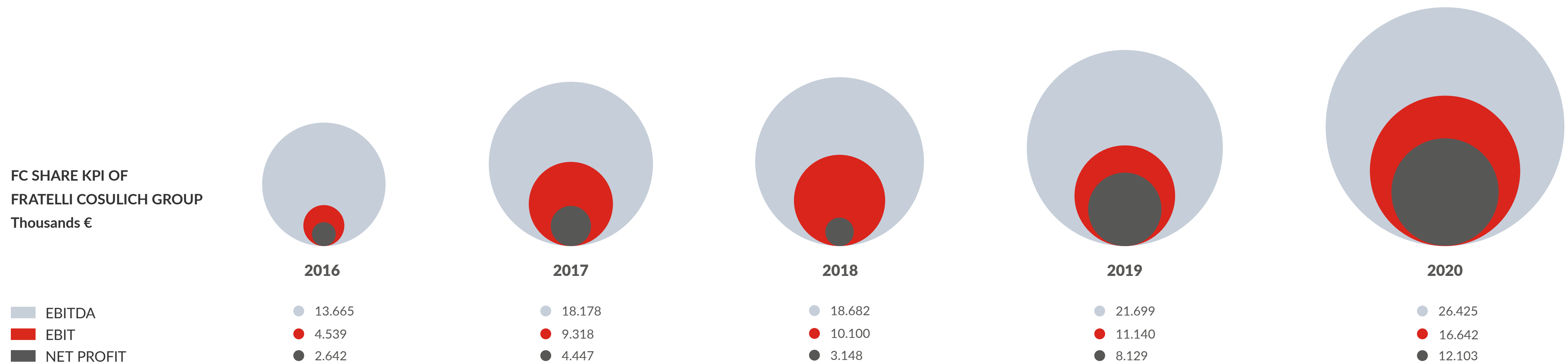
More specifically, the Group ended the year with consolidated EBITDA of Euro 26.4 million, an increase of 22% compared with Euro 21.7 million in 2019, outperforming our budget for 2020. Consolidated EBIT has reached Euro 16.64 million, an increase of 51% compared with the previous year.

The Group policy is focused on reinvesting the profits generated into new projects and targeted acquisitions. This

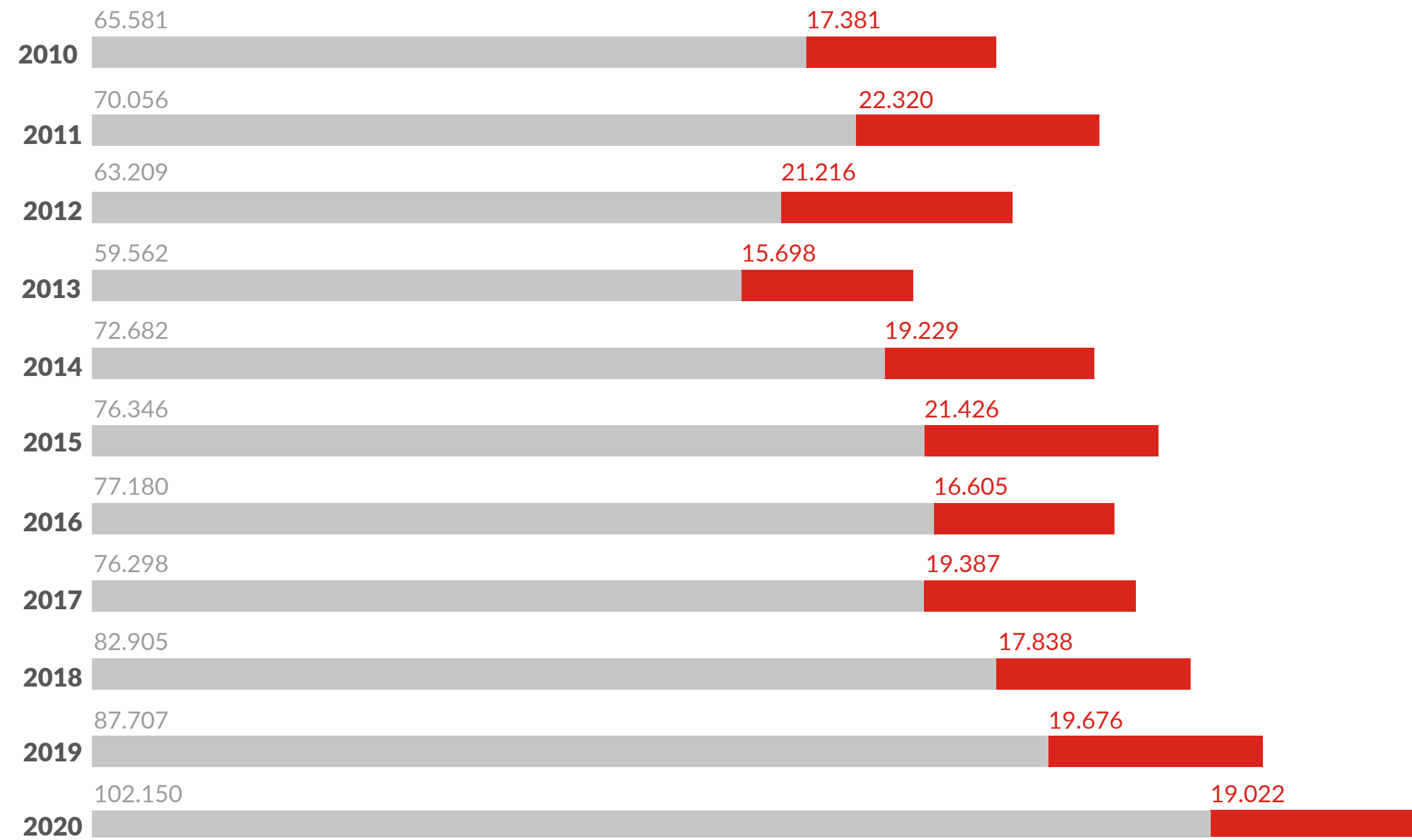
strategy led us to achieving consistent results and to building a strong Group Net Equity, reaching Euro 121 million (including third parties) in 2020.

The Fratelli Cosulich Group has been able to expand its boundaries thanks to a farsighted vision focused on growth through merger and acquisition processes. This strategy has led to the steady growth of Net Equity in the last 15 years. At the beginning of the period, in 2005 the Net Equity, including third parties, was slightly exceeding Euro 40 million.

FC SHARE KPI OF FRATELLI COSULICH GROUP
Thousands €



GROUP CONSOLIDATED NET EQUITY TREND



Thousands €

■ FRATELLI COSULICH NET EQUITY ■ THIRD PARTIES NET EQUITY

GROUP FINANCIAL KPI

Ratios, Thousands €

	2020		2019	
E.B.I.T. Net Invested	16.642	4,5%	11.140	2,8%
	367.431		403.675	
E.B.I.T. Turnover	16.642	1,5%	11.140	0,7%
	1.105.043		1.553.421	
E.B.I.T.D.A. Turnover	26.425	2,4%	21.699	1,4%
	1.105.043		1.553.421	
N.F.P. E.B.I.T.D.A.	-81.591	-3,1	-81.643	-3,8
	26.425		21.699	
N.F.P. Net equity	-81.591	-68%	-81.643	-76%
	121.593		107.338	
N.F.P. Non-current fixed assets	-81.591	-55%	-81.643	-78%
	147.666		104.360	

CASH FLOW STATEMENT

A. Operating Cash Flow	31/12/2020	31/12/2019
1. Profit (loss) before tax, interest, dividends and Asset disposal	16.068.365	13.041.440
2. Cash Flow before Working Capital movements	26.581.207	23.385.022
3. Cash Flow after Working Capital movements	51.364.323	-3.070.509
A. Operating Cash Flow	94.013.895	33.355.953
B. Investment Cash Flow	31/12/2020	31/12/2019
Tangible Assets investments	-14.709.781	-24.044.604
Intangible Assets investments	-3.125.192	-870.393
Financial Assets investments	-33.829.578	1.301.971
Bargain price of Tangible Assets		
Bargain price of Intangible Assets		
Bargain price of Financial Assets		
B. Investment Cash Flow	-51.664.551	-23.613.026
C. Financial Cash Flow	31/12/2020	31/12/2019
C. Financial Cash Flow	42.349.344	9.742.927
Increase / Decrease of Cash (A+B+C)	5.751.581	-4.404.504
Cash as at 01/01	45.125.856	49.530.360
Cash as at 31/12	50.877.437	45.125.856

BALANCE SHEET

ASSETS	31/12/2020	31/12/2019	LIABILITIES	31/12/2020	31/12/2019
B. Fixed Assets			A. Net Equity		
I Intangible Assets			I Share Capital	2.000.000	2.000.000
1) Incorporation procedure cost	7.233	14.298	III Re-evaluation reserves	4.866.433	
4) Concessions, licences and similar	215.721	199.593	IV Legal reserve	400.000	400.000
7) Consolidation differences	2.958.461	1.534.373	4) Free reserve	1.345.456	1.345.456
8) Other	1.988.508	1.474.566	VIII Group retained earnings carry forwards	88.194.136	75.800.007
Total Intangible Assets	5.169.923	3.222.830	IX Group Net profit of the year	12.103.574	8.128.699
II Tangible Assets			X Negative Reserve for own shares	-6.760.000	
1) Land and buildings	22.916.334	17.546.845	Total group net equity	102.149.599	87.674.162
2) Plant and machinery	1.777.732	2.806.316	XI Third parties Net Equity	15.838.581	16.610.065
2 bis) Ships	60.959.083	56.578.958	XII Third parties Net profit of the year	3.183.664	3.053.619
3) Fixtures, fitting, tools and equipment	694.153	660.301	Total consolidated net equity A.	121.171.844	107.337.846
4) Other tangible assets	4.120.008	5.341.239	B. Provision for Liabilities and Charges		
Total tangible Assets	90.467.310	82.933.659	1) Provision for pensions and similar obligations	237.590	23.720
III Investments			2) Provision for deferred income taxes	218.195	144.949
1) Shares in:			3) Negative financial derivatives instruments	69.573	
a) Subsidiaries	1.273.246	1.432.511	4) Other provisions	6.681.230	6.410.155
b) Affiliated Companies	29.416.728	10.582.860	Total provision for Liabilities and Charge B.	7.206.588	6.578.824
d bis) Other shares	540.798	629.180	C. Total Staff Severance Fund	3.116.388	2.389.289
2) Receivables			D. Accounts Payable		
b) From affiliated companies			4) Accounts payable to banks		
Receivable within next year	15.276.899		Receivable within next year	102.472.100	108.169.884
c) From parent companies			Not Receivable within next year	31.692.007	20.451.328
Receivable within next year	1.180.000	550.000	5) Accounts payable to third party lenders		
d bis) From Others			Receivable within next year	1.219.632	1.183.168
Receivable within next year	36.695	37.823	Not Receivable within next year	6.876.436	8.031.519
Not Receivable within next year	4.721.136	4.766.271	7) Accounts payable to suppliers		
3) Other Investments	77.681	160.600	Receivable within next year	62.393.441	130.220.533
Total Investments	52.523.183	18.159.245	10) Accounts payable to affiliated companies		
Total Fixed Assets B.	148.160.416	104.315.734	Receivable within next year	3.775.952	69.872
C. Current Assets			11) Accounts payable to parent companies		
I Stocks			12) Taxes payable		
4) Finished goods for resale	5.839.273	9.792.210	Receivable within next year	2.438.972	2.219.392
Total Stock	5.839.273	9.792.210	13) Social security		
II Accounts Receivable			Receivable within next year	1.875.175	1.733.160
1) From debtors			14) Other accounts payable		
Receivable within next year	140.080.888	207.558.439	Receivable within next year	21.454.895	11.766.983
3) From Affiliated Companies			Total accounts payable D.	234.198.610	283.845.839
Receivable within next year	1.590.239	8.060.676	E. Total accruals and deferred income	1.737.800	3.318.866
5) From Companies subject to control of Parent Companies			TOTAL LIABILITIES (A+B+C+D+E)	367.431.230	403.674.911
5 bis) Taxes receivable					
Receivable within next year	1.703.065	2.428.924			
5 ter) Taxes advance payment					
Receivable within next year	426.764	1.746.865			
5 quater) From Others					
Receivable within next year	5.917.169	11.944.465			
Total Accounts Receivable	149.718.125	231.739.369			
I Not Fixed Investments					
6) Other investments	9.792.433	11.067.251			
Total Not Fixed assets	9.792.433	11.067.251			
IV Liquid Assets					
1) Bank and postal deposits	50.361.440	44.819.949			
2) Cheques	192.342	76.112			
3) Cash and cash equivalents	323.270	229.795			
Total Liquid Assets	50.877.052	45.125.856			
Total Current Assets C.	216.226.883	297.724.686			
D. Total prepayments and Accrued income	3.043.931	1.634.491			
TOTAL ASSETS (A+B+C+D)	367.431.230	403.674.911			

INCOME STATEMENT

INCOME STATEMENT	31/12/2020	31/12/2019
A. Revenue		
1) Turnover	1.096.367.240	1.546.688.269
2) Inventory change (finished and semi-finis.prod.)	75.752	-492.240
5) Other income	8.599.934	7.225.452
Total Revenue A.	1.105.042.926	1.553.421.481
B. Cost of Sale		
6) Raw materials and consumables	-918.895.457	-1.355.124.202
7) Rendering of services	-116.072.148	-138.740.048
8) Enjoyments of third parties property	-2.724.067	-4.123.575
9) Wages		
a) Salaries and wages	-25.900.282	-26.324.240
b) Social security	-5.086.624	-4.841.823
c) Staff severance fund	-895.146	-827.202
d) Provident fund	-369.018	-186.131
e) Other costs for employees	-2.002.662	-684.221
10) Depreciation and amortisation		
a) Amortisation on intangible assets	-1.178.099	-428.903
b) Amortisation on tangible assets	-7.176.130	-5.511.547
c) Other write-downs of assets		-
d) Write-downs of receivable (current assets)	-856.568	-732.918
11) Inventory change, raw materials and consumables	-3.759.799	-2.302.259
12) Risk reserve	-572.241	-4.002.001
13) Other provisions	-	-
14) Other expenses	-2.912.670	-3.173.666
Total Cost of Sale B.	-1.088.400.911	-1.542.398.218
Difference between Revenues and Expenses (A-B)	16.642.015	11.023.263
C. Financial Income and Costs		
15) Income from share in:		
b) Affiliated companies	4.606.241	2.704.400
e) Other companies	16.503	-
16) Other financial income		
c) of current assets	-	-
d) Other financial income	2.694.619	1.009.250
17) Interest payable and similar costs	-3.610.126	-3.838.856
17 Bis) Profit/Loss on exchange rate	-1.108.009	673.057
Total Financial Income and Costs C.	2.599.228	547.851
D. Offsetting Adjustments of Financial Assets		
18) Write-ups:		
a) of shareholdings	6.536.746	4.330.708
19) Write downs:		
a) of shareholdings	-6.002.386	-2.985.588
Total Offsetting Adjustments of Financial Assets D.	534.360	1.345.120
Result before Taxes (A-B+-C+-D+-E)	19.775.603	12.916.234
20) Taxes on income for the year	-4.488.365	-1.733.916
21 bis) Third parties net profit	3.183.664	3.053.619
Group net profit of the year	15.287.238	11.182.318
Fratelli Cosulich share net profit of the year	12.103.574	8.128.699

EXPLANATORY NOTES

GROUP'S PROFILE

Fratelli Cosulich Group S.p.A. develops its business activity in the field of shipping services through almost all companies of the Group.

The holding company, besides its ordinary holding activity, operates also in its quality of shipping agent and general agent for important international shipping companies.

As far as the Group is concerned, the main business activities are the bunker trading, the ship-owning, the shipping agency, the freight forwarding and trucking.

Always through the lead company Fratelli Cosulich S.p.a. and its subsidiaries, they perform containers manning services, bunker broking and trading, shipping agency for big ship owners and big yachts and last but not least services relevant to air transport and tourism.

Through the subsidiary Genesys Informatica S.r.l. and the recently acquired company Comunico S.r.l., EDP services are supplied, with particular attention to the business and trading of hardware and software products besides their installation, they provide also consulting and systems' planning for the above mentioned market fields, personalized business intelligence solutions and data management.

Finally, the company Link Industries S.p.A. and the companies connected to it, represent the Group in its quality of trader in the market of insulating materials and iron products.

Worthy of note is the acquisition of a significant stake in the Trasteel Group, an international trader operating in the steel industry, the distribution of electrodes and refractories, non-ferrous metals, as well as an industrial operator, through its subsidiaries, in the sector of transformation of steel.

On a consolidated basis, at the above indicated date, the Group is formed by following companies:

- Fratelli Cosulich S.p.A.
- Genesys Informatica S.r.l.
- Link Industries S.p.A.
- Comunico S.r.l.

- Express Adriatica S.r.l.
- Express S.r.l.
- Archimede Gruden S.r.l.
- Luvitrans International S.r.l.
- Archimede Gruden Usa Inc
- Agenzia Marittima Saidelli S.r.l.
- Argosy S.r.l.
- Fratelli Cosulich Unipessoal S.A.
- Fratelli Cosulich Europe Cons. Econ. E Part. Lda
- Fratelli Cosulich Middle East DMCC
- Fratelli Cosulich USA LLC
- Fratelli Cosulich Monaco SAM
- Express Global International Ltd
- Express Chita Ltd
- Express USA Inc.
- Catalano & Cosulich Shipping Services SAM
- Catalano & Cosulich Shipping Services Cannes Sarl
- Coscat SCIM
- Coscat Cannes SCI
- La Route du Sud SAM
- Agence Maritime Tropezienne Sarl
- Monte-Carlo Rent@Car Sarl
- Menton Service Auto Sarl
- Perfect Moorings Cannes SA
- Fratelli Cosulich Turkey Ltd
- Fratelli Cosulich Comercio e Servicos Ltda
- Fratelli Cosulich (HK) Ltd
- Fratelli Cosulich Bunkers (HK) Ltd
- Fratelli Cosulich Bunkers (S) PTE Ltd
- Arco Denizcilik Servis A.Ş.
- Cosulich Assicurazioni S.r.l.
- Lorma Logistic S.r.l.
- NE Logisti S.r.l.
- Ambro Terminal S.r.l.
- Lorma Italcontainer S.r.l.
- Sea Trend Holding S.r.l.
- Morgan4Ship S.r.l.
- Vulcania S.r.l.
- Pimlico Shipping Ltd
- Link Trading (HK) Ltd
- Link Trading Beijing Ltd

The subject statement of accounts ends with a Group's profit equal to Euro 11.868.568 and a profit equal to Euro 3.183.664 in favor of third parties for a total equal to Euro 15.052.232.

STRUCTURE AND CONTENT OF THE CONSOLIDATION STATEMENTS OF ACCOUNT

The consolidation statements of account have been edited in conformity with the rules provided for the para III (articles going from n. 25 to 43) of the Italian Law Decree n.127/91 completed and interpreted according to the accounting principles recommended by the Commission for the definition of the accounting principles of the National Councils of the Business Consultants and the Certified Public Accountants. In particular, the schemes and the contents of the consolidated balance sheet and of the consolidated profit and loss account are the ones foreseen by the Italian Civil Code, duly modified as required by the art. 32 of the LD n. 127/91. The explanatory notes have the function to provide with the portraying, the analysis and sometimes the integration of the balance sheet's data and it contains the information required by the art. n. 38 of the L.D. 127/91. Furthermore, it provides with all needed supplementary information to give a true and correct portraying, even if not specifically required by law.

The consolidation balance sheet is made in comparison with previous year's one.

The balance sheets used for the consolidation are formed by balance sheets as at 31st December 2020 approved by the shareholders' meetings or, missing these latter, on the base of balance sheets' projects approved by the Boards of Directors closed as at 31st December.

Closing dates of the balance sheets of the Group's companies are all equal.

SCOPE OF CONSOLIDATION

As far as the just ended financial year is concerned, we remark the following changes in comparison with the situation recorded at the end of 2019:

Subsidiary company	Head Office	Share Capital	Direct	Indirect	Business Activity
Fratelli Cosulich S.p.A.	Trieste	Euro 2.000.000			Air and Sea services
Link Indutries S.p.A.	Genoa	Euro 500.000	100,00%		Trading of raw materials
Genesys Informatica S.r.l.	Genoa	Euro 78.000	95,50%		IT services
Comunico S.r.l.	Genoa	Euro 20.150		51,00%	IT services
Vulcania S.r.l.	Genoa	Euro 10.000	80,00%		Holding and Shipmanagement
Pimlico Shipping Ltd	Malta	USD 1350		72,00%	Shipowning
Fratelli Cosulich Unipessoal S.A.	Madeira	Euro 1.000.000	100,00%		Bunker trading
Fratelli Cosulich Europe Lda	Madeira	Euro 5.000	100,00%		Holding
Chemoil Monde-Export SAM	Monaco	Euro 225.000		100,00%	Bunker trading
Fratelli Cosulich Middle East DMCC	Dubai	AED 50.000	100,00%		Bunker trading

Subsidiary company	Head Office	Share Capital	Direct	Indirect	Business Activity
Express Adriatica S.r.l.	Venice	Euro 10.000	50,00%	35,835%	Shipping services
Express S.r.l.	Naples	Euro 99.000	71,67%		Shipping services
Express Chita Ltd	Shangai	CNY 5.949.085		71,67%	Shipping services
Express USA Inc	New York	Usd 1.000		71,67%	Shipping services
Archimede Gruden S.r.l.	Marghera	Euro 97.381		43,00%	Shipping services
Luvitrans International S.r.l.	Milan	Euro 110.000		43,00%	Shipping services
Archimede Gruden USA Inc	New York	USD 1.000		43,00%	Shipping services
Agenzia Marittima Saidelli S.r.l.	Savona	Euro 208.000	80,00%		Shipping services
Argosy S.r.l.	Livorno	Euro 22.000	75,00%		Shipping services
Cosulich Assicurazioni S.r.l.	Genoa	Euro 10.000	100,00%		Insurance brokerage
Sea Trend Holding S.r.l.	Leghorn	Euro 1.553.000	83,25%		Catering and Warehouse
Morgan4Ship S.r.l.	Leghorn	Euro 10.000		83,250%	Catering and Warehouse
Lorma Logistic S.r.l.	Venice	Euro 50.000		60,080%	Inland trasportation
Lorma Italcontainer S.r.l.	Venice	Euro 50.000		60,080%	Inland trasportation
NE Logistic S.r.l.	Venice	Euro 20.000		60,080%	Inland trasportation
Ambro Terminal	Milan	Euro 50.000		60,080%	Shipping services
Express Global International UK Ltd	Felixstowe	Lst 50.000		100,000%	Shipping services and transports
Catalano & Cosulich SAM	Monaco	Euro 153.000		69,900%	Shipping services
Catalano & Cosulich France Sarl	Cannes	Euro 25.000		69,201%	Shipping services
Coscat SCIM	Monaco	Euro 1.000		68,502%	Shipping services
Coscat Cannes SCI	Cannes	Euro 1.000		68,502%	Shipping services
La Route du Sud SAM	Monaco	Euro 150.000		68,500%	Inland trasportation
Agence Maritime Tropezienne Sarl	Monaco	Euro 13.000		59,420%	Shipping services
Monte-Carlo Rent@Car	Monaco	Euro 120.000		69,200%	Shipping services and transports
Perfect Moorings France SA	Cannes	Euro 150.000		69,270%	Shipping services
Menton Service Auto Sarl	Mentone	Euro 45.00		69,900%	Shipping services and transports
Arco Denizcilik	Istanbul	TRY 75.000		100,000%	Shipping services and transports
Fratelli Cosulich Com. e Serv. Ltda	Macaé	Real 444.350		99,990%	Shipping services e catering
Fratelli Cosulich Turkey Ltd	Istanbul	TRY 500.000		100,000%	Shipping services and transports
Fratelli Cosulich (HK) Ltd	Hong Kong	Usd 69.231	19,998%	68,574%	Bunker trading, catering
Fratelli Cosulich Bunkers (HK) Ltd	Hong Kong	Usd 12.820		53,143%	Bunker trading
Fratelli Cosulich Bunkers Pte Ltd	Singapore	Usd 13.816.228		88,572%	Bunker trading and Shipowning
Fratelli Cosulich USA LLC	New York	Usd 20.000		100,000%	Bunker trading
Link Trading (HK) Ltd	Hong Kong	Usd 1.282		88,572%	Trading of raw materials
Link Trading (Beijing) Ltd	Beijing	Rmb 1.168.755		88,572%	Trading of raw materials

With regard to the year just ended, it should be noted that the companies Takoradi Catering Company Ltd, Officine Elettro Meccaniche Srl, Geos Srl, Catalano Shipping Services Indonesia PMA, Catalano Shipping Services NZ Ltd, are not included in the consolidation area as they have been liquidated or under liquidation, inactive or not yet considered relevant for corporate purpose and / or non-material balance sheet values, compared to the consolidated data. It should also be noted that two new companies have been established and not yet included in the consolidation area:

- Fratelli Cosulich Monfalcone S.r.l. operating in the agency sector and sea / inland forwarding, operating in a sector closely related to steel logistics and which will develop synergies with Marlines Shipping Agency S.r.l. new acquisition finalized in January 2021.
- Fratelli Cosulich LNG S.r.l., ship-management company for LNG bunker barges, for which, in the month of May 2021, an agreement for the building of the first bunker barge has been undersigned with the option of a second barge to be exercised during the same year with delivery within 26 months.

The companies Express Chita Ltd, Express USA Inc., Argosy S.r.l., Comunico S.r.l., Archimede Gruden S.r.l., Luvi-trans International S.r.l. and Archimede Gruden USA Ltd. returned to the full consolidation area during the year just ended.

Finally, we must emphasize the exit from the consolidation area of the companies Dragon Maritime d.o.o., Dragon Maritime Adria d.o.o. Arko Shipping d.o.o., of which indirect control is no longer held following the sale, by the subsidiary Express S.r.l., of 20% of the shares.

There are no companies included in the consolidation with the proportional method.

Investments constituting fixed assets in associated companies, the size of which was considered relevant for the purposes of the consolidation, are valued using the equity method.

While equity investments in associated companies and other companies whose size can be considered irrelevant are valued at cost.

Associated companies are those companies of which Fratelli Cosulich S.p.A. controls, directly or indirectly, at least one fifth of the votes that can be exercised in the ordinary shareholders' meeting.

The list of associated companies valued using the equity method is shown here:

Affiliated company	Head Office	Share Capital	Direct	Indirect	Business Activity
Coscoss S.r.l.	Genoa	400.000	50,00%		Shipping services
Cosco Shipping Lines (Italy) S.r.l.	Genoa	100.000	50,00%		Shipping services
Arkas Italia S.r.l.	Genoa	20.000	50,00%		Shipping services
Saimare S.p.A.	Genoa	326.370	20,00%	51,00%	Shipping services
Femo Bunker S.r.l.	Genoa	25.500	45,00%		Shipping services
Griffin Marine Travel S.r.l.	Genoa	10.200	50,00%		Business Travel
Pesto Sea Group S.r.l.	Genoa	26.000	45,00%		Shipping services
Ecos S.r.l.	Genoa	10.000	40,00%		Shipping services
Calle del Mar S.r.l.	Venice	10.000	50,00%		Shipping services
Trasteel Holding SA	Luxembourg		36,95%		Trading of raw materials
Express Koper d.o.o.	Koper	20.000		35,84%	Shipping services
Dragon Maritime d.o.o.	Koper	100.000		35,84%	Shipping services
Dragon Maritime Adria d.o.o.	Rijeka	HRK 4.000.000		35,84%	Shipping services
Depolink d.o.o. Koper	Koper	7.500		17,92%	Shipping services
Express Globla d.o.o. Rijeka	Rijeka	HRK 747800		35,84%	Shipping services
Express SEE d.o.o. Belgrade	Belgrade	RSD 6.628.622		23,65%	Shipping services
Dragon Maritime SEE d.o.o.	Belgrade	RSD 17.849.442		23,65%	Shipping services
Arko Shipping d.o.o.	Koper	20.000		35,84%	Shipping services
Arcese Cosulich Ireland Ltd	Dublino	100.000		50,00%	Shipping services
Viale S.r.l.	Imperia	20.000		25,50%	Shipping services
Pesto Sea Group La Spezia S.r.l.	La Spezia	20.000		25,00%	Shipping services
Marina Molo Vecchio S.r.l.	Genoa	50.000		35,00%	Shipping services
Marina Molo Vecchio Supply S.r.l.	Genoa	50.000		49,31%	Shipping services
Italmare Lojistik Servis AS	Istanbul	TRY 500.000		50,00%	Shipping services
Sultan Antrepo SA	Istanbul	TRY 8.000.000		50,00%	Shipping services
Arcese Cosulich Lojistik Ltd Şti	Istanbul	TRY 14.517.950		50,00%	Shipping services
OC Line	Istanbul	TRY 440.000		50,00%	Shipping services
Just Provisions Sarl	Monaco	60.000		34,95%	Shipping services
Corsica Yacht Services Sarl	Ajaccio	10.000		34,95%	Shipping services
Provence Yacht Services Sarl	St. Mandrier	2.000		34,95%	Shipping services
Sci Tonic Marine	Cogolin	30.000		34,95%	Shipping services
Intenational Food Logistic Sarl	Nizza	2.000		31,37%	Shipping services
Simmor D.O.O.	Rijeka	2.622		34,95%	Shipping services

CONSOLIDATION PRINCIPLES

The criteria and methods used for the editing of the consolidation balance sheet are the following:

- a. The balance sheets used for the consolidation are the financial statements of each company. These financial statements are duly reclassified and modified in order to uniform them to the accounting principles and the evaluation criteria of the lead company, which principles are in line with the ones foreseen by the art 2423 and following ones of the Italian Civil Code and with the ones recommended by CONSOB.
- b. In the editing of the consolidated balance sheet, the credit and the debit balances as well as the proceeds and the duties of the companies included into the consolidation are fully considered. Instead the credit and the debit balances as well as the proceeds and the duties, the profits and the losses originated by operations made among companies included in the consolidation are not taken into account.
- c. It is overriding the accounting value of the shareholdings in companies included into the consolidation against their correspondent fractions of the net assets pertaining to the shareholding companies. The spread between the accounting value of the shareholdings, which is herewith override, and the correspondent share of the net assets, which is acquired, is put in adjustment of the consolidated net assets. In case of acquisitions, the above said spread is attributed to the elements of the credit and debit balances of the companies included in the consolidation. Any eventual remainder, if negative, is indicated in a specific item called consolidation reserve, i.e., when it is attributable to forecasts of economical adverse results, it is put under an item called "consolidation fund for future risks and duties"; if it is positive, it is indicated under an item of the profit account named "consolidation spread". The capital amount and the reserves amounts of the controlled companies corresponding to shareholdings owned by third parties is booked in the item relevant to the net assets called "third parties' capital and reserves", the consolidated economical result corresponding to third parties' shareholdings is booked in the item "profit (loss) of the financial year pertaining to third parties".
- d. Leasing operations have been calculated according to IAS 17 dispositions.

ASSESSMENT CRITERIA

The assessment criteria employed for the editing of the consolidated balance sheet as at 31/12/2020 are the following:

Intangible assets

The intangible assets are registered at their purchase' cost and they are exclusively constituted by expenses for multi-year use like installation and broadening costs, research costs for development and advertising, concessions,

licenses, trademarks and rights, other assets.

The amounts are net of amortization rates, which have been calculated on regular basis and in relation to the last possibility to use the assets.

The assets, which economic value at financial year's ending results to be over time lower to their cost, written off according to the above said criteria, are devalued up to their economic value. Missing the reasons which caused such devaluation, the reinstatement of the cost is provided.

Tangible assets

The tangible assets are booked in the balance sheet at their purchase cost, including the relevant ancillary charges and adjusted in their respective amortization rates and relevant accrued devaluation.

Broadening, modernization and transformation costs, together with maintenance costs having increasing nature, are capitalized and amortized according to the source of income' business life to which they refer. Maintenance and repair costs, without increasing nature, are booked in the profit and loss account referred to the period during which they are burdened. If any, the capital gains and the capital losses following alienations and source of income transfers combine to the formation of the result of the financial year where they occurred.

The amount shown on the balance sheet came out through the adjustment of the historic cost of the relevant ordinary amortization fund, calculated on the base of the rates deemed suitable for the representation of the residual business life of the sources of income.

The applied amortization rates meet the prudence criteria and they follow the amortization plan already established in line with the estimated residual possibility of utilization of each source of revenue.

The rates are the following:

- Lands and buildings 3%
- Unspecific machineries and plants 15%
- Owned vessels 5%
- Vehicles and motorbikes 25%
- Electronic machinery 20%
- Switchboards 20%
- Mobile phones and accessories 20%
- Furniture and fittings 12%
- Ordinary office machines 12%

Leased assets

The lead company and the subsidiaries hold the following buildings and plants in financial leasing:

Description	Cost	Expiring year	Cash surrender value	Company
Buildings	377.000	2021	37.700	Fratelli Cosulich S.p.A.
Buildings	765.000	2027	7.650	Fratelli Cosulich S.p.A.
Buildings	770.100	2028	77.010	Fratelli Cosulich S.p.A.
Buildings	937.041	2032	9.370	Fratelli Cosulich S.p.A.
Buildings	3.389.718	2031	169.486	Fratelli Cosulich S.p.A.
Buildings	3.623.266	2025	365.000	Link Trading Co. S.p.A.
Buildings	2.506.400	2036	250.640	Sea Trend Holding S.r.l.
Tractors	84.000	2021	4.200	Lorma Logistic S.r.l.
Tractors	84.000	2021	4.200	Lorma Logistic S.r.l.
Tractors	76.000	2021	760	Lorma Logistic S.r.l.
Tractors	76.000	2021	760	Lorma Logistic S.r.l.
Tractors	77.500	2020	775	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Logistic S.r.l.
Tractors	89.900	2022	1.553	Lorma Logistic S.r.l.
Tractors	78.000	2024	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2024	3.900	Lorma Logistic S.r.l.
Tractors	79.400	2024	3.900	Lorma Logistic S.r.l.
Tractors	79.400	2024	3.900	Lorma Logistic S.r.l.
Tractors	78.000	2025	3.900	Lorma Logistic S.r.l.
Tractors	94.500	2020	18.800	Ne Logistic S.r.l.
Tractors	94.500	2020	18.800	Ne Logistic S.r.l.
Tractors	74.000	2023	740	Ne Logistic S.r.l.
Tractors	74.000	2023	740	Ne Logistic S.r.l.
Tractors	74.000	2023	740	Ne Logistic S.r.l.
Tractors	74.000	2023	740	Ne Logistic S.r.l.

Description	Cost	Expiring year	Cash surrender value	Company
Tractors	74.000	2023	740	Ne Logistic S.r.l.
Tractors	119.000	2023	23.000	Ne Logistic S.r.l.
Tractors	119.000	2023	23.000	Ne Logistic S.r.l.
Tractors	79.178	2024	792	Ne Logistic S.r.l.
Tractors	79.178	2024	792	Ne Logistic S.r.l.
Tractors	79.178	2024	792	Ne Logistic S.r.l.
Tractors	78.000	2022	3.900	Lorma Italcontainer S.r.l.
Tractors	126.000	2023	6.300	Lorma Italcontainer S.r.l.
Tractors	126.000	2023	6.300	Lorma Italcontainer S.r.l.
Tractors	126.000	2024	26.000	Lorma Italcontainer S.r.l.
Tractors	126.000	2024	26.000	Lorma Italcontainer S.r.l.
Tractors	126.000	2024	26.000	Lorma Italcontainer S.r.l.
Tractors	77.000	2024	770	Lorma Italcontainer S.r.l.
Tractors	77.000	2024	770	Lorma Italcontainer S.r.l.
Tractors	77.000	2024	770	Lorma Italcontainer S.r.l.
Tractors	80.000	2024	800	Lorma Italcontainer S.r.l.
Tractors	80.000	2022	800	Lorma Italcontainer S.r.l.

Properties on lease have been accounted through the financial method, as foreseen by the international accounting principle n.17, because it better highlights the economic aspect of the financial leasing operation, in order to obtain an economic-financial situation of the Group reflecting the actual nature of the leasing contracts in force and not simply their legal nature. We wish to specify, in fact, that the legal form of the leasing contract establishes that the tenant does not buy up the ownership of the property on lease. Anyway in the financial leasing the tangible and financial reality is such that the tenant buys up the economic benefits of the property on lease, during the most of its economic life, in exchange for the commitment to pay an amount due rounding the current value and the relevant financial charges.

This methodology, in few words, as far as the profit and loss account is concerned, provides for:

- Overriding of the leasing rents accounted;
- Accounting of interests over the financed capital;
- Accounting of amortization rates over the value of acquired properties;
- Accounting of financial year's taxes and deferred taxes in relation to the above said fluctuations.

As far as the statement of assets and liabilities is concerned:

- The registration of the properties in the assets;
- The registration of the residual debt in the liabilities;
- The registration of the deferred taxes.

Financial assets

All shareholdings in subsidiaries and other companies, not evaluated through the equity method, are registered at purchase or signing cost.

This value is not very far from the one resulting from their evaluation through the net equity method.

The credits registered in this item have been evaluated at their nominal value, being part of them credits producing interests and credits collectable within the following financial year.

Unsold stock

The evaluation of unsold stock has been made at medium cost, calculated according to the purchase costs of each single property, in respect of the lower amount between cost and possible bargain value.

It deals with finished products and goods (insulating materials and iron products) purchased by Link Industries S.p.A., by Link Trading Beijing Ltd., and stored c/o third parties' warehouses under delivering to the final consignee, as well as finished products purchased by Fratelli Cosulich S.p.A., by Fratelli Cosulich Do Brasil Ltda and by Morgan4Ship, stored c/o owned warehouses or vessels' store rooms on which catering and victualling services are carried out; finally we report about the residual portion of materials held in the warehouse for the maintenance of the vehicle fleet of the logistics companies headed by Lorma Logistic S.r.l.

Credits not being assets

The sales' credits are registered in the balance sheet at their presumed bargain value.

These amounts result from the difference between the nominal values of the credits and the adjustments registered in the amending item called "fund on credit risks", shown on the balance and which directly decreases the positive value of the item it is referring to; the amounting of this fund reasonably corresponds to the entity of the risk for the missing collection of credits.

Other credits are registered at their nominal value which, moreover, is equal to the presumed bargain value.

We underline that – as per Law rules and regulations – we have provided to override the credits/debits among the consolidated companies.

Cash assets

The cash assets are represented by the currency deposited c/o the bank accounts' and the social funds.

The cash assets in foreign currency have been converted in Euro on the base of rates of exchange referred to the period of financial year's end.

Accruals and deferrals

In this item you will find amounts relevant to costs and proceeds common to two or more financial years, with the aim of putting in practice the accrual basis.

Net assets

The net assets are the owned means of the Group, i.e. the assets brought by the shareholders, the following capital increases and the profits not shared.

Under this item they are included but shown separately under ad-hoc sub-items, the capital and the reserves pertinent to third parties as well as the amount concerning the financial year's result pertinent to third parties.

Risks and charges fund

Provisions are made to cover probable or definite losses or debts which amounts or due dates were not definable at the closing of the accounting period.

The deferred taxes are allocated per competence on the base of the current rate at the balance sheet's date. The item "Deferred taxes" is mainly referred to the cancellation of fiscal entries (ex: advance amortizations) as well as balance sheet's entries which taxation is postponed according to the fiscal laws in force.

Severance pay provisions

The severance pay provisions relevant to the employees is allocated in order to cover the whole debit accrued against them by the companies of the Group in conformity with the law in force and the national labor contracts and company's addendums.

As far as the lead company is concerned, we point out that – following the changes taken to the institution of the Severance Pay by the Law 27/12/2006 n. 296 and relevant enforcing decrees - the severance pay accrued by the single employees starting from 1st January 2007, is periodically remitted by the companies to the supplementary social security fund chosen by the single employee or, missing this latter choice, to the INPS Treasury Fund.

Debts

Debts are registered at their nominal value.

As done for credits among companies of the group, also for the debts among companies of the group we have

provided to their cancellation in conformity with the laws in force.

Costs and profits

The costs and profits have been calculated on accrual basis and prudence basis.

Profits and revenues, costs and charges are registered net of returns, discounts, allowances and bonuses.

Criteria for the conversion of foreign currencies

The balance sheet's data originally expressed in foreign currency, have been converted in Euro at exchange rates at year's end for the balance sheet entries, while the average rate of exchange of the year has been applied to the income statements.

Hereunder we indicate the composition of the worth of assets and liabilities and of the consolidated income statement.

We underline that the single items do not result to be always comparable with ones of the previous year. This is due to the effect caused by the increasing of consolidation area:

Intangible fixed assets

Start-up and expanding costs	2020	2019	Delta
Final Value	7.233	14.298	-7.065

The start-up and expanding costs mainly refer to expenses burdened for the establishment of the companies of the Group.

Permissions, licenses, trade marks and similar rights	2020	2019	Delta
Final Value	215.721	199.593	16.128

With reference to the above item, we notice purchases of software licenses made by the companies of the Group.

Consolidation differences	2020	2019	Delta
Final Value	2.958.461	1.534.373	1.424.088

The balance indicated relates to the goodwill paid for the purchase of the control package of the Agenzia Marittima Saidelli S.r.l., Chemoil Monde-Export SAM, Lorma Logistic S.r.l. and Lorma Italcontainer S.r.l. to which, during the

financial year, were added Argosy S.r.l., Comunico S.r.l. and Archimede Gruden S.r.l.

This difference comes out from the comparison between the book value of shares and the relevant assets as at the dates when the deed of sale has been performed. The consolidation difference is amortized in 10 years according to the forecast of recovery of the additional cost paid with future profits. The changes of this entry relate to both acquisitions and depreciation of the financial year.

Other intangible assets	2020	2019	Delta
Final Value	1.988.508	1.474.566	513.942

Among other intangible assets we notice the expenses burdened and capitalized for operations on third parties' assets.

Tangible assets

Land and buildings	2020	2019	Delta
Final Value	22.916.334	17.546.845	5.369.489

The amount is relevant to buildings owned by companies of the Group or held by the same thanks to reclassified lease contracts according to IAS 17.

The increase is due to revaluation of buildings made by the holding company as per Law Decree 104/2020.

Plants and machineries	2020	2019	Delta
Final Value	1.777.732	2.806.316	-1.028.584

They are generic plants used by the companies of the Group.

Vessels	2020	2019	Delta
Final Value	60.959.083	56.578.958	4.380.125

It deals with vessels owned by the subsidiary Fratelli Cosulich Bunkers (S) PTE Ltd., operating in the port of Singapore, MV Vulcania operated by the Maltese Company Pimlico Shipping Ltd. and the river vessels Nevado 32, Nevado 34 and Nevado 35 purchased by Vulcania S.r.l.

Industrial equipment	2020	2019	Delta
Final Value	694.153	660.301	33.852

It deals with equipment used by Fratelli Cosulich Do Brazil for storing the provisions needed to perform the catering activity.

Other tagible assets	2020	2019	Delta
Final Value	4.120.008	5.341.239	-1.221.231

The amount is relevant to the purchase of vehicles, furniture and fixtures, electrical and electronic machines, needed to perform the ordinary performance of the companies of the Group. Furthermore, as far as the vehicles held thanks to lease contracts are concerned, we have provided to make the reclassification as per IAS 17.

The aggregate figure of the tangible assets includes the capital goods owned by the Group.

For information relevant to investments, made during the financial year 2019, by consolidation companies and relevant financial movements, please see the management Report and the balance sheets of the consolidation companies.

Fixed Financial Assets

Shareholdings in subsidiaries	2020	2019	Delta
Final Value	1.273.246	1.432.511	-159.265

We remark then that the detected amounts are referred to the book value of the unconsolidated subsidiaries by full consolidation method.

Shareholdings in associates	2020	2019	Delta
Final Value	29.416.728	10.582.860	18.833.868

It deals with investments in associates, directly or indirectly held by Fratelli Cosulich S.p.A. The same have been evaluated through the equity method and the result of such evaluation is shown in the assets' reconciliation prospect and in the Group's result.

The significant increase is due to the positive results of the associated companies. For further details please see the list reported in the paragraph relevant to the scope of consolidation.

Shareholdings in other companies	2020	2019	Delta
Final Value	540.798	629.180	-88.382

This item refers to minority interests held by consolidated companies and evaluated – in their balance sheets – on the basis of the cost method.

Receivables from associates	2020	2019	Delta
Final Value	15.276.899	-	15.276.899

The credit in question represents financial positions with subsidiaries with an annual or interim maturity, automatically renewable based on their operational needs. The main position relates to receivables from the associate Trasteel.

Receivables from parent companies	2020	2019	Delta
Final Value	1.180.000	550.000	630.000

The credit in question represents the loan granted by Fratelli Cosulich S.p.A. to the parent company Cosulich International S.r.l., funds necessary for the acquisition of the shares previously held by the Vespa family or by other minority shareholders in Fratelli Cosulich S.p.A..

Receivables from others	2020	2019	Delta
Final Value	4.757.831	4.804.094	-46.263

The item in question summarizes the medium / long-term receivables generated by the payment of security deposits and loans granted to third parties and other financing operations functional to the business.

Other investment securities	2020	2019	Delta
Final Value	77.681	160.600	-82.919

This item records investments in securities made by the subsidiaries Express S.r.l. and Comunico S.r.l.

Current assets

Finished products and commodities	2020	2019	Delta
Final Value	5.839.273	9.792.210	-3.952.937

The above item includes the values of the unsold stock registered at the end of the financial year in the balance sheets of following companies:

- Fratelli Cosulich S.p.A.
- Link Industries S.p.A.
- Genesys Informatica S.r.l.
- Fratelli Cosulich Comercio e Servicos Ltda
- Link Trading (Beijing) Ltd
- Morgan4Ship S.r.l.
- Lorma Logistic S.r.l.
- Ne Logistic S.r.l.
- Lorma Italcontainer S.r.l.

The evaluation of these unsold-stocks has been made at average costs, based on purchase cost of every single product, in respect of the lower between cost and presumable realizable value.

Account receivables	2020	2019	Delta
Final Value	140.080.888	207.558.439	-67.477.551

Accounts' receivables are formed by the sales credits claimed by the Group towards third parties. Those amounts are recorded net of the relevant statutory bad debt provision accrued. During the financial year we report no significant provisions for risks on trade receivables.

Associated companies receivables	2020	2019	Delta
Final Value	1.590.239	8.060.676	-6.470.437

The associated companies' receivables operating in complementary activities' fields, are formed by sales credits claimed mainly by the lead company Fratelli Cosulich S.p.A.

Tax receivables	2020	2019	Delta
Final Value	1.703.065	2.428.924	-725.859

Among the tax credits the most significant amounts are relevant to VAT credits originating from the business activity and from the tax credits for advance payments paid by the companies.

Receivables for advance tax payments	2020	2019	Delta
Final Value	426.764	1.746.865	-1.320.101

The advance tax payments are relevant to inferable time differences. Their description is indicated in the explanatory notes of each consolidation company.

Other accounts receivables	2020	2019	Delta
Final Value	5.917.169	11.944.465	-6.027.296

The most significant amounts are relevant to credits claimed by the lead company towards represented companies, for advanced amounts in the name and on behalf of the same companies; furthermore, in this item also miscellaneous receivables due to advance payments made on behalf of suppliers and non-trade receivables are included.

Financial operations not being fixed assets	2020	2019	Delta
Final Value	9.792.433	11.067.251	-1.274.818

The above item refers to stock investments made, during the years, by the companies of the Group. The main investments have been made by the subsidiaries Fratelli Cosulich (HK) Ltd, Fratelli Cosulich Bunkers Singapore Pte and Agenzia Marittima Saidelli S.r.l.

The decreased amount compared to the previous year is mainly due to the exit from the consolidation area of Dragon Maritime D.o.o.

Liquid assets	2020	2019	Delta
Final Value	50.877.052	45.125.856	5.751.196

The balance represents the liquid assets and the existence of cash and assets as at the date of the financial year's end. The real amount relevant to the cash at banks has been checked on the base of ad-hoc reconciliation statements.

Accruals and deferrals

Accruals and deferrals	2020	2019	Delta
Final Value	3.043.931	1.634.491	1.409.440

They measure income and charges which competence is respectively made in advance or postponed compared to the cash collection and expenditure. Therefore, they are regardless of the date of payment and they correctly reflect the accrual basis of the costs and revenues.

Net Equity

Share Capital	2020	2019	Delta
Final Value	2.000.000	2.000.000	0

The item "Capital" registered in the liabilities for an amount equal to Euro 2.000.000 includes the net assets of the lead-company. The capital results to be fully undersigned and paid-up. The value of net assets of other consolidated companies, together with other net assets' accounting entries, has been cancelled in the consolidation report against the values of the relevant shareholdings.

Re-evaluation reserve	2020	2019	Delta
Final Value	4.866.433	0	4.866.433

The item includes the value of the revaluation reserve set aside on the basis of the provisions of Legislative Decree 104/2020 which allowed the possibility of revaluing one's tangible fixed assets.

The parent company Fratelli Cosulich SpA, following the preparation of a specific appraisal by a third party, has chosen to revalue some assets belonging to the buildings category, recording a specific equity reserve, and also means to opt for obtaining the recognition of the revaluation in question also for tax purposes, thus subjecting the revaluation to the substitute tax.

Legal reserve	2020	2019	Delta
Final Value	400.000	400.000	0

The item includes the value of the legal reserve of the holding company.

Free reserves	2020	2019	Delta
Final Value	1.345.456	1.345.456	0

The item includes the value of free reserves of the holding company.

Earnings carried forward	2020	2019	Delta
Final Value	88.194.136	75.800.007	12.394.129

The noticed increase, compared with the retained earnings registered in the statutory financial statements 2019 of the lead-company, refers to the assets' effect of the cancellation accounts of subsidiaries' shareholdings, of

consolidation accounts relevant to the assets held on lease, of the consolidation accounts generated by the equity evaluations of associated shareholdings.

Negative reserve for own shares	2020	2019	Delta
Final Value	-6.760.000	0	-6.760.000

The negative reserve for treasury shares held in portfolio was set aside following the finalization of the acquisition of 16,900 treasury shares.

Operating profit (loss)	2020	2019	Delta
Final Value	12.103.574	8.128.699	3.974.875

Effects on fiscal year result of lead-company, coming from consolidation reports, is summarized in the attached reconciliation statement.

Third parties' capital and reserves	2020	2019	Delta
Final Value	15.838.581	16.610.065	-771.484

Under this item it is indicated the share of Companies' equity belonging to third parties.

Third parties' operating profit (loss)	2020	2019	Delta
Final Value	3.183.664	3.053.619	130.045

Similarly, to the above, under this item it is indicated the profit share obtained by the consolidation companies, belonging to third parties.

Provision for liabilities and charges

Provision for pension liabilities	2020	2019	Delta
Final Value	237.590	23.720	213.870

The item indicates the total provision set aside on yearly basis by the lead company in favor of the employees net of utilizations.

Taxes fund	2020	2019	Delta
Final Value	218.195	144.949	73.246

Above fund refers to the accrued accounting treatment of the tax relief relevant to the adjustments aimed to cancel the liabilities exclusively of fiscal nature, to cancel profit and losses coming from operations among companies of the group and to evaluate the assets on lease through the financial method.

Passive financial derivatives	2020	2019	Delta
Final Value	69.573	-	69.573

The subsidiary Link Industries S.r.l. has opted for the planning of forward purchases on a half-yearly basis of currency, entering into contracts for the purchase and sale of dollars with the main banking institutions. However, these contracts, signed for hedging purposes, are not combined with underlying goods purchase contracts.

Other provisions for liabilities and charges	2020	2019	Delta
Final Value	6.681.230	6.410.155	271.075

The balance represents the sum of the funds set aside by the companies of the Group, which are congruous and consistent with the risks assessed at the balance sheet date. For details on the individual funds, please refer to the statutory financial statements of the individual Group companies. The most significant amount was set aside by Fratelli Cosulich S.p.A. in order to cover the risk of potential liabilities arising from the Tecnoservice transaction.

Reserve for severance indemnities

Severance indemnities	2020	2019	Delta
Final Value	3.116.388	2.593.536	522.852

The set aside amount represents the real debt of the companies of the Group towards the employees working at that date, net of advances paid.

The total for the group is divided as follows:

- Fratelli Cosulich S.p.A. Euro 571.452
- Link Industries S.p.A. Euro 636.826
- Genesys Informatica S.r.l. Euro 191.137

- Comunico S.r.l. Euro 54.573
- Express Adriatica S.r.l. Euro 42.765
- Express S.r.l. Euro 485.044
- Archimede Gruden S.r.l. Euro 356.664
- Luvitrans S.r.l. Euro 165.866
- Morgan4Ship S.r.l. Euro 65.972
- Agenzia Marittima Saidelli S.r.l. Euro 121.475
- Cosulich Assicurazioni S.r.l. Euro 13.484
- Catalano Cannes S.a.r.l. Euro 5.678
- Lorma Logistic S.r.l. Euro 204.127
- NE Logistic S.r.l. Euro 107.813
- Ambro Terminal S.r.l. Euro 23.751
- Argosy S.r.l. Euro 54.891

Liabilities

Liabilities due to banks	2020	2019	Delta
Final Value	134.164.107	128.621.212	5.542.895

This amount is payable within the following financial year for an amount equal to Euro 31.692.007 and the difference must be paid within the current financial year.

Short term liabilities are formed among the companies of the group as follows:

- Fratelli Cosulich S.p.A. Euro 34.516.195
- Link Industries S.p.A. Euro 8.978.990
- Express S.r.l. Euro 643.212
- Luvitrans S.r.l. Euro 507.672
- Sea Trend Holding S.r.l. Euro 375.343
- Morgan4Ship S.r.l. Euro 19.628
- Fratelli Cosulich S.A. Euro 29.937.448
- Express Global International Ltd Euro 271.098
- Fratelli Cosulich Monaco SAM Euro 213.997
- Fratelli Cosulich Comercio e Serv Ltda Euro 94.438

- Fratelli Cosulich Bunkers Sing. Pte Ltd Euro 26.315.515
- Lorma Logistic S.r.l. Euro 303.637
- NE Logistic S.r.l. Euro 30.891
- Ambro Terminal S.r.l. Euro 148.262
- Lorma Italcontainer S.r.l. Euro 73.643
- Pimlico Shipping Limited Euro 42.132

Liabilities due to other lenders	2020	2019	Delta
Final Value	8.096.068	9.214.687	-1.118.619

This balance is determined by the liabilities claimed by the banks, for leasing operations in force with the companies of the Group.

Payables to suppliers	2020	2019	Delta
Final Value	62.393.441	130.220.533	-67.827.092

The item "Payables" includes the payables to suppliers of the Group and they result to be registered at their nominal value.

Liabilities due to affiliated companies	2020	2019	Delta
Final Value	3.775.952	69.872	3.706.080

The debts, due to affiliates, are mainly trade payables of the lead company owed to companies operating in complementary business fields.

Tax liabilities	2020	2019	Delta
Final Value	2.438.972	2.219.392	219.580

The item is including the payables of the Group owed to the Financial Administration for the income taxes relevant to the financial year of the consolidation companies, for the withholdings made on allowances paid to employees and other staff and other payables owed to the National Revenue.

Liabilities due to social security institutions	2020	2019	Delta
Final Value	1.875.175	1.733.160	142.015

This item refers to payables due at the end of the year to the institutions for the amounts due by the companies of the Group.

Other payables	2020	2019	Delta
Final Value	21.454.895	11.766.983	9.687.912

The debts indicated in this item, to be paid within 12 months, are the payables of the lead-company for collections made in the name and on behalf of ship owners represented, as well as payables, owed by all consolidation companies, to the employees for the salaries accrued during the financial year but paid in the following one.

Accruals and Deferrals

Accruals and Deferrals	2020	2019	Delta
Final Value	1.737.800	3.318.866	-1.581.066

They measure incomes and charges which appropriate accounting period is respectively advanced and postponed in respect to the cash collection and expenditure; they are therefore regardless of the date of payment but they correctly reflect the cash basis of costs and profits.

Payables and receivables with duration of more than 5 years

Receivables with a duration over 5 years do not exist, but payables with a duration over 5 years do exist. They are, for the most, residuals of lease instalments underwritten during last years by the companies of the Group.

Other payables	Expiring Date	Over 5 years
Fratelli Cosulich S.p.A.	2032	328.661
Fratelli Cosulich S.p.A.	2027	59.029
Fratelli Cosulich S.p.A.	2028	168.922
Fratelli Cosulich S.p.A.	2031	1.146.843
Sea Trend Holding S.r.l.	2036	1.465.597
Total payables over 5 years		3.169.052

Turnover and revenues sharing

The revenues coming from sales and services of the group amount in total to Euro 1.096.367.240 and they are divided in the following business services' typologies:

Turnover and services	2020	2019	Delta
Revenues from touristic activity	392.776	3.295.482	-2.902.706
Revenues from catering and manning	15.508.835	24.793.208	-9.284.373
Revenues from trading and bunkering commissions	920.195.119	1.371.566.370	-451.371.251
Revenues and commissions from shipping activity and shipowning	25.248.252	28.370.524	-3.122.272
Revenues from freight forwarding and logistics activities	105.835.059	89.700.553	16.134.506
Revenues from trading of insulating products and iron by-products	27.570.424	27.764.391	-193.966
Revenues from information technology business activity	1.616.775	1.197.742	419.033
Total turnover and services	1.096.367.240	1.546.688.269	-450.321.029

Other revenues and extraordinary income

We highlight that during the financial year the Autonomous Region Friuli Venezia Giulia has paid by way of a contribution the sum equal to Euro 893.776. This contribution refers to the regional law n. 15/2004 art 21 comma 2, providing of aid to logistics companies intending to manage maritime transport services (in our specific case) and slab rail services between the port of Monfalcone and Porto Nogaro.

Classification of financial income and charges

The income is classified in banks interest' receivables, other financial income, exchange gain, dividends from other holdings.

Financial income	2020	2019	Delta
Final Value	7.317.363	4.386.707	.930.656

Financial income	2020	2019	Delta
Dividends	4.606.241	2.704.400	1.901.841
Other financial income	16.503	-	16.503
Different financial income	2.694.619	1.009.250	1.685.369
Exchange gain and losses	-	673.057	-673.057
Total financial income	7.317.363	4.386.707	2.930.656

Financial charges	2020	2019	Delta
Final Value	4.718.135	3.838.856	879.279

Financial charges	2020	2019	Delta
Interests and other financial costs	3.610.126	3.838.856	-228.730
Exchange gain and losses	1.108.009	0	1.108.009

The above indicated item is composed by banks' payable interests, bank commissions and exchange differences noticed on currency entries and on derivatives contracts undersigned by subsidiaries, and, finally, by financial payables linked to lease contracts following the international accounting principle n. 17 stated by IASC.

Value adjustments to financial assets

Value adjustments to financial assets	2020	2019	Delta
Write-ups	6.536.746	4.330.708	2.206.038
Write-downs	-6.002.386	-2.985.588	-3.016.798

Main adjustments are relevant to the devaluations and write-ups of shareholdings in subsidiaries non-consolidation and associated companies determined through the application of the valuation at net asset.

Average number employees

In the following prospect it is indicated the average employees number of the Group:

Group employees	2020
Managers	15
Middle Managers	28
Office Employees	464
Seafarers	507
Total employees	1014

Directors and Statutory Auditors' fees

The fees paid to directors of the companies of the group are divided as follows:

- Fratelli Cosulich S.p.A. Euro 224.937
- Link Industries S.p.A. Euro 110.000
- Genesys Informatica S.r.l. Euro 155.671
- Comunico S.r.l. Euro 33.000
- Express S.r.l. Euro 0
- Archimede Gruden S.r.l. Euro 285.000
- Luvitrans S.r.l. Euro 100.000
- Express Adriatica S.r.l. Euro 27.400

• Agenzia Marittima Saidelli S.r.l.	Euro 26.000
• Lorma Logistic S.r.l.	Euro 200.000
• Lorma Italcontainer S.r.l.	Euro 0
• Ne Logistic S.r.l.	Euro 66.000
• Ambro Terminal S.r.l.	Euro 6.000
• Argosy S.r.l.	Euro 49.500
• Catalano and Cosulich Shipping Services SAM	Euro 0
• Fratelli Cosulich Monaco SAM	Euro 730.000
• Express Global International UK Ltd	GBP 0
• Fratelli Cosulich (HK) Ltd	USD 747.090
• Fratelli Cosulich Bunkers (HK) Ltd	USD 0
• Fratelli Cosulich Bunkers (S) Pte Ltd	USD 0

The fees paid to the Statutory Auditors Committee of the companies of the Group are divided as follows:

• Fratelli Cosulich S.p.A.	Euro 15.000
• Link Industries S.p.A.	Euro 20.000
• Express S.r.l.	Euro 15.600
• Lorma Logistic S.r.l.	Euro 6.000

Dividend-right shares and bonds issued by the company

No company of the group has issued dividend-right shares and bonds convertible in shares, securities or similar values.

Grouping of items

We underline that the company has not made any grouping of items preceded by Arabic numerals, as, instead, optionally foreseen by art 2423 ter. Of the Italian Civil Code.

Elements belonging to various items

We underline that there is no element in receivables and payables belonging to more than one item of the balance sheet scheme.

Additional information

This consolidated balance sheet, formed by statement of assets and liabilities, income statement and explanatory

notes, represents in a real and correct way the shareholders equity and the financial statement as well as the net profit of the financial year referred to the consolidation companies. It complies with accounting books and records of the subsidiaries and with the financial statements edited by the companies included in the scope of consolidation.

We attach to the explanatory notes the following documents:

- reconciliation statement between the net profit and net assets of the holding company and the Group
- the values of the consolidated balance sheet
- the statement of assets and liabilities
- consolidated reclassified income statement

Genoa, 14th June 2021

The Chairman of the Board of Directors
Cav. Lav. Augusto Cosulich

NET PROFIT AND NET ASSETS OF FRATELLI COSULICH S.P.A. AND THE GROUP

The Reconciliation statement, for the financial year closed as at 31st December 2020, between net assets and net profit registered in the Statutory Financial Statements of the holding company Fratelli Cosulich S.p.A. and the equal balance data, is the following:

Reconciliation statement between net profit and net assets of Fratelli Cosulich S.p.a. and the Goup

Description	Net assets 2020	Result 2020
Financial statement Fratelli Cosulich S.p.a.	20.124.278	1.698.580
Subsidiaries' equity cancellation	63.508.761	9.519.821
Associates equity evaluation and other shares	18.674.973	1.077.530
Leasing indexation as per law 17	3.271.059	189.055
Intragroup elisions	-616.358	-116.358
Intragroup margins' adjustments	-46.606	-5.054
Deferred tax adjustments	-584.329	-1.260.000
Provision for risks on receivables	-2.182.179	1.000.000
Net assets and Group's profit	102.149.599	12.103.574
Net assets and third parties' profit	19.022.245	3.183.664
Net assets and total profits	121.171.844	15.287.238

Fratelli Cosulich Group consolidated financial statement as at 31st December 2020

Asset and liability statement (data in thousands of Euro)	31.12.2020	31.12.2019
Intangible fixed assets	5.170	3.223
Tangible fixed assets	90.467	82.934
Shareholdings and other financial fixed assets	52.446	17.999
Fixed capital	148.083	104.155
Stocks	5.839	9.792
Receivables	149.718	231.739
Accruals and deferrals	3.044	1.634
Short term current assets	158.601	243.166
Liabilities	-91.938	-146.010
Accruals and deferrals	-1.738	-3.319
Short term current liabilities	-93.676	-149.329
Net capital	64.925	93.837
Employees severance	-3.116	-2.594
Other medium-long term liabilities (risk fund)	-7.207	-6.579
Net invested capital	202.685	188.820
Group's net equity	102.150	87.674
Third parties' net equity	19.022	19.664
Shareholders' funding	-	-
Medium/long term financial borrowing	38.568	28.483
Short term financial net position	42.945	52.999
Own equity and financial debts	202.685	188.820

Fratelli Cosulich Group consolidated financial statement reclassified as at 31st december 2020

Income statement (Data in thousands of Euro)	31.12.2020	31.12.2019
Turnover and services	1.096.367	1.546.688
Other income and revenues	8.676	6.733
Value of production	1.105.043	1.553.421
Consumption of raw materials and consumable stores	-922.655	-1.352.823
Services	-116.072	-138.740
Other management and operating expenses	-5.637	-7.297
Added value	60.679	54.561
Personnel costs	-34.254	-32.864
EBITDA	26.425	21.698
Amortization, depreciation and impairment	-9.211	-6.674
Provisions	-572	-4.000
EBIT	16.642	11.021
Financial income and charges	3.134	1.893
Profit or loss before taxes	19.776	12.914
Income taxes	-4.488	-1.734
Profit or loss before interests of shareholding third parties	15.287	11.180
Profit or loss due to shareholding third parties	3.184	3.054
Group's share of net profit	12.104	8.127

MANAGEMENT REPORTS

Messrs. Shareholders,

We submit herewith for your approval, the Financial Statements of your Company as at 31st December 2020. The financial year has closed with a positive outcome, before the tax allowance equal to Euro 19.474.019 and decreasing to Euro 11.868.568 after the tax allowance of the business year equal to Euro 4.421.787 and due to the profit of third parties equal to Euro 3.183.664.

THE GROUP

As at this Balance Sheet reference date the Group is formed by the following subsidiaries:

- Fratelli Cosulich S.p.A.
- Link Industries S.p.A.
- Genesys Informatica S.r.l.
- Comunico S.r.l.
- Express Adriatica S.r.l.
- Express S.r.l.
- Archimede Gruden S.r.l.
- Luvitrans International S.r.l.
- Archimede Gruden Usa Inc
- Agenzia Marittima Saidelli S.r.l.
- Argosy S.r.l.
- Fratelli Cosulich Unipessoal S.A.
- Fratelli Cosulich Europe Cons. Econ. E Part. Lda
- Fratelli Cosulich Middle East DMCC
- Fratelli Cosulich USA LLC
- Fratelli Cosulich Monaco SAM
- Express Global International Ltd
- Express Chita Ltd
- Express USA Inc.
- Catalano & Cosulich Shipping Services SAM
- Catalano & Cosulich Shipping Services Cannes Sarl
- Coscat SCIM
- Coscat Cannes SCI
- La Route du Sud SAM
- Agence Maritime Tropezienne Sarl
- Monte-Carlo Rent@Car Sarl
- Menton Service Auto Sarl
- Perfect Moorings Cannes SA
- Fratelli Cosulich Turkey Ltd
- Fratelli Cosulich Comercio e Servicos Ltda
- Fratelli Cosulich (HK) Ltd
- Fratelli Cosulich Bunkers (HK) Ltd

- Fratelli Cosulich Bunkers (S) PTE Ltd
- Arco Denizcilik Servis A.Ş.
- Cosulich Assicurazioni S.r.l.
- Lorma Logistic S.r.l.
- NE Logisti S.r.l.
- Ambro Terminal S.r.l.
- Lorma Italcontainer S.r.l.
- Sea Trend Holding S.r.l.
- Morgan4Ship S.r.l.
- Vulcania S.r.l.
- Pimlico Shipping Ltd
- Link Trading (HK) Ltd
- Link Trading Beijing Ltd

As far as the just ended financial year is concerned, we bring to your attention that the companies Takoradi Catering Company Ltd, Officine Elettro Meccaniche S.r.l., Geos S.r.l., Catalano Shipping Services Indonesia PMA, Catalano Shipping Services NZ Ltd. are not included in the consolidated area because they have been liquidated or under liquidation, dormant or not substantial for their corporate objective and intangible assets. We report furthermore the establishment of two new companies which have not been inserted into the consolidation area yet.:

- Fratelli Cosulich Monfalcone Srl operating in the shipping agency sector and sea / land transport, operating in a sector closely related to steel logistics and which will develop synergies with Marlines Shipping Agency S.r.l., new acquisition finalized in January 2021.
- Fratelli Cosulich LNG Srl ship owning and management company for LNG barges, for which the order for a first unit was signed in May 2021 with the option of a second unit to be exercised during the same year with deliveries within 26 months.

The companies Express Chita Ltd, Express USA Inc., Argosy S.r.l., Comunico S.r.l., Archimede Gruden S.r.l., Luvitrans International S.r.l. and Archimede Gruden USA Ltd. returned to the full consolidation area during the year just ended.

Finally, we must emphasize the exit from the consolidation area of the companies Dragon Maritime d.o.o., Dragon Maritime Adria d.o.o. Arko Shipping d.o.o., of which indirect control is no longer held following the sale, by the subsidiary Express S.r.l., of 20% of the shares.

As you know, the main activity of the Group is linked to the bunker broking and trading activities.

Wishing to make a short recap of the activities developed by the companies included in the consolidation area, they can be summarized as follows:

- Bunker trading and broking activities carried out by Fratelli Cosulich Unipessoal SA, Fratelli Cosulich Bunkers (HK) Ltd., Fratelli Cosulich S.p.a., Fratelli Cosulich Bunkers (S) Pte Ltd, Chemoil Monde-Export SAM and Fratelli Cosulich Middle East DMCC, Fratelli Cosulich USA LLC.
- Ship-owning activity carried out by Fratelli Cosulich Bunkers (S) Pte Ltd through the management of owned vessels time-chartered to main Oil Majors and operating in the Port of Singapore, carried out by Pimlico Shipping Ltd through time charter agreements of MV Vulcania and carried out by Vulcania S.r.l. through the purchase and bare boat charter of three units to Metinvest Group for the transport of steel slabs in the Black Sea and Mediterranean Sea.
- Activities related to maritime services, from shipping agency to line management on behalf of represented shipping companies, to national and international shipments, to the management of road transport of containers, to the management of crews, to the brokerage service on bunkers, to the on-board catering and administrative service, to the activity relating to air, passenger and tourist transport, carried out by the parent company Fratelli Cosulich SpA and by the subsidiaries Fratelli Cosulich Comercio and Servicos Ltda, Agenzia Marittima Saidelli S.r.l., Express Global International Ltd, Catalano & Cosulich Shipping Services SAM and its subsidiaries, Fratelli Cosulich Turkey Ltd, Arco Denizcilik Servis A.Ş, La Route du Sud SAM, Express S.r.l. and Express Adriatica S.r.l., Lorma Logistic S.r.l., Lorma Italcontainer S.r.l., NE Logistic S.r.l. and Ambro Terminal S.r.l.
- Raw materials trading activity, among which insulating materials and iron-products, carried out by Link Industries S.p.a., Link Trading (Beijing) Ltd.
- Genesys Informatica S.r.l. and Comunico S.r.l. concentrate their activities in the IT sector, with particular reference to the trade and installation of hardware and software products, as well as consultancy and design activities in the aforementioned sectors and customized business intelligence and data management solutions.

GENERAL TREND

The trend of the year just ended, recorded a decrease of 29% in the value of production, which went from Euro 1.553.421.481 to Euro 1.105.042.926. This decrease in turnover on an annual basis is mainly due to the total change of business carried out by Fratelli Cosulich Bunkers Singapore, having abandoned the physical supply of bunkers, concentrating the activity on the rental of owned barges. This change in operations, on the other hand,

Description	2020	2019	Change %
A. REVENUES	1.096.367.240	1.546.688.269	29%
Other revenues	8.675.686	6.733.212	29%
B. VALUE OF OF PRODUCTION	1.105.042.926	1.553.421.481	29%
Cost for services and purchase of raw materials	-918.895.457	-1.355.124.202	32%
Cost for services and performance of services by third parties	-116.072.148	-138.740.048	16%
C. VALUE ADDED	70.075.321	59.557.231	18%
Labor Cost	-34.253.732	-32.863.617	4%
Cost for leased assets	-2.724.067	-4.123.575	-34%
Other operating expenses	-6.672.469	-871.407	666%
D. GROSS OPERATING MARGIN (M.O.L.)	26.425.053	21.698.632	22%
Depreciation and amortization	-9.783.038	-10.675.369	-8%
E. OPERATING RESULT (M.O.)	16.642.015	11.023.263	51%
Final income and expenses	2.599.228	547.851	374%
Value adjustments of financial assets	232.776	1.345.120	-83%
F. RESULT BEFORE TAXES	19.474.019	12.916.234	51%
Income tax for the year	-4.421.787	-1.733.916	155%
G. NET RESULT OF THE FINANCIAL YEAR	15.052.232	11.182.318	35%

generated a significant positive effect on the company's margins, doubling the positive result recorded in 2019 by tenfold in 2020, which went from approximately USD 450.000 to USD 4.800.000 in 2020.

The costs for the purchase of services and raw materials for the year amounted to Euro 918.895.457 and recorded a decrease of 32% compared to the values at the end of 2019 for the same reasons described for the value of production.

The costs for services and perform for the year amounted to Euro 116.072.148 and recorded a decrease of 16% compared to the values recorded at the end of 2019.

The added value recorded an increase of 18% compared to the same period of 2019, which had already recorded an increase of 6% compared to 2018, therefore the growth trend started with the expansion policies planned and

implemented by the management in the previous two years continues.
Labor costs increased by 4% compared to the same period of 2019.

Other operating expenses, including change in raw materials and goods stock in hand, record a significant increase due to the economic effect on the valuation of the latter linked to the change in business in Singapore

EBITDA goes from Euro 21.698.632 of the previous financial year to Euro 26.425.053 of 2020, with an increase by 22%.

EBIT goes from a value of Euro 11.023.263 in the previous year to a positive result equal to Euro 16.642.015 in 2020.

Financial management is not affected by write-downs of equity investments held by the parent company, as occurred in previous years, while it benefits from the positive effect recorded on the valuation of securities in the portfolio, from the equity valuation of equity investments in associated companies, even if partially mitigated by the 'negative effect of the valuation of foreign currency items at the end of the year.

The result of financial management therefore increased from an overall profit of Euro 1.892.971 recorded in 2019, to a profit of Euro 2.832.004 in the year just ended.

The result before taxes is equal to Euro 19.474.019 against Euro 12.916.234 of the year 2019.

The consolidated result (Group + third parties) goes from Euro 11.182.318 of 2019 to Euro 15.052.232 of 2020.

The Group's result goes from Euro 8.128.699 of 2019 to Euro 11.868.568 of 2020.

The Group's equity goes from Euro 87.674.162 of 2019 to Euro 101.722.113 of this year.

The consolidated equity (Group + third parties) goes from Euro 107.337.846 of 2019 to Euro 121.171.844 of this year.

At 2020 financial year's end the Group's staff amounts to 1.014 units.

The main values synthesis of the last two financial years, allows the comparing of the most important data of 2020, suitably reclassified for business purposes.

The year just ended saw a 51% increase in the group's operating result compared to what was achieved in 2019, with significant development in almost all the business units of the group.

The only activities showing a reduction in the result are related to the tourism sector, business travel, cruises and catering carried out for passenger ferries and logistics and warehouse activities dedicated to these.

In particular, the agency activity for mega yachts has recorded, this year too, a fairly significant decrease in profit, compared to what has been recorded in previous years not affected by the pandemic.

The activity carried out with the subsidiary Morgan4Ship S.r.l. suffered a lot. due to the blocking of cruises which, as mentioned, interrupted the on-board supplies and supplies activity carried out by the Navacchio warehouse.

Finally, the shipping business, carried out with the company Pimlico Shipping Ltd, owner of Kamsarmax Vulcania, closed the year with a loss due to the drop in freight rates which occurred in mid-2020 aggravated by the long of-f-hire period caused by two concomitant factors : the planned dry-dock period and the previous stop of the ship, of about one month, caused in China by a suspected covid case on board. This negative effect on the group shipping business was offset by the positive result obtained by the subsidiary Vulcania S.r.l. following the investments made, during the year, on 3 "river" bulk vessels chartered to companies of the Metinvest group. During 2021, the surge recorded in the freight rates of bulk carriers will bring a very significant benefit to the result that will fully offset the losses incurred this year.

Also during the 2020 financial year, in the activity of bunker trading, a significant result was recorded in the first quarter, as happened in the last quarter of 2019, with very good volumes and margins. This effect, which began following the introduction of the VLSFO on the market at the end of the previous year, has been running out and has brought the sector back to values more in line with the average profitability recorded in previous years.

The significant development of all activities related to the freight forwarding, shipping agency and transport sector, which has contributed significantly to the increase in group profitability, should also be emphasized.

Therefore, also during 2020, both volumes and margins have improved compared to the previous year.

The turnover "Bunker Trading", the main activity of the group, at the end of the year, amounted to approximately 920 million Euros compared to approximately 1.371 million in 2019.

The reduction, as anticipated, is attributable to the elimination of the previous 1.8 million tons processed by the Singapore subsidiary, which with the financial year just ended interrupted the historical activity of bunker supplier by reducing the turnover but doubling the margins and converting its activity to the sole shipowning management.

Tons traded during 2020, result to be in line with the ones traded during the previous financial year .

They are distributed among all geographic areas and all main markets and ports in the world, thanks to the company's structure granting its presence everywhere.

Through the equity method assessment of the subsidiaries, we report a negative effect due to the distribution of dividends accumulated during the previous financial years which widely compensate the positive effect got by the profits gained in the year 2020.

The EUR/USD exchange rate, during 2020, has gone from 1.1234 of 31/12/2019 to 1.2271 of 31/12/2020.

The average rate of exchange, mainly significant for evaluating the economic impact, has gone from 1.1195 of 2019 to 1.1422 of 2020.

Analyzing only the result of financial management, an improvement is noted compared to 2019, mainly due to the increase in dividends received by associates, to a slight decrease in interest expense on loans, and to an improvement in the yield of investment funds held by the group companies. The sum of these three effects more than offset the negative effect produced by the exchange rate differences for the year which, from a profit of Euro 673.057 in 2019, recorded an exchange loss of approximately 1.108.009 at the end of the year.

The main adjustments to the value of financial assets relate to the revaluation and write-down of equity investments in associated companies, determined by the equity valuation of the same. This item recorded a worsening compared to the numbers shown in the 2019 financial statements, due to the higher dividends distributed, despite the excellent results recorded at the end of the year.

For further details please see the balance sheets of consolidation companies.

Tax on operating income recorded in the year 2020 amount to Euro 4.421.787, a marked increase compared to the amount recorded in 2019 equal to Euro 1.733.916.

Finally, it must be remarked the economic impact on the operating charges by the leasing contracts in force, for which evaluation please refer to the relevant tables included in the Explanatory Notes.

ANALYSIS OF ASSETS AND LIABILITIES

We have prepared some reclassification prospects to supply a complete informative report on the financial and economical position of the Group Fratelli Cosulich S.p.a.

Here below you will find the report covering the economical trend of financial year 2020, and relevant comparison with year 2019:

Description	2020	2019	Change %
VALUE of PRODUCTION	1.105.042.926	1.553.421.481	-29%
Costs for purchases and personnel	-1.069.221.337	-1.526.727.867	-30%
Depreciation	-8.354.229	-5.940.450	41%
Write-downs	-1.428.809	-4.734.919	-70%
Other net operating costs	-9.396.536	-4.994.982	88%
Operating Margin	16.642.015	11.023.263	51%
Financial net income (loss)	2.832.004	1.892.971	50%
Income Taxes	-4.421.787	-1.733.916	155%
NET RESULT	15.052.232	11.182.318	35%

Profitability Indexes

Description	2020	2019
R.O.E. (return on equity)	12,5%	10,4%
R.O.I. (return on investment)	7,2%	5,4%
R.O.S. (return on sales)	1,5%	0,7%

Profitability indexes supply information on the Company's income performance.

Return on equity (R.O.E.) obtained by comparing net result to owners' equity, shows the profitability referred to the invested capital as risk capital.

Return on Investment (R.O.I.), obtained by comparing EBITDA to the invested capital, shows the profitability deriving from activities employment in the company.

The Return on Sales (R.O.S.) is obtained by comparing operating margin and the turnover.

The table below highlights the capital structure in the perspective of revenues and expenditures and the percen-

tage of coverage of the invested capital by Shareholders' equity.

Description	2020	2019	Change %
EXPENDITURES			
Non-current assets	147.666.351	104.315.734	0,42
Non-current liabilities	48.891.419	37.655.207	-0,30
Structure's margin	98.774.932	66.660.527	0,48
Inventories - work in progress to order	5.839.273	9.792.210	-0,40
Trade receivables	141.671.127	215.619.115	-0,34
Trade payables	-66.169.393	-130.290.405	-0,49
Other assets (liabilities) net current	-17.655.466	400.719	-45,06
Debt (cash) sinancial debt	-43.022.246	-53.159.945	0,19
Net working capital	20.663.295	42.361.694	-0,51
Total invested capital	367.003.743	403.674.911	-0,09
REVENUES			
Shareholders' equity	120.744.358	107.337.846	0,12
Coverage	33%	27%	

Financial position

The net debt load at 31 December 2020, which consistency is compared, for due info, to the corresponding data at 31 December 2019, is showed hereunder.

Description	2020	2019	Change %
Short-term financial liabilities	103.691.732	109.353.052	-5,18%
Financial debt in the medium to long term	38.568.443	28.482.847	35,41%
Cash or equivalent	60.747.166	58.459.640	3,91%
DEBTS AGAINST BANKS AND SHAREHOLDERS	81.513.009	79.376.259	2,69%
Other loans	4.721.136	4.766.271	-0,95%
FINANCIAL LOANS AND SECURITIES	4.721.136	4.766.271	-0,95%
Other short-term financial liabilities	0	0	
Other financial liabilities from medium to long term	0	0	
OTHER FINANCIAL LIABILITIES	0	0	
NET DEBT	76.791.873	74.609.988	2,92%

MAIN RISKS AND UNCERTAINTIES

We do not remark, by present knowledge of management and on the basis of business trend, any risk situation for the business continuity.

In the current financial year, the available indicators, thanks to a mechanical, balanced and exhaustive analysis of the Company's situation, allow forecasting that she will maintain a satisfactory success on the reference markets.

CREDIT RISK

Credit risk represents the Group's exposure to potential losses resulting from the non-fulfillment of the obligations, both commercial and financial, assumed by the counterparties. To mitigate this risk, the Group has put in place various internal procedures.

Extensions of payment are granted only to customers of proved solvency, dunning letters are punctually sent, also for the purpose to ascertain in good time possible financial straits of the customers.

Finally, measures for the coercive credit collection are promptly taken, in case of failures to pay.

MARKET RISK AND EXCHANGE-RATE RISK

Market risk represents the risk deriving from the use of financial instruments and/or fluctuations of future financial flows, for prices or exchange-rates or interest rates variations.

The Company is exposed to the risk of fluctuation of exchange-rates and especially of exchange rate USD/EUR.

This risk is attenuated by a careful management of treasury.

LIQUIDITY RISK

We report that:

- There are debt instruments or other lines of credit for facing the needs of liquidity;
- The Group owns deposits c/o banks for satisfying the need of liquidity;
- There is not significant concentration of liquidity risk both from the financial activities' point of view and from the financing sources.

The liquidity risk, in short, is monitored by a careful management policy on treasury and by an appropriate availability of lines of credit put at our disposal by the banks.

RISK ON INTEREST RATES

The risk on interest rate to which the Company is exposed is exclusively produced by short and long-term bank financings that for the most provide with a variable rate application.

The Directors punctually monitor rates trend with the aim of adopting the most suitable financial strategies.

INFORMATION ON STAFF AND WORK ENVIRONMENT

In consideration of the social role played by the company, as highlighted also by the document of the National Council of Chartered Accountants and Accounting Experts relating to the management report, it is considered appropriate to provide the following information relating to the working environment and personnel.

The Group carries out its business in compliance with current legislation on labor and the environment.

For some years now, the company has set itself the goal of outlining the directives for setting up a model aimed at safeguarding and growing a culture of safety in the workplace, also from the point of view of prevention a culture aimed at respecting the environment, defending against pollution in all its forms and managing the environmental impacts deriving from its activities.

In particular, we point out that during the year there were no deaths at work of the personnel registered in the matriculation register, nor were there any serious accidents at work that resulted in serious or very serious injuries to the personnel registered in the employee register for which it was ascertained. a corporate responsibility.

Furthermore, during the year, no charges were recorded in relation to occupational diseases on employees or former employees and legal actions due to "mobbing" for which the company was declared responsible.

Finally, we specify that no damage has ever been caused to the environment in carrying out the corporate purpose.

CODE FOR PERSONAL DATA PROTECTION

As far as the Italian and European subsidiaries are concerned, the Group has undertaken a series of actions to comply with the European Regulation on the "protection of personal data" GDPR (679/2016), starting from the operating model adopted in the field of privacy based on Legislative Decree 196/2003, with the ultimate goal of compliance with regulatory requirements.

After a survey and mapping of personal data processing and risk level assessments, the following activities were carried out:

- Adoption of a "Manual on the protection of personal data" defined by the Parent Company;
- Analysis and assessment of the impacts of the New Regulation on the current organizational and operational model (also in terms of existing IT systems) adopted in the field of privacy and definition of an Organizational Structure regarding personal data;
- Creation and adoption of information for all interested parties;
- Implementation of a Risk Assessment, DPIA and adoption of registers for any possible Data Breach.
- Action plan and implementation of IT control and security systems (e.g. policies for information security, access control to systems and applications, development and maintenance of infrastructure systems, detection and management of vulnerabilities, management of accidents etc).

CONSOLIDATED ACT FOR SAFETY AND PREVENTION OF WORK ACCIDENTS

The Group of companies, as far as Italian activities are concerned, has met all obligations set in the new Consolidated Act n. 81/08 for safety and prevention of accidents at work.

With this aim, we have identified the empowered person as delegated party for the coordination of the safety matters. This person has been adequately empowered for all needed actions in compliance to the regulations in force and the maintenance of prescribed safety standards.

The proxy has been regularly recorded at Genoa Public Register of Companies.

The Company has also appointed the Prevention and Protection Service Managers of the various branches and updating of the Risk Evaluation Document within the terms stated by the above mentioned Consolidated Act has

been performed.

CERTIFICATION QUALITY MANAGEMENT SYSTEM UNI EN ISO 9001:2015

Through the visits of RINA which took place on 7th December 2020 c/o the Genoa Office and on 22nd December 2020, in videoconference, c/o the Trieste Headquarter, Fratelli Cosulich has ratified the passage to the new regulation ISO 9001 2015 and got the new certificate expiring on January 2024.

INVESTMENTS AND RESEARCH AND DEVELOPMENT ACTIVITIES

As per art 2428, comma 2, number 1 of the Italian Civil Code, we state that there are no research and development activities to be reported, being significant for the Group's performance.

COSTS AND REVENUES

The value of production at 31st December 2020 has been equal to Euro 1.105.042.926 and it is splitted as follows:

Value of production	2020	2019	Change
Revenues from touristic business	392.776	3.295.482	-2.902.706
Catering and Manning revenues	15.508.835	24.793.208	-9.284.373
Bunker trading revenues and bunker fees	920.195.119	1.371.566.370	-451.371.251
Ship-owning and shipping agency revenues	25.248.252	28.370.524	-3.122.272
Revenues from freight forwarding and logistics activities	105.835.059	89.700.553	16.134.506
Insulated materials and iron products trading revenues	27.570.424	27.764.391	-193.966
IT revenues	1.616.775	1.197.742	419.033
Stock changes	8.599.934	-492.240	567.992
Other revenues	75.752	7.225.452	1.374.482
Total value of production	1.105.042.926	1.553.421.481	-464.513.06

The total costs recorded during the financial year 2020 have been Euro 1.088.400.911 as per below detail:

Costs of production	2020	2019	Change
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For the purchase of services and raw materials	918.895.457	1.355.124.202	-436.228.745
For third parties' services	116.072.148	138.740.048	-22.667.900
For leasing of assets	2.724.067	4.123.575	-1.399.508
Wages and salaries	25.900.282	26.324.240	-423.958
Social security contributions	5.086.624	4.841.823	244.801
Staff leaving indemnity	895.146	827.202	67.944
Pension liabilities and similar	369.018	186.131	182.887
Other personnel costs	2.002.662	684.221	1.318.441
Amortization for intangible assets	1.178.099	428.903	749.196
Amortization for tangible assets	7.176.130	5.511.547	1.664.583
Other assets' write-down	0	0	0
Bad debts provision	856.568	732.918	123.650
Change of raw materials and goods stock	3.759.799	-2.302.259	6.062.058
Provisions for risks	572.241	4.002.001	-3.429.760
Other provisions	0	0	0
Other management charges	2.912.670	3.173.666	-260.996
Total costs of production	1.088.400.911	1.542.398.218	-453.997.307

Employees

In the following scheme you will find the average number of employees of the Group, divided into categories:

Group's employees	2020
Executives	15
Managerial staff	28
Staff employees	464
Crew	507
Total employees	1.014

Amortization and staff leaving indemnity

As far as amortizations are concerned, they are calculated on the base of tax rates representing the economic-technical life of incomes.

The staff leaving indemnity fund represents the Group's debt as such on the base of actual laws and contracts in force.

RELATIONSHIP WITH SUBSIDIARIES AND AFFILIATES

Commercial dealings with subsidiaries and affiliates, if existent, are made at normal cost values or at market conditions.

Please see explanatory note for economic/financial dealings with subsidiaries and affiliates.

During the Business year, the Company has maintained commercial relations with subsidiaries and affiliates. Such relations, not including non-standard and/or unusual operations, are ruled by average market conditions.

Investments

During the first months of 2020, the company made a new important investment by acquiring 36.95% of the Holding of Trasteel International Group operating in the steel trading sector, with various controlling interests in important industrial companies dedicated to the transformation and processing of steel. In addition, three river bulk carriers were acquired during the year, chartered to the Metinvest group, in order to transport the slabs produced from the Black Sea to the Mediterranean. Finally, it should be noted the acquisition by Fratelli Cosulich Singapore Pte Ltd of MV Grazia Cosulich, a 4,650 dwt unit built in 2014, the seventh barge in the fleet operating in the port of Singapore.

TREASURY SHARES/SHARES OF PARENT COMPANIES

During 2020, the purchase of treasury shares was finalized for a total amount of 6.760.000 euros. During the previous three years, advances were paid to the shareholders, which were finalized with the purchase of treasury shares in 2020.

NOTABLE EVENTS OCCURRED AFTER FINANCIAL YEAR'S CLOSURE

With regard to the 2021 financial year, despite the heavy effects of the first half always attributable to the pandemic, an operating trend is expected to grow compared to 2020.

The logistics linked to the steel sector led the group to invest with the subsidiary Vulcania S.r.l. in a further three bulk carriers, always in bareboat charter to companies belonging to the Metinvest Group.

Furthermore, for the same business activity and for the development of logistics connected to it, an important investment was signed in Marlines Shipping Agency S.r.l., an operator specialized in related agency and shipping services.

Finally, it should be noted that in the first months of 2021, the company made a new investment of approximately 45.000.000 USD, setting up Fratelli Cosulich LNG Srl and signing an important order with the Chinese shipyard "CIMC SOE shipyard", for the construction of a 5.300 DWT LNG Bunkering Vessel capable of transporting more than 8.000 m³ of LNG and over 500 m³ of MGO for the bunker.

OPERATIONAL/BUSINESS/MANAGEMENT OUTLOOK

While we push you to look at the Explanatory Notes and Balance Sheets of the single consolidated companies for getting more accurate analysis, we herewith grant and ensure that we will continue to work in order to improve the management, through the rationalization of the operative structure, the costs and the investments, by motivating and sensitizing the personnel and the staff, essential for getting our objectives.

Dear Shareholders,

we suggest then to approve the consolidated balance sheet for the financial year 2020, closing with a net Group's profit equal to Euro 11.868.568.

Genoa, 15th June 2021

The Chairman of the Board of Directors
Cav. Lav. Augusto Cosulich



Fratelli Cosulich S.p.A.
- -
Independent auditors' report
on the consolidated financial statements for the year
ended at December 31st, 2020

Baker Tilly Revisia S.p.A. trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities.



**Independent auditor's report
in accordance with article 14 of Legislative
Decree No. 39 of January 27, 2010**

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To the shareholders of Fratelli Cosulich S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Fratelli Cosulich S.p.A. Group (the Group), which comprise the balance sheet as of December 31st, 2020, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as of December 31st, 2020, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Baker Tilly Revisia S.p.A. - Cap. Soc. Euro 1.537.174 i.v. - Reg. Imp. TO, Cod. Fisc. e P.I. N. 01213510017 - R.E.A. TO N. 484662
Registro dei revisori legali N. 15585, Società di Revisione già iscritta al N. 3 dell'Albo Speciale Consob
Sede legale: Via Carlo Alberto, 32 10123 Torino - Consociate nei principali paesi del mondo
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Emphasis of Matters

For a better comprehension of the financial statements, reference is made to the information provided by the directors in the notes of the financial statements relating to the fact that the company, as permitted by law and following the preparation of a specific report by a third party, has chosen to re-evaluate some assets belonging to the manufactured category, consequently recording a shareholders' equity reserve of € 4,866 thousand euro, in consideration of the option for the recognition of the revaluation in question also for tax purposes and therefore subjecting the revaluation to substitute tax.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the holding company Fratelli Cosulich S.p.A. or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,



future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated 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 achieves fair presentation.
- we have obtained sufficient and appropriate audit evidence on the financial information of the companies or of the various economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit engagement. We are solely responsible for the audit opinion on the consolidated financial statement.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

REPORT ON COMPLIANCE WITH OTHER LAWS AND REGULATIONS

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Fratelli Cosulich S.p.A. are responsible for preparing a report on operations of Fratelli Cosulich S.p.A. as of December 31st, 2020, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Fratelli Cosulich Group as of December 31st, 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the report on operations is consistent with the consolidated financial statements of Fratelli Cosulich Group as of December 31st, 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Genova, June 14, 2021

Baker Tilly Rivisa S.p.A.

 Davide Trincherio
 Partner

This report has been translated into English from the Italian original solely for the convenience of international readers

Marine Fuel and LNG



Freight Forwarding and Logistics



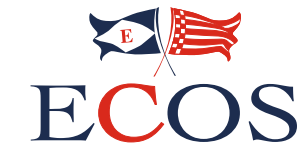
Shipping Agency



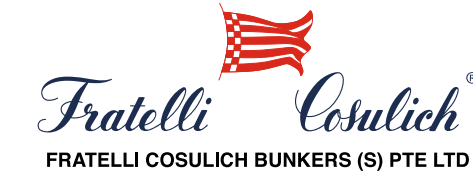
Yachting



Catering and Marine Offshore Personnel



Shipowning



Vulcania

Warehouse and Logistic services



Business and Leisure travel



Trade and Manufacturing



IT Business



Insurance Activities



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**2020 PARENT COMPANY
FINANCIAL STATEMENT**

BALANCE SHEET

ASSETS	31/12/2020	31/12/2019	LIABILITIES	31/12/2020	31/12/2019
B. Fixed Assets			A. Net Equity		
I Intangible Assets			I Share Capital	2.000.000	2.000.000
4) Concessions, licences and similar	37.174	20.871	III Re-evaluation reserves	4.866.433	
8) Other	732.715	767.256	IV Legal reserve	400.000	400.000
Total Intangible Assets	769.889	788.127	4) Free reserve	1.345.456	1.345.456
II Tangible Assets			VIII Group retained earnings carry forwards	16.573.809	15.799.843
1) Land and buildings	9.228.969	4.112.570	IX Group Net profit of the year	1.698.580	773.966
2) Plant and machinery	183.806	46.818	X Negative Reserve for own shares	-6.760.000	
4) Other tangible assets	459.379	523.045	Total net equity A.	20.124.278	20.319.265
Total tangible Assets	9.872.154	4.682.433	B. Provision for Liabilities and Charges		
III Investments			1) Provision for pensions and similar obligations	49.334	23.720
1) Shares in:			2) Provision for deferred income taxes	88.874	47.710
a) Subsidiaries	28.557.980	27.060.979	4) Other provisions	5.250.000	3.750.000
b) Affiliated Companies	7.620.145	1.076.141	Total provision for Liabilities and Charge B.	5.388.208	3.821.430
d bis) Other shares	47.827	66.148	C. Total Staff Severance Fund	571.452	821.697
2) Receivables			D. Accounts Payable		
a) From subsidiaries companies			4) Accounts payable to banks		
<i>Receivable within next year</i>	13.627.264	13.286.907	<i>Receivable within next year</i>	34.516.195	27.519.374
b) From affiliated companies			<i>Not Receivable within next year</i>	14.889.639	7.839.673
<i>Receivable within next year</i>	15.276.899	7.676.752	7) Accounts payable to suppliers		
c) From parent companies			<i>Receivable within next year</i>	6.317.823	5.640.324
<i>Not Receivable within next year</i>	1.180.000	550.000	9) Accounts payable to subsidiaries companies		
d bis) From Others			<i>Receivable within next year</i>	2.417.098	3.474.183
<i>Not Receivable within next year</i>	20.058	23.748	<i>Not Receivable within next year</i>	7.612.798	7.824.697
Total Investments	66.330.173	49.740.675	10) Accounts payable to affiliated companies		
Total Fixed Assets B.	76.972.216	55.211.235	<i>Receivable within next year</i>	1.354.492	58.892
C. Current Assets			12) Taxes payable		
I Stocks			<i>Receivable within next year</i>	483.890	234.254
4) Finished goods for resale	333.783	284.231	13) Social security		
Total Stock	333.783	284.231	<i>Receivable within next year</i>	334.961	327.997
II Accounts Receivable			14) Other accounts payable		
1) From debtors			<i>Receivable within next year</i>	5.701.401	5.086.652
<i>Receivable within next year</i>	9.026.265	13.080.615	Total accounts payable D.	73.628.827	58.006.046
2) From subsidiaries companies			E. Total accruals and deferred income	755.282	779.926
<i>Receivable within next year</i>	1.441.271	1.079.195	TOTAL LIABILITIES (A+B+C+D+E)	367.431.230	403.674.911
3) From Affiliated Companies					
<i>Receivable within next year</i>	389.293	883.934			
5 bis) Taxes receivable					
<i>Receivable within next year</i>	362.300	343.190			
5 ter) Taxes advance payment					
<i>Receivable within next year</i>	0	33.289			
5 quater) From Others					
<i>Receivable within next year</i>	2.287.816	5.772.918			
Total Accounts Receivable	13.506.945	21.193.141			
IV Liquid Assets					
1) Bank and postal deposits	8.506.865	5.809.739			
2) Cheques	0	296			
3) Cash and cash equivalents	74.716	148.077			
Total Liquid Assets	8.581.581	5.958.112			
Total Current Assets C.	22.422.309	27.435.484			
D. Total prepayments and Accrued income	1.072.992	1.101.645			
TOTAL ASSETS (A+B+C+D)	100.467.517	83.748.364			

INCOME STATEMENT

INCOME STATEMENT	31/12/2020	31/12/2019
A. Revenue		
1) Turnover	53.270.909	32.090.737
2) Inventory change (finished and semi-finis.prod.)	49.552	-13.272
5) Other income	4.601.016	3.571.406
Total Revenue A.	57.921.477	35.648.871
B. Cost of Sale		
6) Raw materials and consumables	-3.331.081	-3.093.672
7) Rendering of services	-44.835.122	-23.118.213
8) Enjoyments of third parties property	-646.750	-621.836
9) Wages		
a) Salaries and wages	-5.463.804	-5.435.416
b) Social security	-1.667.617	-1.589.080
c) Staff severance fund	-341.041	-332.989
d) Provident fund	-23.135	-23.086
e) Other costs for employees	-179.362	-102.042
10) Depreciation and amortisation		
a) Amortisation on intangible assets	-99.928	-51.273
b) Amortisation on tangible assets	-405.415	-369.379
12) Risk reserve	-1.500.000	-2.500.000
14) Other expenses	-904.523	-960.924
Total Cost of Sale B.	-59.357.779	-38.197.910
Difference between Revenues and Expenses (A-B)	-1.436.301	-2.549.039
C. Financial Income and Costs		
15) Income from share in:		
a) Parent companies	80.000	984.322
b) Affiliated companies	3.237.528	2.704.400
e) Other companies	16.503	356
16) Other financial income		
d) Other financial income	465.001	662.407
17) Interest payable and similar costs	-784.427	-859.043
17 Bis) Profit/Loss on exchange rate	227.673	-104.592
Total Financial Income and Costs C.	3.242.278	3.387.850
D. Offsetting Adjustments of Financial Assets		
18) Write-ups:		
19) Write downs:		
Total Offsetting Adjustments of Financial Assets D.	0	0
Result before Taxes (A-B+-C+-D+-E)	1.805.977	838.811
20) Taxes on income for the year	-107.397	-64.745
net profit of the year	1.698.580	773.966



Please find enclosed all additional financial information for Fratelli Cosulich S.p.A.

