

Rothschild & Co Continuation Finance B.V.
Amsterdam, the Netherlands

Financial statements six months ended 30 June 2021

Rothschild & Co Continuation Finance B.V.

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Rothschild & Co Continuation Finance B.V.

Director's report

The director takes pleasure in submitting herewith the report and audited financial statements of Rothschild & Co Continuation Finance B.V. ("the Company") for the six months ended 30 June 2021. The financial statements have been prepared in accordance with generally accepted accounting standards in the Netherlands and applicable Dutch Law.

Overview of activities

The Company's purpose is to act as finance company for the Rothschild & Co Group. It has issued a number of years ago two tranches of Floating Rate Notes of which one tranche in the amount of USD 45,000,000 was repaid in January 2015. The outstanding amount of Floating Rate Notes as at 30 June 2021 amounts to USD 200,000,000 (2020: USD 200,000,000). The proceeds of the notes issue have been lent to companies in the Rothschild & Co Group. The Company has not developed any additional finance activities during this financial year.

Result for the year

The result of the Company during the year under review developed in accordance with expectations given the set interest margin and all costs being borne by companies in the Rothschild & Co Group. The profit after tax was €87,393 (2020: €184,124). COVID-19 did not impact on the company.

Financial instruments

The Company's loan assets and loan liabilities are denominated in the same currency. The interest rates are related meaning that a fixed positive margin applies. Interest payment dates are the same for both asset and liability loans. Therefore the need for financial instruments to cover currency or interest rate exposures does not exist. Hence the Company is not engaged in any financial instruments covering such risks.

Risk management

The principal risk of the Company is credit risk as the proceeds of the notes have been lent to and are guaranteed by companies in the Rothschild & Co Group. The Company is therefore dependent on the Rothschild & Co Group to meet its obligations under the notes. The Group companies continue to be in a position to meet their obligations and COVID-19 is not considered to have materially altered this.

Foreign exchange, market and liquidity risk is not material as the notes and loans are borrowed and lent on substantially the same terms. This ensures the company has minimal risk in line with its risk appetite.

Audit committee

The audit committee function for the Company has been assumed by the audit committee of Rothschild & Co S.C.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Rothschild & Co S.C.A. The Rothschild & Co S.C.A. audit committee meets at least four times a year. It considers the Company's accounts on one of those four occasions. Members of the Rothschild & Co S.C.A. audit committee are:

- Sir Peter Estlin, Chairman
- Mr Gilles Denoyel
- Mrs Suet-Fern Lee
- Ms Arielle Malard de Rothschild
- Mr Sipko Schat

Director's report - continued

Future outlook

A significant change in activities during the remainder of the financial year 2021 is not expected. There is still a risk that the spreading of the Covid-19 virus may have a temporary impact on the economy and therefore potentially on the value and the performance of the Company. However, at this stage and considering the current available extensive vaccination programmes, the possible impact on the reported financial statements becomes more and more a remote possibility which cannot be reliably estimated.

Statement as required under Article 5:25d paragraph 2-c of the Financial Markets Supervision Act

The financial statements provide to the best of my knowledge a true and fair view of the Company's assets and liabilities, financial position, result for the period and give a fair view of the activities and developments of the business during the six months ended 30 June 2021. Material risks, if any, are properly disclosed.

Zaandam, 28 september 2021

M. de Boer

Rothschild & Co Continuation Finance B.V.

Balance sheet as at 30 June 2021 - unaudited

Comparative figures as at 31 December 2020

(Before appropriation of results and expressed in Euros)

		Unaudited 30 June 2021	31 December 2020
Financial Fixed Assets			
Loans to group companies	3	<u>168,670,000</u>	<u>162,860,000</u>
Current Assets			
Interest receivable from Group companies		272,332	289,246
Prepayments and accrued income	4	38,210	98,907
Cash at bank	6	<u>1,775,614</u>	<u>1,656,059</u>
		<u>2,086,155</u>	<u>2,044,212</u>
Current Liabilities			
Interest payable		217,865	236,656
Accrued expenses and deferred income		24,888	35,252
Corporate income tax	5	<u>(15,971)</u>	<u>324</u>
		<u>226,782</u>	<u>272,232</u>
Current Assets less Current Liabilities		<u>1,859,373</u>	<u>1,771,980</u>
Total Assets less Current Liabilities		<u>170,529,373</u>	<u>164,631,980</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>168,670,000</u>	<u>162,860,000</u>
Total Assets less Total Liabilities		<u><u>1,859,373</u></u>	<u><u>1,771,980</u></u>
Shareholders' Equity			
Share capital		18,172	18,172
Other reserves		1,753,808	1,569,683
Unappropriated results		<u>87,393</u>	<u>184,125</u>
		<u><u>1,859,373</u></u>	<u><u>1,771,980</u></u>

The accompanying notes on page 8 - 13 form an integral part of these financial statements

Rothschild & Co Continuation Finance B.V.

Profit and loss account for the six months ended 30 June 2021 - unaudited

Comparative figures for the year ended 31 December 2020

(Before appropriation of results and expressed in Euros)

		Unaudited 30 June 2021	31 December 2020
Financial Income and Expenses			
Interest Income - loans to group companies		548,691	2,698,913
Interest Expense - Floating Rate Notes		<u>(444,028)</u>	<u>(2,477,390)</u>
Net Interest Income		<u>104,663</u>	<u>221,523</u>
Total Financial Income and Expenses		<u>104,663</u>	<u>221,523</u>
Other income	11	31,627	98,262
General and administrative expenses	11	<u>(31,627)</u>	<u>(98,262)</u>
Profit before Taxation		<u>104,663</u>	<u>221,523</u>
Corporate Income tax	5	(17,270)	(37,398)
Profit after Taxation		<u><u>87,393</u></u>	<u><u>184,125</u></u>

The accompanying notes on page 8 - 13 form an integral part of these financial statements

Rothschild & Co Continuation Finance B.V.

Cash flow statement for the six months ended 30 June 2021 - unaudited

Comparative figures for the year ended 31 December 2020

The cash flow statement has been prepared in accordance with the indirect method.

	Unaudited 30 June 2021	31 December 2020
Net result	87,393	184,124
<u>Adjusted for changes in:</u>		
- Prepayments and accrued income	42,811	(17,886)
- Accrued expenses and deferred income	3,759	14,123
	46,570	(3,763)
Cash flow from business operations		
- Interest received	588,240	3,537,206
- Interest paid	(481,690)	(3,310,154)
- Corporate income tax paid	(33,565)	(37,789)
	72,985	189,263
Cash flow from operating activities	119,555	185,500
<u>Movement cash balances during year:</u>		
Cash balances at beginning of period/year	1,656,059	1,470,559
Total cash flow for the period/year	119,555	185,500
Cash balances at end of period/year	1,775,614	1,656,059

Rothschild & Co Continuation Finance B.V.

Notes to the financial statements for the six months ended 30 June 2021

1. General

Rothschild & Co Continuation Finance B.V. ("the Company") was incorporated as private company with limited liability on 15 March 1983. The Company has its statutory seat in Amsterdam. The Company address is Saentoren, Ankersmidplein 2, 1506 CK Zaandam, the Netherlands. The Chamber of Commerce Amsterdam registration number is 24151956. The shareholders of the Company are Rothschild & Co Continuation Finance Holdings Limited, United Kingdom and K Développement S.A., France. The ultimate parent company is Rothschild & Co Concordia SAS registered in France. The principle activity of the Company is to act as a finance company.

2. Basis of presentation and principal accounting principles

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and in accordance with the provisions contained in Title 9, Book 2 of the Dutch Civil Code, the most significant of which are:

(a) **General**

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate and are recognised on an accruals basis.

The valuation principles and method of determining results are the same as the previous year unless noted otherwise.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that influence the application of principles and the reported values of assets and liabilities. There are no significant accounting estimates other than assessing the impairment of the loans and the fair value of the notes and loans which are based on quoted prices.

2. Basis of presentation and principal accounting principles - continued

(b) **Financial instruments**

Financial instruments include investments in shares and bonds, other receivables, cash items, loans and other financing commitments, derivative financial instruments and other payables. These financial statements contain the following financial instruments: financial instruments (financial assets and liabilities), loans and receivables (both purchased and issued) and other financial liabilities.

Fair values are estimated using market prices.

Where not disclosed the fair value approximates the book value.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

- Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account.

- Impairment of financial instruments

The financial fixed assets are assessed at each reporting date as to whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated. The recoverable amount is the higher of value in use and net realisable value. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. Subsequently, at each reporting date, the Company assesses whether there is any indication that an impairment loss that was recorded previously has decreased. If any such indication exists, then the recoverable amount of the relevant asset is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised previously for the relevant asset.

- Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

(c) **Foreign currencies**

The presentation currency of the company is Euro and functional currency USD.

Assets and liabilities denominated in foreign currencies are translated into Euro's at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Euro's at exchange rate in effect on the date of the transactions.

The resulting currency exchange differences are recognised in the profit and loss account. The USD exchange rate at period was 1.19 (31 December 2020: 1.23).

Notes to the financial statements for the six months ended 30 June 2021

2. Basis of presentation and principal accounting principles - continued

- (d) **Assets and liabilities**
Assets and liabilities are shown at face value unless otherwise stated.
- (e) **Recognition of income**
Income and expenses including taxation are recognised and reported on an accruals basis.
- (f) **Corporate income tax**
Corporate income tax is provided for in accordance with the tax ruling conditions previously published by the Dutch Tax Authorities. To comply with these conditions the Company is required to report a minimum amount of taxable income based on the amounts of the outstanding loans. All general and administrative expenses are borne by a Rothschild & Co Group company to ensure this requirement is met.
- (g) **Going Concern**
The financial statements of the Company have been prepared on the basis of the going concern assumption.
- (h) **Cash Flow Statement**
The cash flow statement has been prepared in accordance with the indirect method.
- (i) **Related parties**
All legal entities that can be controlled, jointly controlled or significantly influenced or which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Rothschild & Co Continuation Finance B.V. or the ultimate parent company and close relatives are regarded as related parties.
- (j) **Accounting standards**
There are no changes in accounting standards which have impacted the financial statements.
- (k) **COVID-19**
COVID-19 has not had any material impact on operations or the results for the period.

3. Loans to group companies

The Company has provided loans denominated in USD to two entities of the Rothschild & Co Group. The loans are unsecured. They carry interest at 1/8% above the interest rate applying to the corresponding Floating Rate Notes (see note 7). The interest rates are reset biannually. The interest payable by N.M. Rothschild & Sons Limited is subject to dividend payment or declaration by the borrower. This replicates the terms of the Floating Rate Notes issued by the Company. The loans are repayable on dates corresponding to the repayment dates of the Floating Rate Notes. Credit risk arising from the exposure to the group companies has been considered by the Company in accordance with Dutch GAAP RJ 290. There are no indications of impairment and the fair value of the loans to group companies is not expected to deviate significantly from the fair value of the Floating Rate Notes issued by the Company, as set out in note 7.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
Rothschild & Co Continuation Holdings AG	undated	USD	100,000,000
N.M. Rothschild & Sons Ltd.	undated	USD	100,000,000

Rothschild & Co Continuation Finance B.V.

Notes to the financial statements for the six months ended 30 June 2021

3. Loans to group companies - continued

Movements during the year comprise of:	Unaudited 30 June 2021 EUR	31 December 2020 EUR
Balance long term receivables at beginning of the period/year	162,860,000	178,348,000
Exchange differences during the period/year	5,810,000	(15,488,000)
Balance long term receivables at end of the period/year	<u>168,670,000</u>	<u>162,860,000</u>

4. Prepayments and accrued income

The Company recharges all general and administrative expenses to a group company.

At the date of the balance sheet prepayments and accrued income comprise of:

	Unaudited 30 June 2021 EUR	31 December 2020 EUR
Recharged expenses to Group company	31,627	98,263
Receivable VAT	6,583	644
Other	-	-
Balance at end of the period/year (all under 1 year)	<u>38,210</u>	<u>98,907</u>

5. Corporate income tax

The Company reports taxable income in accordance with previous ruling policy involving a minimum amount of taxable interest income. To comply with this policy the Company recharges all its general and administrative expenses to a group company. During the year the Company received a provisional tax assessment in relation to the current financial year.

Corporate income tax is due at the statutory rate of 16.5%, any taxable income in excess of EUR 200,000 is subject to corporate income tax at the rate of 25%.

The effective tax rate is 17% (2020: 19%).

6. Cash at bank

An amount of EUR 79 of cash at bank is denominated in US dollars (year ended 31 December 2020: EUR 101). All other balances are denominated in Euro's. At period end the Company had not invested an amount in an interest bearing account (year ended 31 December 2020: nil). All balances are available on demand and at free disposal of the Company.

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Notes to the financial statements for the six months ended 30 June 2021

7. Floating Rate Notes

The Company has in issue USD denominated Floating Rate Notes. The Floating Rate Notes carry interest at six month Libor for USD deposits plus 1/4% (2021 0.5%, 2020 0.75%). The notes are guaranteed by Rothschild & Co Continuation Limited on a subordinated basis. The notes amount to USD 200,000,000 and do not have a fixed repayment date. The Company may on any interest payment date redeem some or all of the USD 200,000,000 Floating Rate Notes provided it has given not more than 45 days' nor less than 30 days' notice to the Noteholders.

The notes are listed on the Luxembourg Stock Exchange with the price at 30 June 2021 of USD 0.87393 (2020: USD 0.7804) per USD 1.

Details are as follows:

<u>Maturity</u>	<u>Principal</u>	
Undated, more than 1 year	USD	200,000,000
	Unaudited	
Movements during the year comprise of:	30 June 2021	31 December 2020
	<u>EUR</u>	<u>EUR</u>
Balance of long term Notes at beginning of the year	162,860,000	178,348,000
Exchange differences during the year	5,810,000	(15,488,000)
Balance of long term Notes at end of the year	<u>168,670,000</u>	<u>162,860,000</u>

8. Shareholders' equity

The issued share capital amounts to Euro 18,172 consisting of 2,200 shares of Euro 8.26 each at 30 June 2021 and 31 December 2020.

Details of shareholders' equity are as follows:

	Unaudited	
	30 June 2021	31 December 2020
	<u>EUR</u>	<u>EUR</u>
Share capital at beginning and end of the period/year	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of the period/year	1,569,684	1,387,731
Transfer from unappropriated results	184,125	181,953
Other reserves earnings at end of the period/year	<u>1,753,808</u>	<u>1,569,684</u>
Unappropriated results at beginning of the period/year	184,125	181,953
Profit for the period/year	87,393	184,125
Transfer to other reserves	(184,125)	(181,953)
Unappropriated results at end of the period/year	<u>87,393</u>	<u>184,125</u>
Total shareholders' equity	<u>1,859,373</u>	<u>1,771,980</u>

Management proposes that all profit will be appropriated to reserves.

Rothschild & Co Continuation Finance B.V.

Notes to the financial statements for the six months ended 30 June 2021

9. Directors

The Company has one director (year ended 31 December 2020: one) who did not receive any remuneration during the period under review (remuneration year ended 31 December 2020: nil).

The Company does not have any supervisory directors (year ended 31 December 2020: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 December 2020: nil). Hence it has not incurred any salary or related social security and pension costs during the period (year ended 31 December 2020: nil).

11. General and administrative expenses

The Company recharges all general and administrative expenses to a group company. The amount recharged was € 31,627 (2020: € 98,262). Audit costs were included in this recharge.

12. Audit fees

The fees paid to auditors are recognised on an accruals basis and the amounts are € 9,600 to Mazars Accountants N.V. (2020: € 25,200). There are no non-audit fees.

13. Subsequent events

There are no subsequent events.

14. Risk management

The Company is exposed to a variety of financial risks through its activity as a finance company for the Rothschild & Co Group. These include credit, foreign currency, interest rate and liquidity which are managed via the structure of the companies activities.

The principal risk of the Company is credit risk as the proceeds of the notes have been lent to and are guaranteed by companies in the Rothschild & Co Group. The Company is therefore dependent on the Rothschild & Co Group to meet its obligations under the notes. The Group companies continue to be in a position to meet their obligations and COVID-19 is not considered to have materially altered this.

Foreign currency, interest rate and liquidity risk is not material as the notes and loans are borrowed and lent on substantially the same terms. This ensures the company has minimal risk in line with its risk appetite.

The Company manages net equity as capital and given its activity as a Group finance company, with the notes guaranteed, the capital is deemed sufficient. It does not have regulatory capital requirements.

Rothschild & Co Continuation Finance B.V.

Other information

Statutory arrangements in respect of profit distribution

Under Dutch Civil Law, no dividends can be declared until all losses have been recovered. Subject to this the profits are at the disposal of the shareholders.