OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Fugro N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2019 of Fugro N.V., based in Leidschendam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Fugro N.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2019.
- The following statements for 2019: the consolidated statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2019.
- The company income statement for 2019.
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Fugro N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

OUR AUDIT APPROACH

Our understanding of the business

The Fugro group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We started by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 10.0 million (2018: € 10.0 million)
Benchmark applied	Approximately 0.6% of revenue (2018: approximately 0.6% of revenue)
Explanation	We have applied this benchmark based on our professional judgment and taken into account the users of the financial statements. Earnings based measures are not considered to be appropriate benchmarks, given their volatility over the years.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 0.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.
Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 to the financial statements.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes and performing substantive tests of details of account balances and disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern. We make reference to our key audit matter 'Availability of financing and compliance with debt covenant requirements' for more details.

Scope of the group audit

Fugro N.V. is at the head of a group of entities. Our group audit mainly focused on group entities that are either significant based on their size or risk relative to the consolidated financial statements. All entities exceeding 1.5% of revenues are included within our audit scope. We used the work of other EY member firms when auditing entities outside the Netherlands. We performed audit procedures ourselves at certain group entities located in the Netherlands and performed analytical review procedures at group entities without an audit scope.

The procedures performed for group entities with an audit scope represent 74% of revenue and 75% of total assets. By performing the procedures mentioned above over group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of Fugro. We included in the audit specialists in the areas of IT, forensics, treasury, share based payments, income tax, pensions and business valuations.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Four out of six key audit matters are consistent with prior year. The key audit matters related to accounting for the Group's interest in Seabed Geosolutions and the change in segmentation and allocation of goodwill to groups of CGU's are new considering developments on these topics. In prior year, we reported a key audit matter related to the impact of IFRS 16. As the number of changes in the lease register are limited in 2019, it no longer is a key matter to our audit.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Availability of financing and compliance with debt covenant requirements (see note 28)

Description	Fugro's financing arrangements, including the multicurrency revolving credit facility and two leased geotechnical vessels, contain certain financial covenant requirements as described in note 28.6. Continued compliance with debt covenant requirements is a key element of management's assessment of the use of the going concern assumption. In February 2019, an amendment of the solvency covenant requirement was agreed for the multicurrency revolving credit facility and the two leased geotechnical vessels, adjusting the requirement to >27.5% instead of >33.33%. In May 2019, the maturity date of the multicurrency revolving credit facility was extended from December 2020 to May 2021. Fugro complied with its debt covenant requirements as at 31 December 2019 and management concluded that forecasts and assessments of the covenant requirements for the next year present sufficient headroom in connection with the going concern assessment.
Our audit approach	We analysed Fugro's financing arrangements as part of our audit, which included the evaluation of compliance with the debt covenant requirements. For the verification of the forecasted covenant calculations for the next year, as part of our evaluation of management's assessment of the going concern assumption, we evaluated the 2020 financial forecast as approved by management, the solidity of the financial forecast preparation process, the reasonability of the 2020 forecasts at the level of individual entities as well as at corporate level and performed an assessment of the historical accuracy of management's estimates through retrospective review. Our assessment also included covenant sensitivity analyses as well as stress-testing. We assessed the adequacy of the disclosures included in note 28.6 of the consolidated financial statements.
Key observations	We agree with the covenant calculations as per 31 December 2019 as well as management's conclusion that the use of the going concern assumption is appropriate. We concluded the disclosures in the consolidated financial statements to be proportionate and in accordance with EU-IFRS.

Accounting for the Group's interest in Seabed Geosolutions (see notes 6 and 27)

Description	During 2019, Fugro announced that it has stepped up its efforts to divest Seabed Geosolutions. As of 30 June 2019, management concluded it was highly probable that the planned divestment would materialize within a year. Consequently, assets and liabilities of Seabed Geosolutions were classified as held-for-sale and considering the activities represent a separate major line of business, the disposal group was reported as discontinued operation. As the carrying amount exceeded the recoverable amount, a goodwill impairment loss of EUR 61.4 million was recorded. On 30 December 2019, Fugro became the sole shareholder of Seabed Geosolutions, acquiring CGG's 40% shareholding and receiving a cash payment of USD 35 million from CGG. As part of this transaction, the joint venture agreement between Fugro and CGG was terminated which also included settlements of pre-existing relationships. At 31 December 2019, supported by external valuation specialists, Fugro re-assessed the recoverable amount of Seabed Geosolutions and concluded it was below the recorded carrying amount. As a result an additional impairment of EUR 14.8 million was recorded.
Our audit approach	Our audit procedures included verification of appropriateness of the likelihood of a successful disposal of Seabed Geosolutions within the next 6 months as well as verification of appropriate estimation of the recoverable amount. We performed enquiries with the Company's advisors involved in the divestment process as well as with advisors involved in the valuation exercise. We assessed appropriateness of the assumption that there is a high probability of a successful disposal of Seabed Geosolutions within the next 6 months. We also assessed appropriateness of the model, input and assumptions applied in determining the recoverable amount. The latter assessment also included support of independent EY valuation experts. Additionally, we verified appropriate accounting for the acquisition of CGG's 40% shareholding based on the underlying termination agreement and related documentation. We also verified that Fugro appropriately evaluated whether the acquisition of CGG's 40% shareholding would require further impairment of Seabed Geosolutions' assets.

Key observations	We conclude that Fugro appropriately accounted for the acquisition of CGG's 40% shareholding in Seabed Geosolutions as an equity transaction and settlement of pre-existing relationships. We concur with the Seabed Geosolutions' classification as held-for-sale and discontinued operations as of 31 December 2019 and we concluded the assumptions underlying the recoverable amount fell within an acceptable range. We concluded the disclosures in the consolidated financial statements being proportionate and in accordance with EU-IFRS.

Sensitivities and estimates with respect to the valuation of goodwill, vessels and right-of-use assets (see notes 17, 18 and 19)

Description	At 31 December 2019, goodwill, vessels, right-of-use assets and goodwill amount to, respectively, € 268.0 million, € 330.6 million and € 160.5 million, together amounting to approximately 37% of total assets. Management performed the annual impairment tests for goodwill and evaluated property, plant and equipment and right-of-use assets with significant net book values for indicators of impairment. The annual impairment tests for goodwill carried out by management are complex and require significant management judgement. The recoverable amounts of groups of cash-generating units (CGUs) with allocated goodwill have been determined based on value in use calculations. Value in use was determined by discounting the expected future cash flows from continuing use of the CGU's. Cash flows in the first year of the forecast are based on management's approved 2020 financial forecast. The cash flows for the following four years are made explicit and a long term growth rate is assumed for the remaining period. These impairment tests resulted in €0.6 million impairment of property, plant and equipment and no impairment of right-of-use assets and goodwill.
Our audit approach	Our audit procedures included an assessment of the historical accuracy of management's estimates through retrospective review, evaluating and testing the assumptions, methodologies, discount rates and other data used by the company, for example by comparing them to external data. This assessment included support of EY valuation experts. We evaluated the 2020 financial forecast, the solidity of the financial forecast preparation process and the reasonability of the 2020 forecasts at the level of individual entities as well as at corporate level. Furthermore, we evaluated management's outlook in the explicit period, in particular around forecasted revenues, EBITDAs and capital expenditures, as well as the long term growth rate. Our assessment also included sensitivity analyses. We assessed the adequacy of the disclosures included in notes 17, 18 and 19 of the consolidated financial statements including those assumptions to which the outcome of the impairment test is most sensitive.
Key observations	We concluded the assumptions relating to the impairment models to fall within acceptable ranges and we agree with management's conclusions. Furthermore, we concluded that the disclosures in the consolidated financial statements are proportionate and in accordance with EU-IFRS.

Revenue recognition, project accounting and valuation with respect to unbilled revenue on (completed) projects and trade receivables (see note 7 and 23)

Description	The project revenue recognition process, including determining the appropriate cut-off of revenues, involves management estimates. The valuation of unbilled revenue on (completed) projects is affected by subjective elements including estimated costs to complete and projected revenue, whether impacted by additional/reduced services, project progress or (potential) disputes.
Our audit approach	Our audit included evaluation of internal controls with respect to project management, project accounting and the project results estimation process. In addition, we performed substantive audit procedures relating to contractual terms and conditions, revenues and costs incurred, including local representatives' fees, and disputes or potential disputes. For individually significant projects, we performed testing procedures, such as substantiating transactions with underlying documentation, including contracts and third party correspondence, to obtain evidence for the accuracy and recoverability of unbilled revenue on (completed) projects and trade receivables. We made enquiries with project controllers, inspected contracts and underlying documentation, tested the project progress, forecasts and appropriateness of the (planned) result and verified whether the project status has been appropriately reflected in the consolidated financial statements. We assessed the adequacy of the disclosures included in note 7 'Revenue'.
Key observations	We conclude that Fugro appropriately recognised unbilled revenue on (completed) projects and trade receivables as at 31 December 2019 and revenue for the year then ended. We concluded the disclosures in the consolidated financial statements are proportionate and in accordance with EU-IFRS.

Estimates in respect of deferred tax assets (see note 16)

Description	The Group's results on operations are subject to income taxes in various jurisdictions. Due to reported losses since 2014, Fugro has significant tax loss carry forwards available. For part of these tax loss carry forwards, deferred tax assets were recognised. The assessment process of recoverability of deferred tax assets involves a high degree of judgement. As at 31 December 2019, recognized deferred tax assets amount to €50.5 million.
Our audit approach	Our audit procedures included amongst others an assessment of the historical accuracy of management's estimates through retrospective review, analyses of tax positions and the effective tax rate reconciliation. We involved specialists for the audit of the amounts recognized in the statement of comprehensive income and assessment of judgmental (deferred) tax positions. For tax positions where management's assumptions are used to determine the probability that deferred tax assets recognized in the statement of financial position will be recovered through taxable income in future years and available tax planning strategies, we evaluated the 2020 financial forecast, the solidity of the financial forecast preparation process and the reasonability of the 2020 forecasts at the level of individual jurisdictions. Also, we evaluated the projected developments after 2020 and reasonability of expectations and assumptions. We also assessed the adequacy of the disclosure in note 16 of the consolidated financial statements.
Key observations	We concluded that management's judgements in relation to the recognition and measurement of deferred tax assets are appropriate. We concluded the disclosures in the consolidated financial statements are proportionate and in accordance with EU-IFRS.

Changes in internal reporting structure resulting in a change in reporting segments and allocation of goodwill to groups of CGUs (see note 5)

Description	As from May 2019, Fugro changed its senior management model from a divisional to a regional structure and the internal financial reporting structure was updated accordingly. In the new structure, the land and marine divisions changed to four regions, while the Geoscience segment now fully consists of Seabed Geosolutions. Following the implementation of the management and internal reporting structure, Fugro performed a reassessment of its reporting segments in accordance with IFRS 8 and concluded that the reporting segments are Europe-Africa, Middle East and India, Asia-Pacific, Americas and Geoscience. Further, Fugro concluded that goodwill previously allocated to land and marine should be re-allocated to the four regions. Since no other basis for reallocation of goodwill was more appropriate, Fugro has reallocated goodwill based on the 'relative value approach'. This approach requires reallocation of goodwill based on the relative recoverable amount of the respective groups of CGUs.
Our audit approach	Our audit procedures included evaluating Fugro's assessment of the impact of the restructuring on reporting segments and on groups of CGUs to which goodwill is allocated. As part of our evaluation of the appropriateness of the impact assessment in accordance with EU-IFRS, we assessed the appropriateness of the identification of the Chief Operating Decision Maker in accordance with IFRS 8 and we verified that Fugro's conclusions are consistent with management information, including monthly and quarterly management reports, as well as our general knowledge and experience as auditor of Fugro. Additionally, for the re-allocation of goodwill to groups of CGUs, we analysed whether the reallocation of goodwill would trigger impairments, noting that the risk of impairment increased due to disaggregation. In accordance with the relative value approach Fugro made calculations of the recoverable amount for each region. These calculations were assessed by us and we verified consistency with assumptions and expectations applied in most recent goodwill impairment test noting no exceptions.
Key observations	We concluded that Fugro has appropriately reassessed its operating segments in accordance with EU-IFRS and we concur with management's conclusion that the operating segments are Europe-Africa, Middle East and India, Asia-Pacific, Americas and Geoscience. We concluded that Fugro appropriately reallocated goodwill previously allocated to land and marine to groups of CGUs, being Europe-Africa, Middle East and India, Asia-Pacific and Americas. We concluded the disclosures in the consolidated financial statements are proportionate and in accordance with EU-IFRS.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the reports of the board of management and the supervisory board, the remuneration report and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement
We were engaged by the supervisory board as auditor of Fugro N.V. on 7 December 2015, as of the audit for the year 2016 and have operated as statutory auditor since that financial year.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided
In addition to the statutory audit of the financial statements we provided the following services:
- Review of interim financial statements of a Dutch subsidiary of Fugro N.V.
- Agreed-upon procedures in connection with legal ownership of certain subsidiaries of Fugro N.V.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The section Our audit approach includes a summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicated with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 18 February 2020

Ernst & Young Accountants LLP

signed by A.A. van Eimeren

STATUTORY PROVISIONS REGARDING THE APPROPRIATION OF NET RESULT

The provisions regarding the appropriation of profit are contained in article 36 of the Articles of Association of Fugro and, as far as relevant, read as follows:

36.2 a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.

b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3 a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 – 8 years', calculated and determined in the manner as described hereinafter.

b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or preceding the day on which the dividend percentage is adjusted, increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 to 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 to 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the annual general meeting either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.