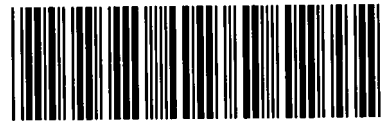


CONCORD

# Annual Report 2020

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Concord Resources Limited



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## **Strategic report**

The Strategic Report, Directors' Report and financial statements are presented for the year ended 31 December 2020 (prior period comparatives for the year ended 31 December 2019).

### **Business Review**

Concord is a global resources merchant, trader and investor focused primarily on the trading and risk management of non-ferrous metals and associated raw materials markets. Concord offers its services to global producers and consumers of commodities along the supply chains to provide committed purchasing and sales, risk management and financing. Concord is active across the metal markets from refined metal products, alloys to raw materials and concentrates. This activity covers global markets including, but not limited to, copper, aluminium, zinc, lead, nickel, precious metals, as well as some speciality metals and ores. Concord employs skilled and experienced marketers, traders and operations teams to maintain relationships with our partners, suppliers and customers globally, while covering global markets and diligently managing global physical operations. Concord adds value by using commodity contracts, inventories, balance sheet, market knowledge and contacts to provide a reliable service to miners, smelters, financiers, and industrial companies seeking an intermediary for the sale and purchase of commodity products.

Concord provides services such as physical commodity product marketing, committed asset production off-take, commodity supply, inventory management, logistics organization and project development and financing across the metals producing and consuming industries. Concord is active with customers in prompt market arrangements out to multi-year structured contracts. The global metals markets are businesses sensitive to the global business activity in numerous industries, including automotive, aerospace, consumer products, steel, construction and infrastructure. Concord serves its customers from its headquarters in London, and principal marketing offices in New York and Hong Kong, while also maintaining a network of representatives and agents in South America, Europe, Asia and Australia. Concord also makes investments in companies, assets and metal markets utilising its primary research to express market views on evolving industry dynamics. Concord moves substantial volumes of commodity products every month using ocean vessels, barges, railroads and trucks to customers around the world. Concord is an active participant in investing in, and trading on the global metal markets.

Concord is a shareholder in New Day Aluminum Holdings LLC, a U.S. based holding company owning the Noranda Alumina refinery in Gramercy, Louisiana, the St. Ann Bauxite Mines in Jamaica, and Arc Fused Alumina in France. Concord purchases and sells all of Noranda's smelter grade alumina to the Century Aluminium Company, while the third-party bauxite sales and chemical alumina sales provide a diverse revenue stream and customer base to the commodity alumina markets. Concord has further equity investments in Sienna Metals (a cobalt investment company), and Nevada Copper, a growing producer of copper in the United States, and early stage investments in technology companies aligned with the industry in which we operate.

Concord aims to achieve consistent above average industry profitability and corresponding annual growth in book value per share for our investors by being a different entrepreneurial risk-taking group. Concord believes it has an independent, entrepreneurial, team culture that is responsive to customer marketing needs and trading opportunities in the global commodities markets while also operating within an organized, professional and disciplined risk management structure.

Concord successfully concluded its fifth year of operation with business transactions in 39 countries and delivered over 3.9 million tons to over 300 unique customers.

### **Performance**

Concord had a slight growth in revenues and a contraction in its profits for 2020 compared to the prior year. The Group had revenues of US\$4.28 billion (bn) and a gross profit of US\$68.4 million (m) from business activities in the year to 31 December 2020 (2019: US\$4.30bn and US\$107.2m respectively). This represents a gross profit margin of 1.6%. Profit before tax, management incentive compensation and a required non-cash accounting interest expense on redeemable shares was US\$28.8m, a decrease of 49% (2019: US\$56.5m), with reported adjusted profit before tax excluding an adjustment in respect of prior years for management incentive compensation of US\$19.3m (2019: US\$34.8m). The reported profit before tax for the year was US\$16.3m (2019: US\$34.8m). These results represent a 11.6% (2019: 26.0%) return on average paid-in shareholder capital over the course of the period before tax and adjusting for earned management incentive compensation and a non-cash interest expense on redeemable equity shares, as reported in our financial statements as required by International Financial Reporting Standards (IFRS) for those securities. The balance sheet ended 2020 with US\$1,657m (2019: US\$1,435m) of assets supported by

## **Strategic report (continued)**

### **Performance (continued)**

US\$1,060m (2019: US\$945m) of normal course of business commodity and trade financing from various international financial institutions.

As a result of the COVID-19 pandemic, 2020 was a year of significant volatility in the global economy. Nearly unprecedented uncertainty descended over the economy, and commodity markets in the first and second quarters of the year. Concord took an appropriately defensive stance in its operations by limiting risk and serving its global customer base with reliable commodity purchases and sales throughout the pandemic. Despite the significant initial challenges caused by government orders for border closures, public health orders and capacity constraints in logistics, markets and financing that were a general feature of world trade in 2020, the Concord team adapted to maintain a professional and reliable service to meet all its commitments to suppliers, customers, and financiers, while observing necessary work from home orders around the world. Unfortunate events in commodity markets, including the exposure of several sub-standard companies' financial malfeasance and operational practices, heightened general concerns around commodity related financing. Significant Concord management work was invested with key banking partners to transparently update them on Concord's customer base, trading and business progress throughout the year, which resulted in the strong, and appreciated, commercial financing of Concord's daily global merchant business. Commodity demand quickly recovered through the second quarter and kicked off a robust recovery in resource prices as demand from Asia led a trend that soon followed in Europe, and the United States. Consumer demand for many goods that use metal products was bolstered by government stimulus and rebounding confidence. Concord began to view the global situation more favourably and was able to benefit from rebounding metal prices, active arbitrages for aluminium and copper around the world and strong spot business with global customers.

Metal markets ended 2020 firm and are setting positive trends that are recognising the positive supply and demand dynamics for various markets that have low historical visible inventory levels, low supply growth and emerging demand from technology, government initiatives and consumer demand. Concord expects that it will see interesting opportunities evolve from metal volatility, customer demand and opportunities resulting from our reputation and position in the global metals markets. Key risks to the outlook rest on a continued global coordinate government and central bank support for regaining lost economic ground.

### **Sustainability**

2020 brought an accelerated focus on environmental, social and governance ("ESG") performance in the commodities sector, with a clear focus on metals. Demand for copper, cobalt, aluminium and zinc has been supported by an increase in renewable projects and government proposals around the globe. Concord is well positioned to serve our customers and play an active role in supporting the green economy. A corporate social responsibility program was established this year, focusing on causes and regions reflective of the business areas in which we operate. Our first donation was to the front-line workers of the Australian Wild Fires earlier this year, the NSW Rural Fire Service. We endeavour to continue this work as an integral part of our global corporate presence. Concord continued to practice responsible sourcing of materials, focusing our supply chain. In 2020, we made an investment in Carbon Chain, a platform which enables companies to measure their GHG emissions throughout their supply chains. We also became a member of the ASI, a global non-profit with the purpose of setting sustainable standards throughout the aluminium industry. Concord continues to work closely with our stakeholders, financial institutions and 3rd parties to ensure we meet their ESG standards and explore initiatives that can take us beyond the expectations in our industry.

### **Principal Risks and Uncertainties**

As a global commodity merchant trader, Concord is exposed to various risks relating to commodity price fluctuations, as well as macro, credit and political risks. Concord operates in an intensely competitive industry where risk management is a daily component of successful day-to-day business. Some elements of Concord's business require constant real-time management inputs, analysis and assessments. Concord considers that it has an experienced senior management team that has invested in research and created a global network of customers, suppliers and relationships that form the basis for thoughtful decision making within the risk framework of the group.

The risk management framework has been designed to support the opportunistic nature of the business which requires responsive flexibility and appropriate risk appetite, whilst ensuring protective financial and capital risk management.

Concord believes that a global portfolio of refined metals and raw material products traded across different geographies, customer industries and liquidity profiles, as well as derivative hedges and trades, provides adequate business risk diversification and the opportunity to somewhat mitigate risks encountered by our business activities.

## Strategic report (continued)

### Principal Risks and Uncertainties (continued)

Key areas of risk covered by governance and management processes include the following:

#### Commodity Price Risk

Concord manages price risk in relation to inventory and forward priced sales and purchase contracts primarily through product listed commodity exchanges and, to a limited extent, “over the counter” (OTC) transactions. Basis risk management (metal location premiums and concentrates treatment and refining charges) is a key focus for Concord management as the hedging instruments available do not always perfectly mitigate the underlying price risk of the commodity. Basis risk loss is subject to an absolute limit for each metal complex and in aggregate across all metals. Concord is active in arbitraging listed metals exchange contracts and physical location premiums. Concord management strictly controls the transactional limits and market risk execution of such activities.

Price risk on long dated contracts is continuously monitored by Concord management and is mitigated by offsetting physical contracts, futures and, where appropriate, futures for similar products where price correlation is high.

#### Currency Risk

Concord's functional currency is United States Dollars (USD) and transactions denominated in currencies other than USD may be actively hedged using foreign exchange (FX) forward and swap contracts to mitigate the risk of loss from movement in exchange rates. Debt financing transactions are predominately denominated in USD and EUR and the exit market for the key commodities Concord trades in is USD.

#### Value at Risk (VaR)

The average daily VaR (95% confidence interval) of the business is monitored by an independent third-party risk analysis provider for the group.

#### Credit Risk

Credit risk is managed and reviewed on an ongoing basis for both trading counterparties and institutional counterparties using an internal proprietary credit scoring process which utilises public information, and where applicable, information provided by the credit counterparty. Financial assets which expose Concord to credit risk include cash and cash equivalents, receivables, prepayments, short-term loan receivables and derivative instruments. Cash and cash equivalents are placed on overnight deposit as well as invested in money market funds with a group of highly credit rated financial institutions. Receivables and prepayment credit risk is mitigated through a conservative risk management policy that limits exposure to lower rated counterparties.

Concord's policy is to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, where applicable.

#### Interest Rate Risk

The risks associated with market interest rate movements are currently related to secured and unsecured financing facilities. These floating rate debt facilities include either a margin linked to US dollar LIBOR or EURIBOR plus a fixed premium or a floating internal charge for the financial institution plus a fixed premium. Interest rate risk is predominately hedged through matching, as much as possible, the floating element of financing charges to customers against the financing liability.

#### Liquidity Risk

A conservative liquidity risk management policy ensures that Concord has adequate cash and cash equivalents to meet payments when due and can finance ongoing and potential commitments through secured and unsecured debt funding as required. The current minimum liquidity level is set at a defined percentage of group equity and is monitored daily. Concord actively reviews its capital position to ensure future investments and trade flows can be supported with enough headroom, in particular in the event of commodity price fluctuations.

#### Contract Performance Risk

Concord manages contract performance risk through a credit risk management process. Potential future exposures to credit risk through physical sale (receivables) and purchase contracts (payments) are modelled to ensure credit limits are not breached and current fair value exposures are included in the review of credit limits by counterparty.

## Strategic report (continued)

### Principal Risks and Uncertainties (continued)

#### Operational Risk

Operational risk management includes political and geographic risk management, insurance management, and the assessment of third-party service providers, including ocean carriers, warehouse operators, logistics providers and suppliers, by designated executives of the group. Concord conducts regular reviews of its service providers and actively avoids doing business with companies or service providers that are believed not to meet certain standards.

Other key risk areas covered by governance and management processes include regulatory, anti-bribery and corruption. Concord is a proud signatory to the UN Global Compact and is committed to acting ethically and with integrity in its business dealings and relationships throughout the world and to implementing controls to safeguard against conduct that is contrary to the tenets of the UN Global Compact, whether taking place within the business or in any of our supply chains. Concord's Code of Conduct (which is displayed on Concord's website) sets out some of the key standards and principles by which Concord conducts itself and expects its counterparties to conduct themselves. It is considered a robust standard by many Concord counterparties. It is key to our culture that we hold ourselves to a high standard and we expect our counterparties to meet those standards as well.

In addition to its Code of Conduct, Concord has a detailed and robust set of governance and compliance policies and procedures which set out the enduring ethics and principles which all Concord directors, staff, agents and consultants are required to observe. Concord's business touches many stakeholders - our success and reputation are founded on the trust and confidence that our actions generate in those we have dealings with. Earning and maintaining that trust is not taken lightly and working responsibly and engaging openly is fundamental to our future success.

Concord is operating in a world of increased (and increasing) legal, regulatory and compliance regimes. We continue to monitor and address these challenges by assessing and updating our policies and procedures and with bespoke staff training. We are aware that the world is in a transitional phase, both as it begins to recover from the Covid-19 pandemic but also as it looks to achieve a more sustainable energy mix. We believe Concord is well placed to play its part in efficiently and responsibly supplying the vital commodities that will be required for this transition. Environmental, social and corporate governance considerations are high on the agenda for our shareholders, our trading partners and our finance providers and Concord is actively looking at how we can deliver on these initiatives for our stakeholders. Concord has an opportunity to lay the ground-work now and to develop a track-record for adherence to the criteria that we value and want to promote through the Concord culture.

By order of the board



**Mark Hansen**  
CEO & Executive Director

9 April 2021

## **Directors' report**

### **Directors' liabilities and indemnities**

Directors and officers of Concord Resources Limited and its subsidiaries are covered by directors & officer's liability insurance.

### **Proposed dividend**

No dividends have been proposed for the year ended 31 December 2020.

### **Directors**

The directors who held office during the year were as follows:

Mark Hansen  
Andrew William Reid  
Andreas Peter Joseph Schmitz

### **Going Concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. The uncertainty presented by the ongoing Covid-19 pandemic has been considered from a going concern perspective including the impact of current and potential future lockdowns, near term low economic growth and potential associated counterparty risk on the financial position of the business.

The directors have assessed that they have, at the time of approving the financial statements, a reasonable expectation that Concord has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. At 31 December 2020, Concord had net current assets of US\$294.7m (2019: US\$266.1m) and net cash and cash equivalents of US\$62.6m (2019: US\$60.2m). For the year ended 31 December 2020 operating cash outflows of US\$108.4m (2019: outflows US\$196.7m) were offset by inflows from trade finance facilities of US\$118.2m (2019: inflows of US\$210.8m) to give a net inflow of US\$9.8m for the year (2019: net inflow of US\$14.2m). At the date of the approval of the accounts Concord has US\$1.6bn of available, secured financing facilities of which US\$1.1bn are being utilised.

In this assessment, the directors have considered Concord's financial and operational position and in particular committed sales volumes, credit risk of key counterparties, liquidity, and covenants, as well as the funds and available financing facilities as at the date of signing of the financial statements and for the next 12 months. In the assessment of credit and contract performance risk, the directors have considered the credit risk management policy as described in the Strategic Report on page 1 and Concord's policy to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, will continue throughout the assessment period.

As the facilities (both committed and uncommitted) are renewed on an annual basis, there is a potential risk that these could be partially or fully withdrawn (or not renewed) by one or more of the 18 lenders during the going concern assessment period. The Board does not consider this to be a reasonable and plausible downside, not least because it continues to operate well within any of the associated covenants, and has mitigated this risk through the portfolio of lenders it transacts with and the active dialogue the Board maintains with its financing partners. However, given that the actions of each of the lenders are outside the direct control of the Board, sufficient liquidity is retained in the business to close out commodity positions in an orderly manner to enable the company to remain cash flow positive should this remote event occur.

As part of this assessment, the directors have considered reasonable possible downsides, including the potential impact from further economic disruptions expected due to the Coronavirus Covid-19 pandemic whilst taking into consideration the company's performance during the Covid-19 pandemic period. Concord has not drawn down on any UK government backed Covid-19 financing facilities during the course of the Covid-19 pandemic or furloughed any staff members. Concord's core merchant business has remained largely uninterrupted due to the Covid-19 pandemic and whilst new business opportunities have been slightly impacted, existing and repeat business has continued. Concord's diversified and opportunistic business model which requires responsive flexibility and appropriate risk appetite is designed to be able to position and size itself accordingly and quickly to meet changing refined metal and associated raw material market conditions.

## Directors' report (*continued*)

### Going Concern (*continued*)

As such in the event demand reduces for certain commodity products and Concord's services as a result of the Coronavirus Covid-19 pandemic, the directors are confident that Concord can appropriately adapt its operations to allow it to operate within its available financing facilities and the related covenants.

Therefore, the directors are confident that Concord will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

### Section 172 Statement

Under the section 172 of the Companies Act 2006, directors duties are to promote the success of the company. The company directors are aware that this duty extends to all the stakeholders of the company and how the consequences of any decisions they make could impact the members of the company in the long term.

In this statement, we will explore the key areas identified under section 172 of the Companies Act 2006 and how the concord directors have endeavoured to ensure success is shared amongst our shareholders, our employees, our stakeholders and actively considers the impact of the company's operations on the community and environment.

#### 1. Our Shareholders

Concord's management frequently engage with the shareholders of the company's parent entity Concord Resources Holdings Limited ("CRHL"). Each month, the shareholders are sent the CRHL's shareholder report, disclosing the monthly results, a detailed commentary from the CEO of business advances and any meaningful developments in the industry which can impact the company. In this monthly email, the shareholders are invited to raise any questions or concerns they may have with the Management team. Every quarter, certain shareholders are sent the quarterly financial results and every year all shareholders receive the audited annual report. This year, an investor portal was established directly with the CRHL's legal secretary, which is available for all shareholders of CRHL to access. On the portal, they are able to access financial information about CRHL and they can also access their own shareholding information and agreements. In the course of 2020, the shareholders were paid a dividend at two intervals and were also offered the option to sell a percentage of their shareholding back to CRHL. During the buyback and dividend disbursement process all shareholders are able to contact the Concord Management team and the legal secretary with any queries. Concord holds quarterly board meetings in which the board members are reminded of their duties under Section 172. It is also important to note that the majority of board members of CRHL are themselves shareholders with greater than 70% of shareholder representation on the board of directors.

#### *Annual General Meeting*

The AGM is part of effective communication with shareholders of CRHL for corporate matters. All shareholders have the opportunity to ask questions at the AGM, held on 31 March 2021. Our Board welcomes the opportunity for communication and all shareholders to participate and ask questions during the meeting.

#### 2. Our Employees

Employee welfare is central to the directors' day to day management and decision making. Concord recognises that its team members play a critical role in executing our strategy and delivering value to stakeholders. To promote a safe working environment, all employees are encouraged to communicate any concerns or issues they have to their line managers on a regular basis and through the annual review process. This will also include a salary review and incentive compensation rewarded to ensure employees participate in the company's performance. Each week, all of the employees of the company are invited to dial into a 'Business Update' call. This allows all the regions and business lines to share updates and developments on a weekly basis and to raise any questions or concerns. The company engaged with a corporate training company in 2019 and 2020 (pre-pandemic) which aimed to reinforce the Concord culture, teamwork and value of communication throughout the Group. As a testament to Concord's approach to employee welfare, low levels of staff turnover have been maintained since the inception of the company.

## **Directors' report** *(continued)*

### **Section 172 Statement** *(continued)*

#### **3. Our Stakeholders**

Concord has preserved strong relationships with its stakeholders and built a reputation of trust amongst its banking partners, customers and suppliers. Each year, a significant percentage of repeat business is awarded to the marketing team as a testament to the leading business relationships it has created. Where required, Concord aims to offer its customers financial support with reasonable payment terms. With regards to its suppliers, Concord closely monitors its payment practices with bi-yearly reviews and always aims to pay its suppliers in a timely way in the regular course of business. Channelling these strong relations, Concord has engaged in a number of associate and equity investments with its stakeholders for example in bauxite and alumina with New Day Aluminium and cobalt with Pala Investments. In 2020, the company made a venture capital investment in Carbon Chain, a sustainability focused start up in the commodities technology market.

Each year, banking partners are invited to a yearly meeting, held in London (virtually in 2020). This consists of a management presentation, led by the CEO, COO and CFO discussing the annual financial results and the forward-looking strategic business plans of the company. The annual meeting creates a good opportunity for the bankers to meet and speak directly with the Management teams and day to day operational teams, reinforcing their relationships and opening a dialogue on shared business opportunities.

Maintaining constructive relationships and dialogue with governments and regulators is an important part of Concord's business approach. Concord's Code of Conduct is built on company values and provides a framework for what Concord considers reliable conduct. Management proactively and responsibly engages with all tax authorities in the jurisdictions in which we operate and our tax policy can be accessed on our company website.

#### **4. Sustainability**

In 2020, sustainability including corporate social responsibility and the environment formed a key part of the strategic business agenda. For further information on ESG initiatives and developments, please refer to the strategic report section.

#### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

#### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

By order of the board



**Mark Hansen**  
*CEO & Executive Director*

9 April 2021

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions..

## **Independent auditors report to the Members of Concord Resources Limited**

### **Opinion**

We have audited the financial statements of Concord Resources Limited (“the company”) for the year ended 31 December 2020 which comprise the Consolidated and Parent Company Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Parent Company Balance, Consolidated Statement of Changes in Equity for the Group, Consolidated Statement of Changes in Equity for the Company, Consolidated and Parent Company Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2020 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the group’s business model and analysed how those risks might affect the group and company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

## Independent auditors report to the Members of Concord Resources Limited (continued)

### Fraud and breaches of laws and regulations

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of director and Group’s legal advisor, and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular, the risk that control of the commodity underlying the sale has transferred to the customer at the reporting period end.

We also identified a fraud risk relating to remuneration incentive schemes and performance targets for employees, including the annual performance bonus for management, which is dependent on a number of key metrics, some of which are non-GAAP measures such as adjusted EBTDA.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual cash and revenue postings.
- Assessing significant accounting estimates for bias.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulations relating to increase in the transparency across the European Union’s financial markets and standardizing the regulatory disclosures required for particular markets imposed by MiFID and MiFID II, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group’s activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

## **Independent auditors report to the Members of Concord Resources Limited** *(continued)*

Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Independent auditors report to the Members of Concord Resources Limited**  
*(continued)*

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Adrian Wilcox (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

9 April 2021

**Consolidated and Parent Company Statement of Profit and Loss and Other Comprehensive Income**  
*for the year ended 31 December 2020*

	Note	Group		Company	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Revenue</b>	2	4,282,449	4,302,654	4,281,019	4,301,454
Cost of sales		(4,214,055)	(4,195,470)	(4,213,409)	(4,194,310)
<b>Gross profit</b>		<u>68,395</u>	<u>107,184</u>	<u>67,609</u>	<u>107,144</u>
<b>Other income</b>	3	1,531	-	1,531	-
<hr/>					
Selling, general & administrative expenses		(14,024)	(15,104)	(13,993)	(15,058)
Earned incentive compensation - current		(7,148)	(11,804)	(7,148)	(11,804)
Earned incentive compensation – adjustment in respect of prior year		(3,041)	-	(3,041)	-
<hr/>					
Total selling, general & administrative expenses	4, 5	(24,212)	(26,908)	(24,181)	(26,862)
<hr/>					
<b>Operating profit</b>		<u>45,713</u>	<u>80,276</u>	<u>44,959</u>	<u>80,283</u>
Interest income	7	3,455	1,598	3,451	1,592
<hr/>					
Interest expense		(26,838)	(38,868)	(26,838)	(38,868)
Non-cash interest expense on redeemable shares		(2,388)	(9,816)	(2,388)	(9,816)
<hr/>					
Total interest expense	7	(29,225)	(48,684)	(29,225)	(48,684)
<b>Net financing expense</b>		<u>(25,771)</u>	<u>(47,086)</u>	<u>(25,774)</u>	<u>(47,092)</u>
Share of (loss)/ profit of equity-accounted investees	13	(3,684)	1,654	(3,684)	1,654
<hr/>					
<b>Profit before tax, earned incentive compensation and non-cash interest expense on redeemable shares</b>		<u>28,835</u>	<u>56,464</u>	<u>28,077</u>	<u>56,465</u>
Earned incentive compensation - current		(7,148)	(11,804)	(7,148)	(11,804)
Earned incentive compensation – adjustment in respect of prior year		(3,041)	-	(3,041)	-
Non-cash interest expense on redeemable shares		(2,388)	(9,816)	(2,388)	(9,816)
<hr/>					
<b>Profit before tax</b>		<u>16,259</u>	<u>34,844</u>	<u>15,501</u>	<u>34,845</u>
Tax	8	(3,488)	(8,519)	(3,299)	(8,519)
<hr/>					
<b>Profit for the year</b>		<u>12,770</u>	<u>26,324</u>	<u>12,202</u>	<u>26,326</u>
<hr/>					
Share of other comprehensive (loss) / income from associates	13	(503)	1,106	(503)	1,106
<hr/>					
<b>Total comprehensive income for the year</b>		<u>12,267</u>	<u>27,431</u>	<u>11,699</u>	<u>27,433</u>

**Consolidated and Parent Company Balance Sheet**  
*at 31 December 2020*

	Note	Group		Company	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Non-current assets</b>					
Property, plant and equipment	9	2,299	2,149	2,299	2,149
Intangible assets	10	337	253	337	253
Investment in subsidiaries	12	-	-	1,501	1,500
Investments in associates	13	18,427	22,615	18,427	22,615
Other investments	14	9,213	500	9,213	500
Other financial assets – non-current	15	59,222	69,326	59,222	69,326
		<u>89,499</u>	<u>94,843</u>	<u>91,000</u>	<u>96,343</u>
<b>Current assets</b>					
Inventories	11	749,248	768,887	749,248	768,887
Other financial assets - current	15	221,355	174,122	221,355	174,122
Trade and other receivables	16	534,359	336,603	532,812	336,329
Cash and cash equivalents	17	62,552	60,179	61,714	58,961
		<u>1,567,513</u>	<u>1,339,791</u>	<u>1,565,128</u>	<u>1,338,299</u>
<b>Total assets</b>		<u><u>1,657,012</u></u>	<u><u>1,434,634</u></u>	<u><u>1,656,127</u></u>	<u><u>1,434,642</u></u>
<b>Current liabilities</b>					
Borrowings	18	1,063,682	945,155	1,063,682	945,155
Trade and other payables	19	143,813	79,922	143,807	79,916
Tax payable		4,879	5,298	4,703	5,298
Other financial liabilities - current	20	60,406	43,308	60,392	43,308
		<u>1,272,780</u>	<u>1,073,684</u>	<u>1,272,584</u>	<u>1,073,677</u>
<b>Non-current liabilities</b>					
Borrowings	18	126,689	124,082	126,689	124,082
Deferred tax liabilities	19	545	814	545	814
Other financial liabilities – non-current	20	3,535	204	3,535	204
		<u>130,769</u>	<u>125,100</u>	<u>130,769</u>	<u>125,100</u>
<b>Total liabilities</b>		<u><u>1,403,549</u></u>	<u><u>1,198,784</u></u>	<u><u>1,403,353</u></u>	<u><u>1,198,777</u></u>
<b>Net assets</b>		<u><u>253,463</u></u>	<u><u>235,850</u></u>	<u><u>252,775</u></u>	<u><u>235,865</u></u>
<b>Equity</b>					
Share capital	22	74,139	74,139	74,139	74,139
Share premium	22	73,670	73,670	73,670	73,670
Other reserves	22	5,788	3,891	5,667	3,905
Share-based payment reserves	23	(384)	(3,833)	(384)	(3,833)
Retained earnings		100,250	87,983	99,682	87,983
<b>Total equity</b>		<u><u>253,463</u></u>	<u><u>235,850</u></u>	<u><u>252,775</u></u>	<u><u>235,865</u></u>

These financial statements were approved by the board of directors on 9 April 2021 and were signed on its behalf by:



**Mark Hansen, CEO & Executive Director**

**Consolidated Statement of Changes in Equity for the Group**

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Currency translation reserve \$000	Total equity \$000
Balance at 1 January 2020	74,139	73,670	(3,833)	626	3,279	87,983	(14)	235,850
<b>Total comprehensive income for the year</b>								
Profit or loss	-	-	-	-	-	12,770	-	12,770
Other comprehensive income	-	-	-	-	-	(503)	134	(369)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	12,267	134	12,401
<b>Transactions with owners, recorded directly in equity</b>								
Issue of shares (see note 22)	-	-	-	-	-	-	-	-
Equity-settled share-based payment transactions	-	-	3,449	1,763	-	-	-	5,212
Distributions paid via cancellation of shares	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	3,449	1,763	-	-	-	5,212
<b>Balance at 31 December 2020</b>	<b>74,139</b>	<b>73,670</b>	<b>(384)</b>	<b>2,389</b>	<b>3,279</b>	<b>100,250</b>	<b>120</b>	<b>253,463</b>

Consolidated Statement of Changes in Equity for the Group (continued)

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Currency translation reserve \$000	Total equity \$000
Balance at 1 January 2019	73,475	66,228	838	-	-	71,241	22	211,804
<b>Total comprehensive income for the year</b>								
Profit or loss	-	-	-	-	-	26,324	-	26,324
Other comprehensive income	-	-	-	-	-	1,106	(36)	1,070
<b>Total comprehensive income for the year</b>	-	-	-	-	-	27,431	(36)	27,394
<b>Transactions with owners, recorded directly in equity</b>								
Reclassification of opening balances	317	511	(828)	-	-	-	-	-
Issue of shares (see note 22)	3,626	6,931	-	-	-	-	-	10,557
Equity-settled share-based payment transactions	-	-	(3,842)	626	-	-	-	(3,216)
Distributions paid via cancellation of shares	(3,279)	-	-	-	3,279	(10,689)	-	(10,689)
<b>Total contributions by and distributions to owners</b>	664	7,442	(4,670)	626	3,279	(10,689)	-	(3,349)
<b>Balance at 31 December 2019</b>	<b>74,139</b>	<b>73,670</b>	<b>(3,833)</b>	<b>626</b>	<b>3,279</b>	<b>87,983</b>	<b>(14)</b>	<b>235,850</b>

Statement of Changes in Equity for the Company

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 January 2020	74,139	73,670	(3,833)	626	3,279	87,983	235,865
<b>Total comprehensive income for the period</b>							
Profit or loss	-	-	-	-	-	12,202	12,202
Other comprehensive income	-	-	-	-	-	(503)	(503)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	11,699	11,699
<b>Transactions with owners, recorded directly in equity</b>							
Issue of shares (see note 22)	-	-	-	-	-	-	-
Equity-settled share-based payment transactions	-	-	3,449	1,763	-	-	5,212
Distributions paid via cancellation of shares	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	3,449	1,763	-	-	5,212
<b>Balance at 31 December 2020</b>	<b>74,139</b>	<b>73,670</b>	<b>(384)</b>	<b>2,389</b>	<b>3,279</b>	<b>99,682</b>	<b>252,775</b>

**Statement of Changes in Equity for the Company (continued)**

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 January 2019	73,475	66,228	838	-	-	71,240	211,781
<b>Total comprehensive income for the period</b>							
Profit or loss	-	-	-	-	-	26,326	26,326
Other comprehensive income	-	-	-	-	-	1,106	1,106
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-	27,433	27,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>							
Reclassification of opening balances	317	511	(828)	-	-	-	-
Issue of shares (see note 22)	3,626	6,931	-	-	-	-	10,557
Equity-settled share-based payment transactions	-	-	(3,842)	626	-	-	(3,216)
Distributions paid via cancellation of shares	(3,279)	-	-	-	3,279	(10,689)	(10,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	664	7,442	(4,670)	626	3,279	(10,689)	(3,349)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	<b>74,139</b>	<b>73,670</b>	<b>(3,833)</b>	<b>626</b>	<b>3,279</b>	<b>87,983</b>	<b>235,865</b>

**Consolidated and Parent Company Cash Flow Statement**  
*for the year ended 31 December 2020*

	Note	Group		Company	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Cash flows from operating activities</b>					
Profit for the year		12,770	26,324	12,202	26,326
<i>Adjustments for:</i>					
Depreciation, amortisation and impairment	4	523	623	523	623
Interest income	7	(3,455)	(1,598)	(3,451)	(1,592)
Interest expense	7	29,225	48,684	29,225	48,684
Equity settled share-based payment expenses	23	5,221	2,924	5,221	2,924
Share of loss / (profit) of equity-accounted investees	3	3,684	(1,654)	3,684	(1,654)
Unrealised fair value movement on other investments	14	(1,531)	-	(1,531)	-
Tax	8	3,488	8,519	3,299	8,519
		<u>49,925</u>	<u>83,823</u>	<u>49,172</u>	<u>83,830</u>
Increase in trade and other receivables	15, 16	(234,466)	(11,231)	(233,193)	(10,958)
Decrease/(increase) in inventories	11	19,639	(108,875)	19,639	(108,875)
Increase/(decrease) in trade and other payables	19, 20	84,762	(112,623)	84,604	(112,593)
		<u>(80,140)</u>	<u>(148,905)</u>	<u>(79,779)</u>	<u>(148,596)</u>
Interest received		3,678	1,065	3,678	1,065
Interest paid		(26,714)	(38,706)	(26,717)	(38,712)
Tax paid		(5,258)	(10,116)	(5,235)	(10,116)
<b>Net cash from operating activities</b>		<u>(108,433)</u>	<u>(196,663)</u>	<u>(108,053)</u>	<u>(196,358)</u>
<b>Cash flows from investing activities</b>					
Increase in long-term advances and loans		-	-	-	-
Purchase of investments in associates	13	-	-	-	-
Purchase of other investments	14	(7,183)	(500)	(7,183)	(500)
Acquisition of property, plant and equipment	9	(42)	(28)	(42)	(28)
Investment in subsidiaries	11	-	-	(1)	-
Acquisition of intangible assets	10	(218)	(94)	(218)	(94)
<b>Net cash from investing activities</b>		<u>(7,443)</u>	<u>(622)</u>	<u>(7,443)</u>	<u>(622)</u>
<b>Cash flows from financing activities</b>					
Net payments from the repurchase of share capital	22	-	(3,474)	-	(3,474)
Net proceeds from trade finance facilities	18	118,249	210,846	118,249	210,846
Proceeds from the issue of redeemable shares	22	-	15,613	-	15,613
<b>Net cash from financing activities</b>		<u>118,249</u>	<u>222,984</u>	<u>118,249</u>	<u>222,984</u>
Net increase in cash and cash equivalents		2,373	25,699	2,752	26,004
Cash and cash equivalents at the start of the period		60,179	34,480	58,961	32,958
<b>Cash and cash equivalents at 31 December</b>	17	<u>62,552</u>	<u>60,179</u>	<u>61,714</u>	<u>58,961</u>

The notes on pages 20-52 form part of these financial statements.

## Notes

### 1 Accounting policies

Concord Resources Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09788959 and the registered address is 27 Old Gloucester Street, London WC1N 3AX. The company was incorporated on 22 September 2015.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group" or "Concord") and equity account the Group's interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company and Group's functional currency is United States Dollars (USD).

#### Accounting judgements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Concord's business model exposes it to credit and contract performance risk from counterparties who operate in competitive markets with price volatility and are susceptible to weak macro-economic environments. Judgement is required to decide whether receivables and contracted deliveries will be received and may impact current assets recognised in the statement of financial position.

Concord enters into transactions for the sale and purchase of commodities which may contain a financing element including extended payment terms to customers. Judgement is required to ensure the most appropriate classification and presentation of these transactions in the income statement, balance sheet and cash flow statement. In most instances the economic substance of the transaction is operating in nature and presented as revenue or cost of sales, operating cash flow and a receivable or payable on the balance sheet.

#### Key assumptions

Derivative instruments and inventories are measured at fair value and Concord classifies the quality and reliability of assumptions used to measure fair value in three hierarchy levels as required by IFRS 13 Fair Value Measurement. Current fair value positions are measured using level 1, level 2 and level 3 inputs as described in note 22. These fair value measurements are estimated based on the amounts for which the assets and liabilities would be settled or exchanged at the specific transaction date or reporting date and can differ from the cash flow on settlement. Concord uses valuation techniques that are appropriate for the respective derivative instruments and uses a discounted cash flow valuation technique where unobservable inputs are significant to the overall valuation.

Equity instruments with redemption options have been classified as non-current liabilities to the extent they identify as debt instruments and a subsequent effective interest charge recognised in relation to the potential future liability to be settled on exercise of the redemption option. Judgement has been applied to determine the expected shareholder returns in the future and a market rate of interest for an equivalent long term loan.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: inventories, derivative financial instruments, financial instruments classified as fair value through the profit or loss.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have assessed that they have, at the time of approving the financial statements, a reasonable expectation that Concord has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. At 31 December 2020, Concord had net current assets of US\$294.7m (2019: US\$266.1m) and net cash and cash equivalents of US\$62.6m (2019: US\$60.2m). For the year ended 31 December 2020 operating cash outflows of US\$108.4m (2019: outflows US\$196.7m) were offset by inflows from trade finance facilities of US\$118.2m (2019: inflows of US\$210.8m) to give a net inflow of US\$9.8m for the year (2019: net inflow of US\$14.2m). At the date of the approval of the accounts Concord has US\$1.6bn of available, secured financing facilities of which US\$1.1bn are being utilised.

In this assessment, the directors have considered Concord's financial and operational position and in particular committed sales volumes, credit risk of key counterparties, liquidity, and covenants, as well as the funds and available financing facilities as at the date of signing of the financial statements and for the next 12 months. In the assessment of credit and contract performance risk, the directors have considered the credit risk management policy as described in the Strategic Report on page 1 and Concord's policy to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, will continue throughout the assessment period.

As part of this assessment, the directors have considered reasonably possible downsides, including the potential impact from economic disruptions expected due to the Coronavirus Covid-19 pandemic. Concord's diversified and opportunistic business model which requires responsive flexibility and appropriate risk appetite is designed to be able to position and size itself accordingly and quickly to meet changing refined metal and associated raw material market conditions. As such in the event demand reduces for certain commodity products and Concord's services as a result of the Coronavirus Covid-19 pandemic, the directors are confident that Concord can appropriately adapt its operations to allow it to operate within its available financing facilities and the related covenants.

Therefore, the directors are confident that Concord will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

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

##### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control them. A holding of between 20% and 50% of the voting power will usually indicate significant influence unless proven otherwise.

## **Notes** *(continued)*

### **1** **Accounting policies** *(continued)*

#### **1.4** **Basis of consolidation** *(continued)*

Where the holding is less than 20% significant influence can be evidenced by representation on the board of directors, material transactions between both parties, participation in the policy making, interchange of management personnel or provision of essential technical information. Any related party transaction with an associate will result in unrealised profits and losses eliminated to the extent of the Group's interest in that associate.

##### *Application of the equity method to associates*

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

#### **1.4** **Foreign currency**

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, the United States Dollar, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the currency translation reserve, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

#### **1.5** **Classification of financial instruments issued by the Group**

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

**Notes** (continued)

**1 Accounting policies** (continued)

**1.5 Classification of financial instruments issued by the Group** (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

**1.6 Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, short-term loan receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Restricted cash represents cash held with brokers not available for immediate use and so is included other receivables rather than cash and cash equivalents.

Provisions for expected credit losses are calculated by considering the historical loss profile across the receivables portfolio whilst taking into consideration relevant forward macroeconomic information. In addition, receivables or prepayments more than 30 days overdue represent a material increase in credit risk and if any additional information is provided that would support an increase in the credit risk profile or potential default. Provisions for expected credit losses associated with defaults are calculated based on the individual credit exposure at the point of default and considering the probability of future recovery either during the next 12 months or during the timeline of the contractual obligation.

*Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash held at bank, unrestricted cash held with brokers and overnight bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss

**1.7 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- fixtures and fittings: 4 years
- computer hardware: 4 years
- leasehold building: 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Intangible assets

##### *Intangible assets*

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software licences 1 to 5 years

#### 1.9 Inventories

Inventories are stated at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

#### 1.10 Impairment excluding inventories and deferred tax assets

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Impairment excluding inventories and deferred tax assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.11 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which Concord receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by Concord.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which Concord receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of Concord's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

##### *Short-term benefits (cash settled portion of earned incentive compensation)*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.13 Revenue**

Concord's revenue is generated from the sale of physical commodities. Concord acts as principal in all transactions it is involved in. Revenue is recognised when the customer obtains control of the goods sold. Revenue excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Concord and the revenues and costs can be reliably measured.

In all but a small number of exceptional instances, sales revenue is recognised when title is transferred to the customer as this when the customer obtains control of the goods.

For certain transactions, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, which range from 1 to 210 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The provisional price revenue adjustment embedded within provisionally priced transactions has characteristics of a derivative and the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue.

#### **1.14 Other investments**

Equity investments, other than investments in Associates, are recorded at fair value through profit and loss. As a result, changes in fair value are recorded in the consolidated statement of profit and loss.

#### **1.15 Financing income and expenses**

##### *Financing expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

##### *Financing income*

Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Concord and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable interest rate.

#### **1.16 Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**Notes** *(continued)*

**2 Revenue**

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Sale of goods by geographical location of customer				
- Americas	1,722,005	1,914,500	1,722,005	1,914,500
- Asia Pacific	1,780,012	1,828,970	1,778,582	1,827,770
- Europe, Middle East and Africa	780,432	559,184	780,432	559,184
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>4,282,449</b>	<b>4,302,654</b>	<b>4,281,019</b>	<b>4,301,454</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3 Other income**

	Group and Company	
	2020 \$000	2019 \$000
Gain on equity investments measured at fair value through profit and loss	1,531	-
	<hr/>	<hr/>
<b>Total</b>	<b>1,531</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

**4 Expenses and auditor's remuneration**

*Included in profit/loss are the following:*

	Group and Company	
	2020 \$000	2019 \$000
Depreciation and amortisation	523	623

*Auditor's remuneration:*

	Group and Company	
	2020 \$000	2019 \$000
Audit of these financial statements	888	609
Amounts receivable by the group's auditor and its associates in respect of:		
Taxation compliance services	326	237
Other tax advisory services	3	72
	<hr/>	<hr/>
	<b>1,218</b>	<b>918</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**5 Staff numbers and costs**

The average number of persons employed by Concord (excluding non-executive directors) during the year, analysed by category, was as follows:

	<b>Group and Company</b>	
	<b>Number of employees</b>	
	<b>2020</b>	<b>2019</b>
Employees	52	53
	<u>52</u>	<u>53</u>

The aggregate payroll costs of these persons were as follows:

	<b>Group and Company</b>	
	<b>2020</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	12,086	15,629
Social security costs	1,400	1,883
Share based payments (See note 23)	5,221	2,839
Contributions to defined contribution plans	221	222
	<u>18,928</u>	<u>20,573</u>

**6 Directors' remuneration**

	<b>Group and Company</b>	
	<b>2020</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Directors' remuneration	2,227	3,252
Contributions to defined contribution scheme	25	1
Amounts receivable under long term incentive schemes	3,680	2,105
	<u>5,931</u>	<u>5,358</u>
<b>Total directors' remuneration</b>	<u>5,931</u>	<u>5,358</u>

The aggregate of remuneration and amounts receivable under long term deferred incentive schemes (includes prior year awards) of the highest paid director was US\$4,026k (2019: US\$4,105k). The number of directors that held office at the end of the year was 3 (2019: 3), of which 3 (2019: 3) received remuneration and 2 (2019: 2) received amounts under the defined contribution scheme.

**7 Interest income and expense**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Interest income</b>				
Interest income on overnight deposits	7	125	4	119
Interest income on investments in money market funds	79	240	79	240
Interest income on extended payment terms	3,307	748	3,307	748
Interest income on held-to-maturity investments	42	484	42	484
Interest income on overpaid tax	20	-	20	-
	<u>3,455</u>	<u>1,598</u>	<u>3,451</u>	<u>1,592</u>
<b>Total interest income</b>	<u>3,455</u>	<u>1,598</u>	<u>3,451</u>	<u>1,592</u>

**Notes** *(continued)*

**7 Interest income and expense** *(continued)*

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
<b>Interest expense</b>		
Interest expense on financial liabilities measured at amortised cost	26,838	38,868
Interest expense on redeemable equity classified as debt	2,388	9,816
	<hr/>	<hr/>
<b>Total interest expense</b>	<b>29,225</b>	<b>48,684</b>
	<hr/> <hr/>	<hr/> <hr/>

A non-cash expense of US\$2.4m (2019: US\$9.8m) has been included in interest expense in relation to redemption options for D1 Class, D2 Class, D3 Class and X Class shares which can be exercised by the investors (and in relation to X Class Shares, by Concord) at certain time intervals after the date of initial investment (further detail is provided in note 22). The US\$2.4m has been calculated using effective interest rates of between 5.9% and 10.1%. These rates have been calculated by fair valuing the liability component in relation to the D1, D2, D3 and X shares assuming a 6.00% return on equity over the time intervals between initial investment and redemption cash flow and discounting this back at the market rate of interest of between 4.2% and 8.9% for an unsecured term loan.

**8 Taxation**

**Recognised in the income statement**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
UK corporation tax	3,759	8,098	3,759	8,098
Prior year adjustments to current tax	(237)	(372)	(237)	(372)
Overseas tax suffered	235	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current tax expense</b>	<b>3,757</b>	<b>7,725</b>	<b>3,567</b>	<b>7,725</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax (income) / expense in current year	(465)	547	(465)	547
Prior year adjustment to deferred tax	176	244	176	244
Effect of exchange rates	21	2	21	2
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deferred tax (income) / expense</b>	<b>(269)</b>	<b>793</b>	<b>(269)</b>	<b>793</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total tax expense in income statement</b>	<b>3,488</b>	<b>8,519</b>	<b>3,299</b>	<b>8,519</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**8 Taxation** *(continued)*

**Reconciliation of effective tax rate**

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Profit for the year	12,770	26,324	12,202	26,326
Total tax expense (including tax on equity accounted investees)	3,488	8,519	3,299	8,519
<b>Profit excluding taxation</b>	<b>16,259</b>	<b>34,844</b>	<b>15,501</b>	<b>34,845</b>
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	3,089	6,620	2,945	6,621
Prior year adjustments and rate change effects	(41)	(127)	(41)	(127)
Non-deductible expenses	518	1,993	518	1,993
Overseas tax rate differences	(137)	144	(182)	143
Exchange rate differences	58	(111)	58	(111)
<b>Total tax expense (including tax on equity accounted investees)</b>	<b>3,488</b>	<b>8,519</b>	<b>3,299</b>	<b>8,519</b>

**9 Property, plant and equipment**

	Group and Company			
	Leasehold building \$000	Computer hardware \$000	Fixtures & fittings \$000	Total \$000
<b>Cost</b>				
Balance at 1 January 2020	3,047	400	325	3,772
Additions	497	42	-	538
<b>Balance at 31 December 2020</b>	<b>3,543</b>	<b>442</b>	<b>325</b>	<b>4,310</b>
<b>Depreciation</b>				
Balance at 1 January 2020	1,005	295	323	1,623
Depreciation charge for the year	314	72	1	388
<b>Balance at 31 December 2020</b>	<b>1,319</b>	<b>368</b>	<b>324</b>	<b>2,011</b>
<b>Net book value at 31 December 2020</b>	<b>2,224</b>	<b>74</b>	<b>1</b>	<b>2,299</b>

**Notes** *(continued)*

**9 Property, plant and equipment** *(continued)*

	<b>Group and Company</b>			
	<b>Leasehold building \$000</b>	<b>Computer hardware \$000</b>	<b>Fixtures &amp; fittings \$000</b>	<b>Total \$000</b>
<b>Cost</b>				
Balance at 1 January 2019	934	373	324	1,631
Additions	2,113	27	1	2,141
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<b>3,047</b>	<b>400</b>	<b>325</b>	<b>3,772</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>				
Balance at 1 January 2019	698	202	202	1,102
Depreciation charge for the year	307	93	121	521
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<b>1,005</b>	<b>295</b>	<b>323</b>	<b>1,623</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 December 2019</b>	<b>2,042</b>	<b>105</b>	<b>2</b>	<b>2,149</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Of the leasehold building net book value, an amount of US\$2,224k (2019: US\$2,042k) is classified as a right-of-use asset financed under a lease agreement (see note 18).

**Notes** *(continued)*

**10 Intangible assets**

	<b>Group and Company</b>	
	<b>Software Licences</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cost</b>		
Balance at 1 January 2020	1,019	1,019
Additions	218	218
	1,237	1,237
<b>Amortisation and impairment</b>		
Balance at 1 January 2020	765	765
Amortisation for the year	135	135
	900	900
<b>Balance at 31 December 2020</b>	337	337

	<b>Group and Company</b>	
	<b>Software Licences</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cost</b>		
Balance at 1 January 2019	924	924
Additions	94	94
	1,019	1,019
<b>Amortisation and impairment</b>		
Balance at 1 January 2019	663	663
Amortisation for the year	102	102
	765	765
<b>Balance at 31 December 2019</b>	253	253

*Amortisation and impairment charge*

The amortisation and impairment charge is recognised in the following line items in the income statement:

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Selling, general & administrative expenses	135	102
	135	102

**Notes** *(continued)*

**11 Inventories**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Inventories	749,248	768,887
	<u>749,248</u>	<u>768,887</u>

All inventories are carried at fair value less costs to sell. The fair value classification of inventories is at level 2 fair value measurement using observable market prices obtained from exchanges or market information services adjusted for relevant location and quality differentials.

The Group has a number of secured financing facilities (see note 18) which finance an amount of its inventories. The inventory is not derecognised as the Group retains the principal risks and rewards of ownership.

**12 Investments in subsidiaries**

The Group and Company has the following investments in subsidiaries:

	<b>Registered office address</b>	<b>Class of shares held</b>	<b>Ownership</b>	
			<b>2020</b>	<b>2019</b>
Concord Resources International Commercial and Trading (Shanghai) Co. Limited	Room 2237, 22 <sup>nd</sup> Floor, Tomson Commercial Building, No. 710 Dong Fang Road, China (Shanghai) Free Trade Zone	Ordinary	100%	100%
Concord Resources Europe B.V.	Singel 250, 1016AB Amsterdam, Netherlands	Ordinary	100%	100%

**13 Investments in associates**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
<b>Carrying amount for equity accounted investees</b>		
At 1 January	22,615	19,854
Additions	-	-
Dividends received	-	-
Share of (loss) / profit from associates	(3,684)	1,654
Share of other comprehensive (loss) / profit from associates	(503)	1,106
	<u>18,427</u>	<u>22,615</u>
Total carrying amount for equity accounted investees in these financial statements	<u>18,427</u>	<u>22,615</u>

As at 31 December 2020, the total carrying value of associate investments is US\$18.4m (2019: US\$22.6m) comprising of New Day Aluminum Holdings LLC of which Concord holds a 12.0% membership interest and a seat on the Board of Directors.

**Notes** *(continued)*

**14 Other Investments**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Listed equity securities	1,547	-
Unlisted equity securities	7,666	500
	<u>9,213</u>	<u>500</u>

All equity securities are accounted for under the fair value through profit and loss method.

**15 Other financial assets**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Short term loan receivables	333	1,183
Derivatives – current	221,021	172,940
Derivatives – non-current	59,222	69,326
	<u>280,577</u>	<u>243,448</u>

**16 Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Trade receivables due from third parties	422,202	252,986	422,202	252,986
Amounts due from group undertakings	-	-	3	-
Restricted cash with brokers	49,985	43,715	48,516	43,451
Direct tax receivable	718	-	718	-
Indirect tax receivable	594	1,866	518	1,861
Deposits	3,257	5,046	3,257	5,044
Prepayments	57,602	32,991	57,597	32,986
	<u>534,359</u>	<u>336,603</u>	<u>532,812</u>	<u>336,329</u>

The Group has a number of financing facilities, which finance a portion of its receivables. The receivables have not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current interest-bearing loans and borrowings (see note 18).

**Notes** *(continued)*

**17 Cash and cash equivalents**

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash at bank	14,846	3,768	14,008	2,551
Excess cash held in trade finance facilities	1	1,063	1	1,063
Overnight bank deposits	-	-	-	-
Unrestricted cash with brokers	22,296	4,438	22,296	4,438
Money market fund deposits	25,409	50,909	25,409	50,909
<b>Cash and cash equivalents</b>	<b>62,552</b>	<b>60,179</b>	<b>61,714</b>	<b>58,961</b>

**18 Borrowings**

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 25.

	Group and Company	
	2020 \$000	2019 \$000
<b>Non-current liabilities</b>		
Lease liabilities	1,982	1,763
Shares classified as debt	124,707	122,320
	<b>126,689</b>	<b>124,082</b>
<b>Current liabilities</b>		
Trade finance facilities	1,059,841	941,348
Lease liabilities	341	308
Short-term borrowings	3,500	3,500
	<b>1,063,682</b>	<b>945,155</b>

*Terms and debt repayment schedule*

	Currency	Nominal interest rate	Year of maturity	Group and Company	
				Carrying amount 2020 \$000	Carrying amount 2019 \$000
Uncommitted secured inventory/receivable facilities	USD	US\$LIBOR/COF+85-250bps	< 1 year	1,017,742	882,128
Committed secured inventory/receivable facility	USD	US\$LIBOR/COF+110-180bps	< 1 year	42,098	59,219
Uncommitted unsecured revolving credit facilities	USD	US\$LIBOR/COF+200-235bps	< 1 year	3,500	3,500
				<b>1,063,341</b>	<b>944,848</b>

The Group and Company has a total of US\$1,865m (2019: US\$1,935m) of uncommitted financing facilities and US\$150m (2019: US\$100m) of committed financing facilities.

**Notes** *(continued)*

**18 Borrowings** *(continued)*

A commitment fee was also incurred in addition to the nominal interest rate for the inventory facility.

D1, D2, D3 and X shares classified as non-current liabilities are explained further in note 22.

*Lease liabilities*

	<b>Group and Company</b>	
	<b>Office Lease</b>	<b>Office Lease</b>
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 January	2,070	205
Lease obligations entered into in the year	497	-
Remeasurement due to updated management assumptions	-	2,113
Interest expense on lease liabilities	64	19
Cash payments	(350)	(272)
Foreign exchange differences	41	6
	<hr/>	<hr/>
Balance at 31 December	<b>2,323</b>	<b>2,070</b>
	<hr/> <hr/>	<hr/> <hr/>
Due less than 1 year	341	308
Due 1-2 years	491	225
Due 2-5 years	1,303	1,002
Due greater than 5 years	188	536
	<hr/>	<hr/>
	<b>2,323</b>	<b>2,070</b>
	<hr/> <hr/>	<hr/> <hr/>

On 1 September 2016, Concord entered into a long-term lease agreement for office space at 3 St. James's Square, London. The lease is for a term of 10 years with break clauses at the 3 and 5 year points. It was originally deemed likely that Concord would exercise its break clause at the 3 year point but now it is now envisaged Concord will not exercise any break clauses. This change in assumptions resulted in a remeasurement of the lease obligation in 2019 US\$2,112,767.

On 28 October 2020, Concord entered into a long-term lease agreement for office space at 60 Arch Street, Greenwich, CT 06830, USA. The lease is for a term of 42 months commencing in December 2020

The interest expense charged on the lease obligation has been calculated using a rate of 3%.

See note 8 for further detail on the corresponding right-of-use asset (the office space).

Payments for short-term leases of serviced offices in Hong Kong of HKD 2,526,061 [US\$325,690] (2019: HKD 2,570,386 [US\$328,133]) have been recognised directly in the income statement in accordance with IFRS 16 paragraph 6.

**Notes (continued)**

**19 Trade and other payables**

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Current</b>				
Trade payables due to third parties	89,918	51,934	89,916	51,932
Non-trade payables and accrued expenses	7,038	10,223	7,035	10,219
Broker balances	20,275	-	20,275	-
Amounts due to parent company	13,100	14,400	13,100	14,400
Indirect tax payable	670	-	670	-
Cash advances from customers	12,813	3,364	12,813	3,364
	<u>143,813</u>	<u>79,922</u>	<u>143,807</u>	<u>79,916</u>

**20 Other financial liabilities**

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Derivatives - current	60,406	43,308	60,392	43,308
Derivatives - non-current	3,535	204	3,535	204
	<u>63,941</u>	<u>43,512</u>	<u>63,927</u>	<u>43,512</u>

**21 Deferred tax assets and liabilities**

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets		Group and Company Liabilities		Net	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Property, plant and equipment	-	-	172	4	172	4
Short term timing differences	(2)	(3)	-	-	(2)	(3)
Investments in associates	-	-	3,558	2,933	3,558	2,933
Other investments	-	-	230	-	230	-
Tax losses carried forward	(3,413)	(2,121)	-	-	(3,413)	(2,121)
	<u>(3,415)</u>	<u>(2,124)</u>	<u>3,960</u>	<u>2,937</u>	<u>545</u>	<u>814</u>
Tax (assets) / liabilities	(3,415)	(2,124)	3,960	2,937	545	814
Net of tax liabilities / (assets)	3,415	2,124	(3,415)	(2,124)	-	-
	<u>-</u>	<u>-</u>	<u>545</u>	<u>814</u>	<u>545</u>	<u>814</u>
<b>Net tax liabilities</b>	-	-	545	814	545	814

Notes (continued)

21 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	2020	2019
Opening deferred tax liability	814	20
(Credit) / charge to profit and loss account	(465)	547
Adjustments in respect of prior years	176	244
Rate effects	21	2
Closing deferred tax liability	545	814

22 Share capital and reserves

Share capital

All shares have a par value of US\$0.50 each except for B shares which have a par value of US\$0.01 each and C shares which have a par value of £1.00 each.

	Issued and fully paid up at 1 January 2020	Issued for cash during period	Issued as employee compensation	Repurchased by the group during the year	On issue at 31 December 2020 (fully paid up)
A shares	129,104,694	-	-	-	129,104,694
B shares	16,500,000	-	-	-	16,500,000
C shares	1	-	-	-	1
D1 shares	50,000,000	-	-	-	50,000,000
D2 shares	16,790,896	-	-	-	16,790,896
D3 shares	16,899,415	-	-	-	16,899,415
X shares	1,535,020	-	-	-	1,535,020
A shares	128,390,209	4,813,130	2,439,162	(6,537,807)	129,104,694
B shares	17,500,000	-	-	(1,000,000)	16,500,000
C shares	1	-	-	-	1
D1 shares	50,000,000	-	-	-	50,000,000
D2 shares	16,790,896	-	-	-	16,790,896
D3 shares	7,826,356	9,073,059	-	-	16,899,415
X shares	1,535,020	-	-	-	1,535,020

**Notes** *(continued)*

**22 Share capital and reserves** *(continued)*

**Share capital** *(continued)*

	<b>Group and Company</b>			
	<b>Share capital</b>	<b>Share premium</b>	<b>Share capital</b>	<b>Share premium</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<i>Allotted, called up and fully paid</i>				
A shares with a par value of US\$0.50 each	64,552	73,670	64,552	73,670
A shares with a par value of US\$0.50 each - restricted not yet vested	-	-	-	-
B shares with a par value of US\$0.01 each	165	-	165	-
C shares with a par value of £1.00 each	-	-	-	-
D1 shares with a par value of US\$0.50 each	6,917	-	6,917	-
D2 shares with a par value of US\$0.50 each	1,417	-	1,417	-
D3 shares with a par value of US\$0.50 each	932	-	932	-
X shares with a par value of US\$0.50 each	157	-	157	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Shares classified as shareholder funds</b>	<b>74,139</b>	<b>73,670</b>	<b>74,139</b>	<b>73,670</b>
	<hr/>	<hr/>	<hr/>	<hr/>
D1 shares classified as long-term borrowings (redemption option)	18,083	54,570	18,083	53,385
D2 shares classified as long-term borrowings (redemption option)	6,979	17,329	6,979	16,932
D3 shares classified as long-term borrowings (redemption option)	7,518	17,980	7,518	17,212
X shares classified as long-term borrowings (redemption option)	611	1,637	611	1,600
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Shares classified as long-term borrowings</b>	<b>33,191</b>	<b>91,516</b>	<b>33,191</b>	<b>89,129</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total shares</b>	<b>107,330</b>	<b>165,187</b>	<b>107,330</b>	<b>162,799</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 22 Share capital and reserves (continued)

The number of restricted Class B shares issued and linked to employees and shareholders with a substantial risk of forfeiture due to specific performance hurdles and employment criteria is nil (2019: nil). As a result of the share-for-share exchange (see note 23), the Class B shares issued by the Company no longer have any restrictions as at 31 December 2019. See note 23 for further details regarding performance hurdles and vesting dates.

The holders of ordinary shares (except Class C shares) are entitled to receive dividends as declared from time to time subject to the Shareholder Agreement and Board discussion. The holders of ordinary shares (except Class C shares) are entitled to one vote per share at meetings of Concord.

During the year the Group issued nil (2019: 16,325,351) shares for consideration of US\$nil (2019: US\$24.1m), with US\$nil (2019: US\$20.8m) settled in cash and US\$nil (2019: US\$3.3m) issued as compensation to employees. Also during the year the Group repurchased nil (2019: 7,537,807) shares for consideration of US\$nil (2019: US\$10.7m).

A portion of the D1, D2, D3 and X shares equity has been classified as long-term borrowings due to redemption options for these share classes, which can be exercised by the investors (and in relation to Class X Shares, by Concord) at certain time intervals after the date of initial investment. Class D1, D2 and D3 shareholders have the right to redeem or repurchase one third of the shares on 1 December 2021, 1 November 2021 and 1 March 2021/21 June 2022/3 September 2022 respectively, and then one third at each anniversary of the previous redemption date. Payment occurs 6 months after the redemption date. Class X shareholders are redeemable by either the shareholder or the group upon a serving a redemption notice and can be redeemed on the 1-year anniversary of the redemption notice. Non-cash accrued interest during the period of US\$2.4m (2019: US\$9.8m) has been recognised within the share premium component of the shares classified as long-term borrowings.

#### *Dividends*

No dividends were distributed during the year (2019: nil).

#### *Share based payment reserve*

The share-based payment reserve comprises the portion of A shares issued as part of incentive compensation that is restricted (note 23).

#### *Other reserves*

Other reserves are comprised of capital redemption reserves of US\$3.3m (2019: US\$3.3m) and currency translation reserves of US\$0.1m (2019: US\$0.0m).

**Notes** *(continued)*

**23 Share based payments**

On 29th November 2019, all shares held by shareholders in Concord Resources Limited (“CRL”) were transferred in a one-for-one share-for-share exchange to Concord Resources Holdings Limited (“CRHL”). All rights attached to the shares in CRL were mirrored in CRHL. Therefore references to shares below in 2019 onwards correspond to shares in CRHL, as opposed to shares in Concord Resources Limited.

Equity settled share-based payments relate to restricted Class A and B shares.

Class B shares issued to employees have substantial risk of forfeiture due to employment criteria and, for certain current and former directors only, equity raising criteria. All of the Class B shares were unrestricted at 31 December 2020 (2019: 25% were unrestricted). B shares are restricted from voting, dividends and transfer until they become unrestricted and are subject to forfeiture in certain circumstances on cessation of employment. The unrestricted market value at subscription was US\$0.01 per share as the Group had not commenced operations and had no assets.

Class A shares issued to employees as part of incentive compensation have a substantial risk of forfeiture due to employment criteria. The shares granted during 2020 become unrestricted over a period of 4 years provided the employee remains with the Group (note there are certain circumstances where the shares still become unrestricted if the employee leaves the Group). The unrestricted market value for subscription is US\$1.60 per share (2019: US\$1.57) which is in line with a range of values presented to us by our third-party valuer and the shares are to be issued in 2021.

The terms and conditions of the grants are as follows:

	Group and Company				
	Fair value at grant date \$000	Method of settlement	Number of instruments outstanding 2020	Number of instruments outstanding 2019	Vesting conditions
Equity settled award to employees (B Shares) (issued by CRL before share-for-share exchange)	73	Equity	-	1,812,500	Vest over 2018, 2019 and 2020 in ratios of 45%, 30% and 25% respectively
Equity settled award to employees - 2017 (A Shares) (issued by CRL before share-for-share exchange)	3,052	Equity	-	619,715	Vest over 4 years to 31 Dec 2020
Equity settled award to employees - 2018 (A Shares) (issued by CRL before share-for-share exchange)	6,140	Equity	268,357	2,146,853	Vest over 4 years to 31 Dec 2021
Equity settled award to employees - 2019 (A Shares) (issued by CRHL)	2,504	Equity	332,272	1,196,178	Vest over 4 years to 31 Dec 2022
Equity settled award to employees - 2020 (A Shares) (to be issued by CRHL)	780	Equity	233,594	-	Vest over 4 years to 31 Dec 2023

The total expenses recognised for in the year arising from share-based payments are as follows:

	2020 \$000	2019 \$000
Equity settled share-based payment expense	5,221	2,924
	<u>5,221</u>	<u>2,924</u>

**Notes** *(continued)*

**23 Financial instruments**

Fair values are determined using quoted market prices and observable inputs and are classified into a fair value hierarchy based on the valuation technique and observability of inputs used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) and are significant for the fair value measurement

***Fair values of financial instruments***

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows (note that Company only amounts have not been presented as they are identical to Group numbers except for small differences on cash and cash equivalents of US\$838K, trade and other receivables of US\$1,548K, trade and other payables of US\$6K and futures of US\$15K):

	Group			
	Fair value	Level 1	Level 2	Level 3
	2020 \$000	2020 \$000	2020 \$000	2020 \$000
Futures	37,857	37,857	-	-
Options	9,055	9,055	-	-
OTC derivatives	4,278	-	4,278	-
Physical forwards	229,053	-	171,822	57,230
Cross currency swaps	-	-	-	-
Other investments	9,213	1,547	-	7,666
	<u>289,457</u>	<u>48,460</u>	<u>176,100</u>	<u>64,896</u>
<b>Total financial assets designated at fair value through profit or loss at 31 December 2020</b>	<u>289,457</u>	<u>48,460</u>	<u>176,100</u>	<u>64,896</u>

	Group			
	Fair value	Level 1	Level 2	Level 3
	2019 \$000	2019 \$000	2019 \$000	2019 \$000
Futures	14,307	14,307	-	-
Options	11,152	11,152	-	-
OTC derivatives	1,881	-	1,881	-
Physical forwards	214,326	-	146,069	68,256
Cross currency swaps	600	-	600	-
	<u>242,266</u>	<u>25,459</u>	<u>148,550</u>	<u>68,256</u>
<b>Total financial assets designated at fair value through profit or loss at 31 December 2019</b>	<u>242,266</u>	<u>25,459</u>	<u>148,550</u>	<u>68,256</u>

**Notes** *(continued)*

**24 Financial instruments** *(continued)*

*Fair values of financial instruments (continued)*

	Group			
	Fair value	Carrying	Fair value	Carrying
	2020	amount	2019	amount
	\$000	2020	\$000	2019
	\$000	\$000	\$000	\$000
Cash and cash equivalents	62,552	62,552	60,179	60,179
Trade and other receivables	534,359	534,359	336,603	336,603
Short-term loan receivables	333	333	1,183	1,183
	<u>597,244</u>	<u>597,244</u>	<u>397,964</u>	<u>397,964</u>
<b>Total loans and receivables</b>	<b>597,244</b>	<b>597,244</b>	<b>397,964</b>	<b>397,964</b>

	Group			
	Fair value	Level 1	Level 2	Level 3
	2020	2020	2020	2020
	\$000	\$000	\$000	\$000
Futures	21,581	21,581	-	-
Options	-	-	-	-
OTC derivatives	6,702	-	6,702	-
Physical forwards	33,233	-	33,233	-
Cross currency swaps	2,426	-	2,426	-
	<u>63,941</u>	<u>21,581</u>	<u>42,361</u>	<u>-</u>
<b>Total financial liabilities designated at fair value through profit or loss at 31 December 2020</b>	<b>63,941</b>	<b>21,581</b>	<b>42,361</b>	<b>-</b>

	Group			
	Fair value	Level 1	Level 2	Level 3
	2019	2019	2019	2019
	\$000	\$000	\$000	\$000
Futures	9,438	9,438	-	-
Options	-	-	-	-
OTC derivatives	1,015	-	1,015	-
Physical forwards	32,283	-	32,283	-
Cross currency swaps	776	-	776	-
	<u>43,512</u>	<u>9,438</u>	<u>34,074</u>	<u>-</u>
<b>Total financial liabilities designated at fair value through profit or loss at 31 December 2019</b>	<b>43,512</b>	<b>9,438</b>	<b>34,074</b>	<b>-</b>

**Notes** *(continued)*

**24 Financial instruments** *(continued)*

*Fair values of financial instruments (continued)*

	<b>Group</b>			
	<b>Fair value</b>	<b>Carrying</b>	<b>Fair</b>	<b>Carrying</b>
	<b>2020</b>	<b>amount</b>	<b>value</b>	<b>amount</b>
	<b>\$000</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Borrowings	1,063,341	1,063,341	944,848	944,848
Redeemable shares classified as liabilities	124,707	124,707	122,320	122,320
Lease obligations	2,323	2,323	2,070	2,070
Trade and other payables	143,813	143,813	79,922	79,922
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total financial liabilities measured at amortised cost</b>	<b>1,334,184</b>	<b>1,334,184</b>	<b>1,149,160</b>	<b>1,149,160</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There were transfers from Level 3 to Level 2 of US\$22,256k (2019: US\$12,569K) as all significant inputs became observable during the year, with the maturity of the contracts becoming naturally shorter dated over time.

**Reconciliation of Level 3 asset fair values:**

	<b>Group</b>	
	<b>Derivative</b>	<b>Derivative</b>
	<b>financial</b>	<b>financial</b>
	<b>assets</b>	<b>assets</b>
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance at 1 January	68,256	75,215
Transfers out of Level 3	(22,256)	(13,139)
Total gains or losses		
- in profit or loss (cost of sales)	11,230	6,180
	<hr/>	<hr/>
<b>Closing balance at 31 December</b>	<b>57,230</b>	<b>68,256</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**24 Financial instruments** *(continued)*

*Fair values of financial instruments (continued)*

The following table shows the valuation techniques and inputs used to determine fair value for financial instruments.

Financial instruments measured at fair value	Valuation technique and inputs	Group and Company			
		2020		2019	
		Assets \$000	Liabilities \$000	Assets \$000	Liabilities \$000
Futures (Level 1)	Exchange quoted prices in an active market.	37,857	21,581	14,307	9,438
Options (Level 1)	Exchange quoted prices in an active market.	9,055	-	11,152	-
Other investments (Level 1)	Share prices quoted in an active market.	1,547	-	-	-
OTC derivatives (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices are adjusted for discount rates which captures the time value of money and counterparty credit risk where appropriate.	4,278	6,702	1,881	1,015
Physical forwards (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk.	171,822	33,233	146,069	32,283
Foreign currency contracts, cross currency swaps and options (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices are adjusted for discount rates which captures the time value of money and counterparty credit risk where appropriate.	-	2,426	600	776
Physical forwards (Level 3)	The fair value of the level 3 contracts has been calculated using discounted cash flow models supported by @Risk modelling to stress test valuations (similar to Monte Carlo simulation). Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk. Significant unobservable inputs consist of the longer dated points on forward price curves. A +/-1% movement in the historical 1-2 year moving monthly average alumina to LME aluminium price ratio would result in a +/- US\$5.3m movement in the net NPV value of the purchase and sales contracts. A +/- 1% change in the discount rate would result in a +/- US\$1.0m movement in the net NPV value of the purchase and sale contracts.	57,230	-	68,256	-

**Notes** *(continued)*

**24 Financial and capital risk management**

Financial risks arising in the normal course of business from Concord's activities comprise market risk (including commodity price risk), interest rate risk, currency risk, credit risk (including contract performance risk) and liquidity risk. Concord's risk management policies and procedures have been outlined in the strategic report.

**25 (a) Credit risk**

Credit risk is the risk of financial loss to Concord if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Concord's receivables from customers, cash and cash equivalents, prepayments and derivative instruments.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	Group		Company	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Trade receivables	422,202	252,986	422,202	252,986
Prepayments	57,602	32,991	57,597	32,986
Cash and cash equivalents	62,552	60,179	61,714	58,961
Derivative assets	280,244	242,266	280,244	242,266
Short-term loan receivables	333	1,183	333	1,183
	<u>822,933</u>	<u>589,604</u>	<u>822,090</u>	<u>588,382</u>

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	Group and Company	
	2020 \$000	2019 \$000
Americas	231,567	136,731
APAC	130,116	41,651
EMEA	60,519	74,604
	<u>422,202</u>	<u>252,986</u>

**Notes** *(continued)*

**25 Financial and capital risk management** *(continued)*

**25 (a) Credit risk** *(continued)*

The concentration of credit risk for trade receivables at the balance sheet date by type of counterparty was:

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Consumer	269,729	174,600
Producer	152,442	78,386
Trading	32	-
	<hr/>	<hr/>
	<b>422,202</b>	<b>252,986</b>
	<hr/> <hr/>	<hr/> <hr/>

*Credit quality of financial assets and impairment losses*

The aging of trade receivables at the balance sheet date was:

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Not past due	403,330	224,124
Past due 0-30 days	13,470	28,482
Past due 31-120 days	5,039	342
More than 120 days	363	38
	<hr/>	<hr/>
	<b>422,202</b>	<b>252,986</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**25 Financial and capital risk management** (continued)

**25 (b) Liquidity risk**

Liquidity risk is the risk that Concord will not be able to meet its financial obligations as they fall due. Conservative liquidity management requires sufficient cash and cash equivalents to meet future financial obligations. Concord manages liquidity to an internal limit which is required to be met at all times. The following are the contractual maturities of financial liabilities, including estimated effective interest payments and excluding the effect of netting agreements (note that Company only amounts have not been presented as they are identical to Group numbers except for small differences on trade payables of US\$6K):

	Group					Total \$000
	Due after 5 years \$000	Due 2 - 5 years \$000	Due 1 - 2 years \$000	Due 0 - 1 year \$000	Total \$000	
Borrowings	-	-	-	1,063,341	-	1,063,341
Shares classified as debt (redemption option)	-	103,024	42,382	6,642	-	152,048
Lease obligations	190	1,378	545	407	-	2,520
Trade payables	-	-	-	143,813	-	143,813
Other financial liabilities	-	-	3,535	60,407	-	63,941
<b>Total at 31 December 2020</b>	<b>190</b>	<b>104,402</b>	<b>46,462</b>	<b>1,274,609</b>	<b>-</b>	<b>1,425,663</b>

	Group					Total \$000
	Due after 5 years \$000	Due 2 - 5 years \$000	Due 1 - 2 years \$000	Due 0 - 1 year \$000	Total \$000	
Borrowings	-	-	-	944,848	-	944,848
Shares classified as debt (redemption option)	4,346	104,491	40,140	2,406	-	151,383
Lease obligations	550	1,100	275	367	-	2,292
Trade payables	-	-	-	79,922	-	79,922
Other financial liabilities	-	-	204	43,308	-	43,512
<b>Total at 31 December 2019</b>	<b>4,896</b>	<b>105,591</b>	<b>40,619</b>	<b>1,070,851</b>	<b>-</b>	<b>1,221,957</b>

The carrying value of financial liabilities is equal to the contractual cash flows shown above, with the exceptions of shares classified as debt and lease obligations which have carrying values of US\$124,707K and US\$2,323K (2019: US\$122,320K and US\$2,070K) respectively.

**23 (c) Currency risk**

The Group's functional currency is United States Dollars (USD) and transactions denominated in currencies other than USD may be actively hedged using foreign exchange (FX) forward and swap contracts to mitigate the risk of loss from movement in exchange rates. Debt financing transactions are predominately denominated in USD and the exit market for the key commodities Concord trades in is USD. Accordingly, foreign exchange movements against the USD on transactions will have an immaterial financial impact.

	Group and Company			
	Notional 2020 \$000	Fair value 2020 \$000	Notional 2019 \$000	Fair value 2019 \$000
Cross currency swaps – liabilities	126,797	2,426	80,122	176
<b>Total at 31 December</b>	<b>126,797</b>	<b>2,426</b>	<b>80,122</b>	<b>176</b>

**Notes** *(continued)*

**25 Financial and capital risk management** *(continued)*

**25 (c) Currency risk** *(continued)*

The major currencies that Group has exposure to are Renminbi (CNY), Euros (EUR) and British Pound Sterling (GBP). The average exchange rates against USD in the year were CNY/USD 0.145 (2019: 0.145) EUR/USD 1.142 (2019: 1.120) and GBP/USD 1.284 (2019: 1.276). The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

	Group			
	Renminbi \$000	Euro \$000	Sterling \$000	Total \$000
Cash and cash equivalents	922	5,603	165	6,690
Trade receivables	-	52,853	213	53,066
Secured bank loans	-	-	-	-
Trade payables	-	(340)	(19)	(359)
Forward exchange contracts	994	(79,312)	6,366	(71,952)
Other payables and receivables	1,352	(167)	(6,152)	(4,967)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	3,268	(21,363)	573	(17,522)
Estimated forecast sales	-	33,370	3,111	36,481
Estimated forecast purchases	-	(372)	-	(372)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2020</b>	<b>3,268</b>	<b>11,635</b>	<b>3,684</b>	<b>18,587</b>

	Group			
	Renminbi \$000	Euro \$000	Sterling \$000	Total \$000
Cash and cash equivalents	1,139	(2,176)	(67)	(1,104)
Trade receivables	-	36,714	-	36,714
Secured bank loans	-	-	-	-
Trade payables	-	(6)	-	(6)
Forward exchange contracts	-	(58,427)	9,843	(48,584)
Other payables and receivables	266	1,581	384	2,231
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	1,405	(22,314)	10,160	(10,749)
Estimated forecast sales	-	16,399	-	16,399
Estimated forecast purchases	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2019</b>	<b>1,405</b>	<b>(5,915)</b>	<b>10,160</b>	<b>5,650</b>

*Sensitivity analysis*

A 1% percent weakening of the following currencies against the US Dollar at 31 December would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Group	
	Equity \$000	Profit or loss \$000
Euro	116	116
Sterling	37	37
Renminbi	33	33

**Notes** (continued)

**25 Financial and capital risk management** (continued)

**25 (c) Currency risk** (continued)

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

	Renminbi \$000	Company		Total \$000
		Euro \$000	Sterling \$000	
Cash and cash equivalents	165	5,603	165	5,933
Trade receivables	-	52,853	213	53,066
Secured bank loans	-	-	-	-
Trade payables	-	(340)	(19)	(359)
Forward exchange contracts	994	(79,312)	6,366	(71,952)
Other payables and receivables	1	(167)	(6,152)	(6,318)
<b>Balance sheet exposure</b>	<b>1,160</b>	<b>(21,363)</b>	<b>573</b>	<b>(19,630)</b>
Estimated forecast sales	-	33,370	3,111	36,481
Estimated forecast purchases	-	(372)	-	(372)
<b>Net exposure at 31 December 2020</b>	<b>1,160</b>	<b>11,635</b>	<b>3,684</b>	<b>16,479</b>

	Renminbi \$000	Company		Total \$000
		Euro \$000	Sterling \$000	
Cash and cash equivalents	2	(2,176)	(67)	(2,241)
Trade receivables	-	36,714	-	36,714
Secured bank loans	-	-	-	-
Trade payables	-	(6)	-	(6)
Forward exchange contracts	-	(58,427)	9,843	(48,584)
Other payables and receivables	1	1,581	384	1,966
<b>Balance sheet exposure</b>	<b>3</b>	<b>(22,314)</b>	<b>10,160</b>	<b>(12,151)</b>
Estimated forecast sales	-	16,399	-	16,399
Estimated forecast purchases	-	-	-	-
<b>Net exposure at 31 December 2019</b>	<b>3</b>	<b>(5,915)</b>	<b>10,160</b>	<b>4,248</b>

A 1% percent weakening of the following currencies against the US Dollar at 31 December would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	Company	
	Equity \$000	Profit or loss \$000
Euro	116	116
Sterling	37	37
Renminbi	12	12

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

## Notes (continued)

### 25 Financial and capital risk management (continued)

#### 25 (d) Interest rate risk

Concord is exposed to different risks with regards to fluctuations in market interest rates for both assets and liabilities. Interest rate risk is predominately hedged through matching, as much as possible, the floating element of financing charges to customers against the financing liability. Market rates of interest are considered when concluding transaction pricing terms.

Floating rate debt facilities used to finance short term working capital requirements include either a margin linked to US dollar LIBOR or EURIBOR plus a fixed premium or a floating internal charge for the financial institution plus a fixed premium.

#### *Sensitivity analysis*

A change of 50 basis points in interest rates at the balance sheet date would have increased (decreased) equity and pre-tax profit or loss by US\$5.2m (2019: US\$4.7m). This calculation assumes that the change occurred at the balance sheet date and had been applied to floating rate liabilities existing at that date (excludes the sensitivity impact from any offsetting market interest rate movements for fair value hedges).

#### 25 (e) Capital management

Concord actively manages its capital structure to ensure that a robust position is maintained to support future business requirements and developments for the benefit all stakeholders. The approach to capital management requires strict management and adherence to financial covenants whilst maintaining financial flexibility and a competitive cost of capital. Distribution of cash to shareholders is subject to the Shareholder Agreement and Board discussion.

### 25 Commitments

Concord has not entered into any material unrecognised contractual commitments.

### 26 Contingent liabilities

There are currently no corporate guarantees in place or litigation claims pending against Concord.

Concord reviews its liabilities for all assessable tax years open to audit using the latest information available. Concord records the best estimate of the tax liabilities for all jurisdictions where it is deemed to have a permanent establishment. Uncertainty is present when estimating tax liabilities due to the complexity of international tax legislation and the subsequent interpretation required. Future results may be impacted by favourable or unfavourable adjustments in periods of resolution of assessments.

### 27 Related parties

Sales and purchase contracts were entered into with Pala Investments Limited, who hold an investment in Concord and have a Director on the Board. Total purchases during the year were US\$nil (2019: US\$nil) and total sales during the year were US\$nil (2019: US\$2.8m). Concord also received consultancy fee income of US\$nil (2019: US\$0.1m). Total payable balance as at 31 December 2020 was US\$0.7m (2019: US\$0.7m).

Purchase contracts were also entered into with Sienna Metals Holdings Ltd (previously named Cobalt 27 Capital Corp), a subsidiary of Pala Investments Limited, and in which Concord purchased a 3.9% stake in January 2020 (see note 14). Total purchases during the year were a credit of US\$(3.7m) (2019: debit of US\$29.9m). The credit in 2020 is due to adjustments to the price of prior year purchases. Total payable balance as at 31 December 2020 was US\$2.6m (2019: US\$2.9m).

Sales and purchase contracts were entered into with Gramercy Holdings LLC, a subsidiary of New Day Aluminium Holdings LLC whom Concord owns a minority investment in (see note 13). Total purchases during the year were US\$188.4m (2019: US\$6.6m) and total sales during the year were US\$nil (2019: US\$0.8m). Net income from financially settling swaps with Gramercy Holdings LLC during the year was \$0.3m (2019: US\$0.9m). Total payable balance as at 31 December 2020 was US\$4.0m (2019: receivable balance US\$5.1m).

**Notes** *(continued)*

**28 Related parties** *(continued)*

*Remuneration of key management personnel*

The remuneration of Directors and other members of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to US\$5,931k (2019: US\$5,358k). Further detail on remuneration of directors are set out in note 6.

*Parent and ultimate controlling party*

The immediate parent and ultimate controlling party of the Company is Concord Resources Holdings Limited, a company incorporated in Bermuda with registered number 54995 and registered address of Park Place, 55 Par La Ville Road, Hamilton, Bermuda HM11. The financial statements of Concord Resources Holdings Limited are not made available for public use and therefore the largest group for which consolidated financial statements are prepared for public use are the accounts of Concord Resources Limited.

**28 Subsequent events**

There are no subsequent events for consideration.