

HAL Trust



Annual Report 2020

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands.

The Company continued its activities under various names and is now operating as HAL Holding N.V., a Curaçao company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was formed on October 19, 1977, by a Trust Deed, which was last amended on May 18, 2011. The shares of the Trust are listed and traded on Euronext in Amsterdam.

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Corporate Administration

HAL Holding N.V.

Supervisory Board:

M. van der Vorm, *Chairman*

L.J. Hijmans van den Bergh, *vice Chairman*

M.E. Harris

M.P.M. de Raad

C.O. van der Vorm

G.J. Wijers

Executive Board:

M.F. Groot, *Chairman*

A.A. van 't Hof, *CFO*

J.N. van Wiechen

Highlights and Financial Calendar

<i>In euro</i>	2020*	2019*
Income (in millions)		
Revenues (excluding GrandVision N.V.)	3,387.4	2,965.4
Income from marketable securities and deposits	(28.9)	5.5
Share of results of associates and joint ventures (excluding GrandVision N.V.)	113.2	235.3
Income from other financial assets	4.4	11.5
Income from real estate activities	2.3	(2.5)
Net income attributable to owners of parent	629.0	665.8
Financial position at December 31		
Total assets (in millions)	14,380.2	14,130.8
Equity attributable to owners of parent (in millions)	7,957.3	7,960.3
Equity attributable to owners of parent (as a percentage of total assets)	55.3	56.3
Number of Shares outstanding at December 31 (in thousands)		
	85,312**	83,397**
Average number of Shares outstanding (in thousands)		
	84,231**	82,574**
Per Share		
Net income (incl. discontinued operations)	7.47	7.90
Shareholders' equity	93.27	95.45
Net asset value	149.93***	164.20***
Closing price shares HAL Trust at December 31	117.00	144.00
Volume-weighted average December share price HAL Trust	117.04	144.43
Dividend	4.70****	5.80
Exchange rates - December 31		
U.S. dollar per euro	1.23	1.12

* These figures relate, where applicable, to the pro forma financial statements as included in the supplemental information on pages 129 through 159

** Net of treasury shares

*** Based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies

**** Proposed (€ 2.35 in cash and € 2.35 in Shares)

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 19, 2021
Publication of 2021 half-year results	August 26, 2021
Interim statement	November 24, 2021
Publication of preliminary net asset value	January 27, 2022
Publication of 2021 annual results	March 30, 2022
Shareholders' meeting HAL Trust and interim statement	May 18, 2022

Report of the Trust Committee

HAL Trust

HAL Trust was formed in 1977 and holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 178.

In accordance with the instructions issued on June 24, 2020, the Trust distributed a dividend of € 5.80 per Share on July 24, 2020, of which € 2.90 per Share was payable in shares HAL Trust and € 2.90 per Share in cash.

Accordingly, a cash dividend was paid of € 241.9 million and 1,936,169 HAL Trust shares were issued as stock dividend.

On December 31, 2020, 85,385,067 HAL Trust shares were in issue (2019: 83,448,898).

On December 31, 2020, HAL Holding N.V. owned 73,501 HAL Trust shares (2019: 51,658).

The Trust Committee
HAL Trust Committee Ltd.

March 30, 2021

Report of the Supervisory Board of HAL Holding N.V.

The Supervisory Board (the ‘Board’) supervises the Executive Board and provides advice to the general meeting of shareholders. In performing its task, the Board is guided by the interest of HAL Holding N.V. and its business.

On June 30, 2020, the general meeting of shareholders appointed Mrs. M. Harris and reappointed Mr. M. van der Vorm as members of the Board. At the end of 2020 the Board consisted of six members. Their names, nationality and other relevant information are mentioned on page 183.

The Board met during eight meetings, five of which were regularly scheduled meetings. The other three meetings primarily related to the sale of the ownership interest in GrandVision N.V., the impact of COVID-19 on the Company and its subsidiaries and affiliates as well as acquisition proposals. The meetings were attended by all Board members.

The Executive Board provided the Board with both written and verbal information. Based on this information, the state of affairs of the Company was discussed and evaluated. Among others, the following specific subjects were addressed: the budget, cash-flow forecasts of the Company and its subsidiaries, the development of the results, the investment, liquid and real estate portfolios, the dividend, the quarterly, semi-annual and annual reports, the report of the financial expert (see below), the functioning and remuneration of the Executive Board, (potential) acquisitions, the sale of the ownership interest in GrandVision, the impact of COVID-19 on the Company and its subsidiaries and affiliates, the amendment of the articles of association, the risks associated with the Company, the governance of the Company and the design and implementation of the systems of internal control for financial reporting purposes including the reporting by the Executive Board on fraud cases and irregularities.

The Company does not have an internal audit function. The Board requested Deloitte Risk Advisory B.V. to examine the controls over financial reporting risks (covering the processes at HAL Holding N.V., HAL Investments B.V. and HAL Real Estate Inc.) and to report on deficiencies. The findings were set out in a detailed report to the Board,

and the Executive Board was requested to appropriately follow up on these matters. For further information relating to the systems of internal control for financial reporting purposes, we refer to the relevant paragraph in the report of the Executive Board on page 9.

As explained in the paragraph Administrative organization, risk management systems and financial reporting in the report of the Executive Board on page 19, the application of IFRS 10 requires the Company to consolidate the financial statements of Koninklijke Vopak N.V. (‘Vopak’) and Safilo Group S.p.A. (‘Safilo’) in its financial statements, although HAL’s ownership in these companies is below 50%. In order to allow the Company to comply with IFRS, it has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging financial information and attendance rights to the Audit Committee meetings of Vopak and the Control, Risk and Sustainability Committee meetings of Safilo of an independent financial expert on behalf of the Company. This financial expert (Mr. J.A.M. Stael, former partner of PricewaterhouseCoopers Accountants N.V.) reports to the Executive Board and the Supervisory Board, whether there are any matters relating to Vopak and Safilo that should be brought to the attention of the Company prior to the signing of the financial statements of the Company by the Executive Board and the Supervisory Board. Moreover, the assessment that the Company’s financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo is based on the external audit.

In the publicly traded companies Koninklijke Boskalis Westminster N.V. (‘Boskalis’), Vopak, Safilo and SBM Offshore N.V. (‘SBM’), the Company plays its role as a large minority shareholder. This is complemented by board representation. Mr. M.F. Groot, Chairman of the Executive Board is a member of the Supervisory Board of Vopak and a non-executive member of the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board, is a member of the Supervisory Boards of Boskalis and SBM. In their respective functions they may,

from time to time, be in the possession of confidential information about these publicly traded companies that they do not share with the other members of the Executive Board and the Supervisory Board of the Company. The Executive Board and the Supervisory Board of the Company recognize the importance of confidentiality of the discussions at the level of the boards of the above quoted companies as this contributes to a frank exchange of ideas and fruitful discussions. This modus operandi is based on sound business principles and allows these investee companies to operate more independently from the Company.

The Board has determined the variable compensation of the Executive Board. Further information with respect to the compensation of the Executive Board is included on page 120. The remuneration per Supervisory Board member for 2020, as determined by the General Meeting of Shareholders in 2011, amounted to € 80,000.

The Board had discussions with the external auditor during three meetings. Subjects discussed included the audit plan and audit findings, the financial statements, the report on the first half of 2020, impairment testing and the systems of administrative and internal controls for financial reporting purposes as well as the independence of the auditor. The financial expert was also present during these meetings.

The Board also met in the absence of the Executive Board to discuss, among other matters, the functioning and composition of the Board as well as the functioning of the Executive Board. All Board members were present during the meeting of Trust Shareholders of HAL Trust on June 24, 2020.

The Board did not form any committees. Between Board meetings, the Chairman of the Board maintained more intensive contacts with the Executive Board. In between the meetings of the Board, individual members provided their views on specific matters relevant to the Company.

The financial statements for 2020 were prepared by the Executive Board and discussed

by the Board during a meeting on March 30, 2021, in which the external auditor and the financial expert participated. After reviewing the unqualified audit opinions on the financial statements of HAL Trust and HAL Holding N.V., the results of the external audit as summarized in a report to the Board and the Executive Board and the report of the financial expert, all members of the Board agreed to sign the financial statements of the Company.

The Board recommends that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V. for the approval of the financial statements for 2020 as per the documents submitted and the proposed distribution of profits.

It should be noted that neither the Dutch Corporate Governance Code is applicable to HAL Holding N.V., because HAL Holding N.V. is not a Dutch company, nor are other Corporate Governance Codes applicable to HAL Holding N.V. Pages 179 through 182 of this report provide a description of HAL Holding N.V.'s corporate governance structure.

In accordance with the rotation schedule, Mr. C.O. van der Vorm will resign this year. He is available for re-election. We propose to the Shareholders of HAL Trust to instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V. for the re-election of Mr. C.O. van der Vorm.

At the end of the next shareholders meeting, Mr. M.P.M. de Raad will retire from the Supervisory Board as he will have reached the age limit included in the Articles of Association. Mr. De Raad has been member of the Board since 2006. The Supervisory Directors would like to express their gratitude for the contributions he made to the Company and his collegiality. His extensive expertise, especially in the retail industry, and interest in the development of the Company are very much appreciated.

On behalf of the Supervisory Board,
M. van der Vorm, *Chairman*

March 30, 2021

Report of the Executive Board of HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2020 amounted to € 629 million (€ 7.46 per Share) compared with € 666 million (€ 7.90 per Share) for 2019. Due to the announced sale on July 31, 2019, of the ownership interest in GrandVision, this subsidiary has been classified as held for sale under IFRS 5. Accordingly, amortization, impairment and depreciation of non-current assets ceased effective that date, which had a positive effect on net income of HAL of € 503 million (2019: € 193 million). Net income for 2020 restated for the effects of IFRS 5 amounted to € 126 million (2019: € 473 million). The decrease is mainly due to lower income from quoted minority interests (due to negative exceptional items in 2020 and positive exceptional items in 2019) and lower income from the optical retail activities as a result of COVID-19.

The net asset value based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies, decreased by € 658 million in 2020. This decrease is primarily due to a lower stock market value of GrandVision (effect € 375 million) and Vopak (effect € 250 million).

After taking into account the cash portion of the 2019 dividend (€ 242 million) and the purchase of treasury shares (€ 3 million), the net asset value on December 31, 2020, amounted to € 12,791 million (€ 149.93 per share) compared to € 13,694 million (€ 164.20 per share) on December 31, 2019.

The net asset value does not include the positive difference between estimated value and book value of the unquoted companies as of December 31, 2020. This difference is calculated annually and, based on the principles and assumptions set out on pages 127 and 128 of this report, amounted to € 360 million (€ 4.22 per share) on December 31, 2020, compared with € 332 million (€ 3.98 per share) on December 31, 2019. With respect to Coolblue no estimated value was calculated in view of the potential Initial Public Offering of this investee company. In the net asset value the investment in Coolblue was included at book value (€ 250 million).

Dividend

The dividend policy is, barring unforeseen circumstances and provided sufficient liquid assets, to base the dividend on 4% of the volume-weighted average December share price of HAL Trust in the year prior to the year of the dividend payment. Accordingly, the proposed dividend per share over 2020 amounts to € 4.70 (2019: € 5.80) of which 50% to be paid in cash and 50% in shares.

Implications of COVID-19

The global spread of COVID-19 has had a significant effect on certain subsidiaries and affiliates in 2020. This has continued in 2021. The financial position of our investee companies going into the pandemic was strong and the management teams were overall effective in their approach to counter the effects of the situation. The subsidiaries have taken measures to preserve the health and safety of their employees and customers and the operation of their businesses. Measures have been taken, where appropriate, to reduce operating costs and non-critical capital expenditures as well as optimize working capital. Although revenues and profitability improved during the second half of 2020, the evolution of the COVID-19 pandemic and increasingly restrictive measures by governments, including lockdowns, may affect in 2021 the business performance of certain subsidiaries and affiliates.

Optical retail

Comparable sales of GrandVision decreased by 14.1% during 2020, driven by the COVID-19 enforced temporary store closures during the first half, as well as an overall reduction in footfall during the year. Operating income amounted to € 266 million (2019: € 475 million). Same store sales in the second half year improved compared to the first half year and increased by 1% compared to 2019. As from November 2020, GrandVision experienced an increasingly challenging environment from the second wave of COVID-19 as governments started to re-introduce stricter measures to contain the spread of the virus. As of December 31, 2020,

98.5% of the store network remained open as optical retail qualified as “essential retail” in most markets. In view of the uncertainty regarding the restrictive measures, GrandVision did not provide an outlook for 2021.

Net debt of GrandVision as of December 31, 2020 amounted to € 539 million (2019: € 753 million) which represented a leverage ratio of 1.3 (2019: 1.2). As of 31 December 2020, GrandVision was subject to a covenant holiday. During 2020, GrandVision benefited from COVID-19 related government grants (€ 56 million) and rent reductions (€ 34 million). No (NOW) government grants were received in the Netherlands.

Other unquoted

Revenues and operating income of the unquoted consolidated companies, on a comparable basis, decreased by 8.2% respectively 12.5% during 2020. Revenues for a number of investee companies such as Broadview Holding, Atlas Professionals, Sport Timing Holding and Koninklijke Ahrend were significantly impacted by the consequences of the pandemic. On the other hand, revenues of Timber and Building Supplies Holland and Coolblue (not consolidated) increased. As of December 31, 2020, none of the unquoted companies was in default with its bank covenants and no defaults are currently foreseen. In addition, based on scenario analyses for each subsidiary, no liquidity issues for 2021 are expected. During 2020 the unquoted companies benefited from COVID-19 related government grants (€ 13 million). No (NOW) government grants were received in the Netherlands.

Real estate

In 2020, the real estate operations in the United States and the Netherlands were confronted with only a limited number of delinquent lessees. In Seattle, at the end of December, 3% of the lessees of apartment units had a delay in payment. In the Netherlands unpaid rent amounted to less than € 0.5 million. With respect to properties under construction there were no significant delays as of December 31, 2020.

Quoted minority interests

In this segment Safilo was the most affected by the COVID-19 pandemic. The 2020 net sales decreased by 15.2% at constant exchange rates. During the second half year net sales increased by 4.5% at constant exchange rates which allowed the company to return to a break-even EBITDA (earnings before interest, taxes, depreciation and amortization) for 2020. In September 2020 Safilo announced a new term loan facility of € 108 million, 90% guaranteed by the Italian government, to provide additional liquidity for working capital and capital expenditures. Safilo also obtained waivers and amendments of covenants of its existing loan and revolving credit facility of € 150 million.

Status of sale GrandVision

On July 31, 2019, it was announced that the closing of the acquisition by EssilorLuxottica of HAL’s 76.72% interest in GrandVision was expected to occur prior to July 31, 2021. Together with GrandVision and EssilorLuxottica, we are working on fulfilling all relevant requirements under the transaction documentation, including obtaining the requisite regulatory approvals. The transaction has been cleared so far in the United States, Russia, Colombia, Brazil, Mexico and the European Union and is currently under review in Chile and Turkey.

On July 30, 2020, HAL initiated arbitration proceedings against EssilorLuxottica in order to ensure that EssilorLuxottica complies with its obligations in respect of this transaction. These proceedings are currently ongoing; they are confidential and non-public. On September 4, 2020, EssilorLuxottica reported that it had decided to file an appeal against the judgment of the District Court of Rotterdam, dated August 24, 2020, dismissing its demands for disclosure of information from GrandVision. This information was requested in view of alleged material breaches by GrandVision of its obligations under the support agreement in relation to GrandVision’s actions to mitigate the impact of COVID-19 on its business.

Prospects

Due to the fact that a significant part of the Company's net income is determined by the results of the quoted associates and potential capital gains and losses, we do not express an expectation as to the net income for 2021. During the period from December 31, 2020, through March 26, 2021, the stock market value of the ownership interests in quoted companies and the liquid portfolio was positively impacted by changes in stock market prices for approximately € 520 million (€ 6.10 per Share).

Strategy

The Company's strategy is focused on acquiring and holding significant shareholdings in companies, with the objective of increasing long-term shareholders' value.

When selecting investment candidates the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. Given the emphasis on the longer term, the Company does not have a pre-determined investment horizon.

HAL also owns real estate. The real estate activities are concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multi-family properties and office buildings. Next to these Seattle activities, HAL owns three retail centers in the Netherlands with the intention to upgrade the retail space and add residential units.

The liquid portfolio is primarily invested in short-term cash deposits and liquid equities. This provides a high degree of flexibility for potential acquisitions.

Risks

There are a number of risks associated with the strategy and with its implementation. Financial risks are further described in the section supplemental information of the financial statements on pages 155 through 158.

Besides risks which are specific to individual companies (these risks are not managed by HAL Holding N.V., see page 19), important risk factors are summarized below. The risks described below also exclude the risks of Koninklijke Vopak N.V. ('Vopak', 48.15%) and Safilo Group S.p.A. ('Safilo', 49.8%). Although HAL's ownership in these companies is below 50%, these companies are included in the consolidated financial statements of the Company as, in accordance with the provisions of IFRS 10, the Company is deemed to have control over these entities. Reference is also made to the paragraph Administrative organization, risk management systems and financial reporting on page 19, for the organizational and control aspects of the consolidation of Vopak and Safilo.

Concentration risk

Concentration risk exists with respect to the optical retail activities as well as the quoted associates, as each represent a significant part of the net asset value of HAL.

Optical retail activities

Revenues of the optical retail and unquoted companies for 2020 amounted to € 6,868 million of which the optical retail activities represented 51%. At the end of 2020 the stock market value of HAL's ownership interest in its optical retail subsidiary GrandVision N.V. was € 5.0 billion, representing 39% of the net asset value of HAL.

A 10% change in the share price of GrandVision N.V. has an effect on HAL's net asset value of 3.9%. Accordingly, there is a significant concentration risk with respect to the optical retail industry. After completion of the sale of GrandVision the concentration risk with respect to the optical retail activities will cease to exist.

Quoted minority interests

At the end of 2020 the stock market value of HAL's ownership interests in quoted minority interests amounted to € 4.7 billion (2019: € 5.0 billion). This included Vopak (€ 2.6 billion, 2019: € 3.0 billion), Koninklijke Boskalis Westminster N.V. (€ 1.3 billion, 2019: € 1.3 billion), SBM Offshore N.V. (€ 0.6 billion, 2019: € 0.5 billion), and Safilo (€ 0.1 billion, 2019: € 0.2 billion). Changes in stock prices of these companies may have a significant effect on the net asset value of HAL.

Market value risk

In addition to the interests in quoted companies as described above, at the end of 2020 HAL owned equities which are part of the liquid portfolio, for an amount of € 121 million (2019: € 152 million). The value of these assets can be subject to significant fluctuations as a result of the volatility of the stock markets. In 2020, share price developments of the quoted companies (including GrandVision) and the equities in the liquid portfolio, combined with dividends received, had a negative effect of € 0.7 billion on the net asset value.

Interest rate risk

Investments in fixed income instruments are exposed to fluctuations in interest rates. In view of the short duration of the Company's liquid assets, the interest rate risk is limited. In addition, the risk of an increase in interest rates exists with respect to the Company's debt position. At the end of 2020, this debt was exclusively at the level of the subsidiaries. Of the € 932 million interest bearing debt outstanding at the end of 2020, which excludes the debt of GrandVision as it is held for sale, (2019: € 807 million) 32% (2019: 42%) was borrowed at fixed rates for an average period of 4.7 years (2019: 4.5 years).

Currency risk

The most important currency risk relates to currency translation risk as a result of the translation of (net) balance sheet positions from a foreign currency to the euro. At the end of 2020 the unhedged exposure to currency translation risk, excluding GrandVision, was

€ 964 million (2019: € 1,024 million).

The largest currency exposure related to the U.S. dollar and amounted to € 455 million (2019: € 460 million). The potential impact is detailed in the section supplemental information of the financial statements on page 158. Currency risk also exists with respect to the translation of the results of foreign currency operations. Changes in exchange rates compared with 2019 had a negative effect on revenues of € 21 million. The negative effect on operating income was € 2 million.

Credit risk

HAL is subject to credit risk with respect to financial instruments and liquid assets. This is the risk that a counter party is unable to comply with its contractual obligations. The Company generally only enters into transactions with counter parties that have a strong credit rating (S&P long-term credit rating varying from A to AA-). At the end of 2020 the liquid assets (excluding equities and excluding the liquid assets of GrandVision) amounted to € 1,324 million (2019: € 1,470 million) of which € 748 million (2019: € 1,224 million) was part of the "corporate" liquid portfolio. At the end of 2020, the corporate liquid portfolio mainly consisted of short term deposits held at banks with an average short-term S&P credit rating of A-1.

Liquidity risk

Liquidity risk relates to situations where a company is unable to comply with its financial obligations. The financial liabilities mainly relate to the consolidated subsidiaries. The liquidity risk of the consolidated subsidiaries is detailed in the section supplemental information on pages 156 through 157 of the financial statements. HAL Holding N.V. had, at the end of 2020, in addition to its corporate liquid portfolio of € 0.9 billion, committed revolving bank facilities of € 100 million with an average of 1.3 years remaining until maturity.

Acquisition risk

In the process of acquisitions, the Company makes hypotheses, assumptions and judgments about possible future events. Actual

developments may turn out to be significantly different. In addition, errors of judgment in due diligence and contract negotiations, as well as non-compliance with laws and regulations in the context of acquisitions, could result in (opportunity) losses and/or reputational damage for the Company.

Financial reporting risk

Although HAL's ownership interest in Vopak and Safilo Group is below 50%, IFRS requires (since January 1, 2014) these associates to be consolidated in the consolidated financial statements as HAL, in accordance with the provisions of IFRS 10 (Consolidated Financial Statements), is deemed to have control over these two entities. HAL has agreed with Vopak and Safilo on certain procedures for the exchange of information which allow HAL to comply with its consolidation requirement. If however, for whatever reason, either Vopak or Safilo will not, or is not able to, provide HAL with this information, HAL may not be able to comply with its obligation to prepare consolidated financial statements on a timely basis.

Other

In addition to the above-mentioned risk factors, it should be noted that the profitability and the net asset value of the Company are susceptible to economic downturns. Demand for the products and services of the subsidiaries and minority-owned companies and/or their profitability may decline as a direct result of an economic recession, inflation, changes in the prices of raw materials, the inability to transform business models to a digital environment, consumer confidence, interest rates or governmental (including fiscal) policies, legislation as well as geopolitical developments. In addition, the operations and profitability of certain investee companies may continue to be negatively affected by restrictive measures as a result of the spread of COVID-19.

Acquisitions unquoted companies

On May 4, 2020, Broadview Holding completed the acquisition of Direct Online

Services Holdings Ltd. ('DOS'). DOS is an eCommerce-led, multi-channel retailer of kitchen products based in Gloucestershire (United Kingdom). The company operates a number of brands, including Worktop Express®, the UK's leading online worktop supplier and also has a presence in Germany. DOS employs 284 FTE and reported 2020 sales of € 54 million.

On August 20, 2020, HAL acquired Van Wijnen Holding N.V. ('Van Wijnen'). The company is active in residential construction, utility construction, project development and renovation activities in the Netherlands. Van Wijnen has approximately 2,000 employees and reported 2020 revenues of approximately € 1.1 billion.

During 2020, the ownership interest in Timber and Building Supplies Holland N.V. was increased from 89% to 94% and in Atlas Professionals B.V. from 80% to 100%.

On January 4, 2021 HAL completed the acquisitions of 60% of the shares in GreenV B.V. ('Stolze') and 24% of the shares in PD Greenhouse Beheer B.V. ('Prins Group'). Stolze and Prins Group are both active in the greenhouse building sector. Stolze is active worldwide in providing technical systems for horticultural greenhouses. Sales over 2020 were approximately € 100 million and the company employs approximately 120 FTE's. Prins Group is active worldwide in building and producing greenhouses and integrated greenhouse projects. Sales over 2020 were approximately € 50 million and the company employs approximately 45 FTE's.

On February 12, 2021 HAL completed the acquisition, together with management, of 100% of the shares in BVG International B.V. ('Top Employers Institute'). Top Employers Institute is globally active in certification and benchmarking of human resources policies. Approximately 1,700 companies have been certified as Top Employer in 2020. Sales over 2020 were € 24 million and the company employs circa 125 FTE.

Increased ownership in quoted minority interests

The ownership interest in the outstanding share capital of Koninklijke Boskalis Westminster N.V. increased from 43.5% at the end of 2019 to 45.5% on December 31, 2020. This was primarily due to a share buyback program of Boskalis. The ownership interest in the outstanding share capital of SBM Offshore N.V. increased from 16.8% at the end of 2019 to 21.91% on December 31, 2020.

Divestitures

On July 28, 2020, Broadview Holding B.V. (97.4% HAL) completed the sale of its 43.3% stake in Molgas Energy Holding S.L., a distributor of LNG. The equity stake was acquired in 2015. The sale resulted in a capital gain of € 28 million.

On November 17, 2020 HAL announced the sale of Flight Simulation Company B.V. ('FSC') to CAE Inc. for a cash consideration for the equity of € 69 million. FSC provides training for pilots using flight simulators and was acquired in 2006. The sale resulted in a capital gain of € 58 million.

On February 11, 2021, HAL confirmed that an initial public offering (IPO) of Coolblue shares on Euronext Amsterdam is being considered. At this stage, it is expected that the IPO may take place in 2021, depending, among other things, on conditions in the financial markets. HAL has a 49% interest in Coolblue.

Optical retail

GrandVision N.V. (76.7%), is a leading global optical retailer based at Amsterdam Airport Schiphol. The shares of the company are listed on Euronext in Amsterdam. At the end of 2020, the stock market value of HAL's 76.7% ownership interest was € 4,978 million (2019: € 5,353 million). At the end of 2020 GrandVision was active in more than 40 countries and had 7,260 optical stores (2019: 7,406) including franchise stores. The average number of full-time equivalent employees (FTE's) was 33,542 (2019: 34,143). Revenues amounted to € 3,481 million (2019: € 4,039 million), a 13.8%

decrease. Excluding the effect of acquisitions and changes in currency exchange rates, revenues decreased by 13.7% (2019: increase of 5.1%). The 2020 same store sales (defined as the sales at constant currency exchange rates of those stores, excluding franchise stores, which were part of the store network both on January 1, 2019, and on December 31, 2020), decreased by 14.1% (2019: increase of 4.1%).

The 2020 operating income (in this report defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets, but including amortization of software), amounted to € 266 million (2019: € 475 million).

HAL has had an ownership interest in GrandVision since 1996.

Unquoted companies

Broadview Holding B.V. (97.4%) is located in 's-Hertogenbosch (the Netherlands) and employed 6,077 FTE's at the end of 2020 (2019: 6,072). Its main subsidiaries are Trespas International B.V., Arpa Industriale S.p.A., Westag & Getalit AG and the Formica Group. Trespas is located in Weert (the Netherlands) and produces composite panels for facade cladding as well as laboratory furniture. Arpa is located in Bra (Italy) and uses a similar technology to manufacture panels for a variety of interior surfaces such as kitchens and retail furniture. Westag is based in Rheda-Wiedenbrück (Germany) and produces doors and frames, kitchen worktops and windowsills as well as solid surface material and coated plywood panels. Formica is a leading provider of branded, designed surfacing solutions with a global presence and production locations in America, Asia and Europe.

Broadview is also active in the distribution of liquefied natural gas (LNG) and related activities through its subsidiaries in Norway, the Netherlands and Turkey. Broadview sold Molgas Energy Group in July and acquired Direct Online Services Holdings Ltd. in May (see above).

Revenues for 2020 increased by 14% to € 1,107 million (2019: € 971 million).

Excluding the effect of acquisitions and changes in currency exchange rates revenues

decreased by 12.5%. This decrease was due to the effect of COVID-19 including lockdown measures in most markets where Broadview is active. Arpa, Westag and Trespa showed a recovery trend during the second half of 2020. Formica, however, was still facing difficult market circumstances due to its strong focus on commercial applications that were heavier impacted than residential applications as well as geographical differences in the development of COVID-19. Operating income amounted to € 56 million (2019: € 81 million). Operating income decreased due to lower sales, partly offset by favorable raw material and energy prices as well as reduced operating expenses. Acquisitions and divestitures had a net positive effect on operating income of € 6 million.

HAL has had an ownership interest in Broadview since 1996.

Timber and Building Supplies Holland N.V., (94.3%) located in Zaandam (the Netherlands), is one of the country's leading suppliers of timber products and building materials used for new construction, renovations and maintenance. The company has outlets throughout the Netherlands and employed 1,589 FTE's at the end of 2020 (2019: 1,497). Revenues for 2020 increased by 7.9% to € 788 million (2019: € 730 million). Operating income amounted to € 73 million (2019: € 57 million).

HAL has had an ownership interest in Timber and Building Supplies Holland since 1999.

Koninklijke Ahrend B.V. (96%) is based in St. Oedenrode (the Netherlands) and employed 1,447 FTE's at the end of 2020 (2019: 1,632). The company delivers furniture and fit out services for office, education, healthcare and retail environments through a portfolio of three leading furniture brands: Ahrend, Gispem and Presikhaaf. Revenues for 2020 decreased by 23% to € 268 million (2019: € 347 million). Operating income was slightly negative (2019: € 12 million). After a strong first quarter, Ahrend was considerably hit by the consequences of COVID-19. Order intake improved slightly in the fourth quarter, predominantly driven by a combination of large government orders and work-from-home projects.

HAL has had an ownership interest in Ahrend since 2001.

Orthopedie Investments Europe B.V. (100%) is located in Rotterdam (the Netherlands). Its subsidiaries (Livit B.V., 89% owned and Auxilium GmbH, 54% owned) manufacture and sell orthopedic and other medical aids. Livit operates a network of specialized care centers and fitting locations throughout the Netherlands. Auxilium GmbH, based in Essen (Germany), is the holding company of eight German companies. At the end of 2020, the company employed 2,310 FTE's (2019: 2,325). Revenues for 2020 increased by 2% to € 261 million (2019: € 256 million). Operating income amounted to € 11 million (2019: € 12 million). In January 2021, Auxilium completed the acquisition of Luttermann Wesel (€ 12 million revenue in 2020).

HAL has had an ownership interest in Orthopedie Investments Europe since 2007.

Atlas Professionals B.V. (100%), located in Hoofddorp (the Netherlands), is a temporary staffing agency supplying technical personnel to the international oil & gas, marine and offshore wind industries. The company employed 266 FTE's at the end of 2020 (2019: 302). Revenues for 2020 decreased by 32% to € 159 million (2019: € 235 million) due to the consequences of COVID-19. Operating income for 2020 amounted to € 3 million (2019: € 6 million).

HAL has had an ownership interest in Atlas since 2011.

Anthony Veder Group N.V. (62.9%) is a Rotterdam (the Netherlands) based shipping company. At the end of 2020 the company had 598 FTE's (2019: 631) and operated 33 gas tankers (2019: 36), of which 25 (2019: 26) were (partially) owned. Revenues for 2020 (including recharged bunker and port costs) amounted to \$ 184 million (2019: \$ 198 million). Operating income amounted to \$ 17 million (2019: \$ 23 million).

HAL has had an ownership interest in Anthony Veder since 1991.

FD Mediagroep B.V. (99%) is located in Amsterdam (the Netherlands). The company employed 373 FTE's at the end of 2020 (2019: 386). The major brands of FD Mediagroep include the Dutch financial newspaper *Het Financieele Dagblad*, the radio station BNR Nieuwsradio and the information and data services provider *Company.info*. Revenues for 2020 amounted to € 88 million (2019: € 89 million). Operating income amounted to € 11 million (2019: € 8 million).

HAL has had an ownership interest in FD Mediagroep since 1997.

Infomedics Holding B.V. (81.0%), provides business process outsourcing and factoring services for the Dutch health care sector and had 209 FTE's at the end of 2020 (2019: 238). Revenues for 2020 amounted to € 59 million (2019: € 62 million). Operating income for 2020 amounted to € 25 million (2019: € 26 million).

HAL has had a direct ownership interest in Infomedics since 2016. Since 2012 HAL held a minority stake through InVesting B.V. (sold in 2016).

Floramedia Group B.V. (96%) is based in Westzaan (the Netherlands) and employed 213 FTE's at the end of 2020 (2019: 209). Floramedia provides horticultural communication products and services to growers, garden centers and retailers. The company uses a horticultural database which contains more than 220,000 pictures, videos, texts and other plant-related content. Revenues for 2020 amounted to € 39 million (2019: € 37 million). Operating income increased.

HAL has had an ownership interest in Floramedia since 1999.

AN Direct B.V. (90%) is the holding company of MD Hearing which sells hearing aids via its website and call centers in the United States. The company employed 41 FTE's at the end of 2020 (2019: 39). Revenues for 2020 amounted to \$ 32 million (2019: \$ 23 million). The operating income increased.

HAL has had an ownership interest in AN Direct since 2017.

Sports Timing Holding B.V. (95.5%), located in Haarlem (the Netherlands), operates under the MYLAPS brand and is active in the development and production of identification and timing equipment for sports events. The company employed 98 FTE's at the end of 2020 (2019: 139). Revenues for 2020 amounted to € 15 million (2019: € 28 million). The company was severely affected by the consequences of COVID-19. Operating income decreased.

HAL has had an ownership interest in Sports Timing Holding since 1998.

Unquoted minority interests

HAL has ownership interests in the following unquoted associates:

Coolblue B.V. (49%), based in Rotterdam, is one of the leading online retailers in the Benelux and employed 4,177 FTE's at the end of 2020 (2019: 3,077). The company reported 2020 revenues of € 1,987 million (2019: € 1,482 million). In 2020 Coolblue expanded its activities into Germany and rolled out its Business Journey proposition, a work-from-home portal for corporate employees to purchase products based on arrangements Coolblue entered into with certain employers. Per the beginning of 2021, the company launched Coolblue Energy, its new solar power, electrical vehicle charging stations and renewable gas and energy contracts proposition. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 114 million (2019: € 48 million).

HAL acquired an ownership interest in Coolblue in 2016.

DMF Investment Management B.V. (25%), based in The Hague, operates under the trade name Dutch Mortgage Funding Company (DMFCO). The company is active in the origination and management of Dutch mortgages under the label Munt Hypotheken. The mortgages are funded by pension funds and international investors with assets under

management of approximately € 19 billion. The company reported 2020 revenues of € 53 million (2019: € 36 million) and employed 49 FTE's at the end of 2020 (2019: 41).

HAL acquired an ownership interest in DMFCO in 2017.

Quoted minority interests

HAL has ownership interests in the following quoted associates:

Safilo Group S.p.A. (49.8%) is a Padua (Italy) based manufacturer and distributor of optical frames and sunglasses. The shares of the company are listed on the Milan stock exchange. At the end of 2020 the company had 5,215 employees.

Revenues for 2020 amounted to € 780 million (2019: € 965 million). The net loss amounted to € 69.4 million (2019: net loss of € 328.3 million). In 2019 Safilo recorded goodwill impairment charges of € 227 million.

HAL has had an ownership interest in Safilo since 2005.

For additional information on Safilo, please refer to the company's annual report and its website www.safilo.com.

Koninklijke Vopak N.V. (48.15%) is the world's leading independent tank storage company. As of December 31, 2020, Vopak operated 70 terminals in 23 countries with a combined storage capacity of 35.6 million cubic meter. At the end of 2020, the company employed 5,637 FTE's (including joint ventures). The shares of the company are listed on Euronext in Amsterdam. Revenues for 2020 amounted to € 1,190 million (2019: € 1,253 million). Net income amounted to € 301 million (2019: € 571 million). The 2019 net income included exceptional gains of € 213 million.

HAL has had an ownership interest in Vopak since 1999.

For additional information on Vopak, please refer to the company's annual report and its website www.vopak.com.

Koninklijke Boskalis Westminster N.V. (45.54%) is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world. With core activities such as coastal defense, riverbank protection and land reclamation, Boskalis is able to provide adaptive and mitigating solutions to combat the effects of climate change, such as extreme weather conditions and rising sea levels, as well as delivering solutions for the increasing need for space in coastal and delta regions across the world. The company facilitates the development of offshore energy infrastructure, including renewable wind energy. Boskalis is furthermore active in the construction and maintenance of ports, waterways, access channels and civil infrastructure. Boskalis has a versatile fleet of more than 650 vessels and floating equipment and 9,900 employees, including associates.

The shares of the company are listed on Euronext in Amsterdam. Revenues for 2020 amounted to € 2,525 million (2019: € 2,645 million). Net loss for 2020 amounted to € 96.7 million, including exceptional charges of € 187 million, (2019: a profit of € 74.9 million). At the end of 2020 the order book of the company amounted to € 5.3 billion compared to € 4.7 billion at the end of 2019.

HAL has had an ownership interest in Boskalis since 1989.

For additional information on Boskalis please refer to the company's annual report and its website www.boskalis.com.

SBM Offshore N.V. (21.91%). The company's main activities are the design, supply, installation, operation and the life extension of floating production solutions for the offshore energy industry over the full lifecycle. The company is market leading in leased floating production systems, with multiple units currently in operation. The company has approximately 4,570 employees. Its shares are listed on Euronext in Amsterdam. Revenues for 2020 amounted to \$ 2,368 million compared to \$ 2,171 million for 2019. Underlying EBITDA amounted to \$ 944 million (2019: \$ 832 million). The net income

for 2020 amounted to \$ 38 million compared to \$ 235 million for 2019. At the end of 2020 the order backlog of the company amounted to \$ 21.6 billion compared to \$ 20.7 billion at the end of 2019.

HAL has had an ownership interest in SBM Offshore since 2012.

For additional information on SBM Offshore please refer to the company's annual report and its website www.sbmoffshore.com.

Real estate

The real estate assets of HAL are located in the Seattle metropolitan area (United States of America) and the Netherlands.

HAL has a real estate operation in Seattle (7 employees) that manages a real estate portfolio. This portfolio consisted at the end of 2020 of ten joint ventures of which three were invested in office buildings and seven in residential real estate with a total (expected) cost of \$ 769 million (€ 627 million). HAL's total equity commitment for these projects amounts to \$ 215 million (€ 175 million) of which \$ 15 million (€ 12 million) was not yet spent as of December 31, 2020.

Office buildings

This portfolio includes a 50% ownership in a fully leased office property in Seattle (12,000 net rentable m²). In January 2020, HAL entered into a joint venture agreement to acquire and renovate a 5-storey, 13,500 m² office building in downtown Mercer Island, a suburb of Seattle. In March 2020, HAL entered into a joint venture agreement to complete the development, construction and lease-up of a two-building, 5,500 m² office project in Seattle's Fremont neighborhood. This project is in the final stage of completion.

Residential real estate

HAL has ownership interests in six joint ventures for the development and rental of 1,767 apartments in the Seattle metropolitan area. Two projects (438 apartments) were completed at the end of 2020 and are 89% leased. A third project of 492 apartments

is partially completed with 288 units delivered at the end of 2020 of which 80% were leased. The other projects will be completed during the period 2021-2022.

In addition, in June 2018, HAL entered into a joint venture agreement and purchased 13,000 m² of environmentally contaminated land in Seattle in order to remediate the site and then develop 569 apartments. The design phase is almost completed and construction is expected to start in 2021. The construction costs are not included in the total portfolio cost.

At the end of 2020, the book value of the US real estate portfolio amounted to \$ 187 million (€ 152 million) against an estimated market value of \$ 264 million (€ 215 million). For additional information on HAL's real estate portfolio in the United States please refer to www.halrealestate.com.

In the Netherlands, HAL has a 90% interest in a company that acquired in August 2019 the retail centers De Aarhof (9,723 m²) in Alphen aan de Rijn and City Passage (7,763 m²) in Veldhoven. The intention is to redevelop these properties in order to add residential units and upgrade the retail space. The book value of these assets at the end of 2020 amounted to € 33 million. In February 2021 the retail center De Prinsenpassage in Rijswijk (19,900 m²) was acquired with also the intention to redevelop the property in order to add residential units and upgrade the retail space

Liquid portfolio

The corporate liquid portfolio decreased in 2020 by € 507 million to € 869 million. This decrease is primarily due to the payment of the 2019 cash dividend, the increase of the ownership interest in SBM Offshore, the acquisition of Van Wijnen, acquisition financing provided to Safilo and the investments in U.S. real estate. This was partially offset by dividends received (including the share buyback program of Vopak), the sale of FSC and repayments of shareholder loans. On December 31, 2020, the liquid portfolio consisted for 86% (2019: 89%) of fixed income instruments and cash balances amounting to € 748 million (2019: € 1,224 million), and for 14% (2019: 11%) of equities,

for an amount of € 121 million (2019: € 152 million). The fixed income instruments and cash balances provided a return of negative 0.9% (2019: negative 0.1%). This portfolio consisted for 93% of assets with a duration of less than two weeks. The equity portfolio provided a negative return of 6.3 % (2019: positive 1.0%).

Upon completion of the sale of HAL's ownership interest in GrandVision N.V., the corporate liquid portfolio will substantially increase. In order to maintain flexibility for future investments, these proceeds will primarily be invested in short-term, investment-grade fixed-income instruments, bank deposits and highly liquid equity securities including equity index funds.

Results

This paragraph refers to the segmentation in the pro forma financial statements on page 135 where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method.

Optical retail

Revenues for 2020 amounted to € 3,481 million (2019: € 4,039 million), a 13.8% decrease. Excluding the effect of acquisitions and changes in currency exchange rates, revenues decreased by 13.7% (2019: increase of 5.1%). The 2020 same store sales decreased by 14.1% (2019: increase of 4.1%). The 2020 operating income, before the effect of IFRS 5 (see below) amounted to € 266 million (2019: € 475 million). As a result of the announced sale on July 31, 2019, of HAL's ownership interest in GrandVision, this subsidiary is recorded in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, amortization, impairment and depreciation of non-current assets ceased as of July 31, 2019. This had a positive effect on operating income of € 511 million (2019: € 222 million) and on profit before tax of € 688 million (2019: € 266 million) consisting of non-recognized amortization and depreciation of € 548 million (2019: € 240 million) and non-recognized impairments of € 140 million (2019: € 26

million). The positive effect on HAL's net income (taking into account the share of the non-controlling interest) was € 503 million (2019: € 193 million).

Unquoted companies

Revenues from the unquoted subsidiaries for 2020 amounted to € 3,387 million (2019: € 2,965 million), representing an increase of € 422 million (14.2%). Excluding the effect of acquisitions, divestitures and currency exchange differences, revenues from the unquoted subsidiaries decreased by € 244 million (8.2%).

The operating income of the unquoted companies for 2020 amounted to € 228 million (2019: € 233 million). Acquisitions, divestitures and changes in currency exchange rates had a positive effect on operating income of € 25 million.

Quoted minority interests

Net income from quoted minority interests decreased by € 147 million to € 100 million. This decrease is primarily due to extraordinary gains at Vopak in 2019 which had a positive effect on net income of € 103 million whereas in 2020 extraordinary losses at Boskalis had a negative effect on net income of € 81 million.

Administrative organization, risk management systems and financial reporting

The administrative procedures, the risk management and internal control systems associated with the Company's strategy and its implementation, the financial reporting and compliance are all designed to provide a reasonable degree of assurance that significant risk factors are identified, their development is monitored and, where appropriate, action is taken on a timely basis. (Refer to the paragraph Risks on page 11) The Supervisory Board is regularly informed about these matters.

The companies in which HAL has interests differ in industry, size, culture, geographical diversity and stage of development. Each

company is subject to specific risks relating to strategy, operations, finance and (fiscal) legislation. HAL has therefore chosen not to institute a centralized management approach and not to develop a central risk management system. Each investee company has its own financial structure and is responsible for evaluating and managing its own risks as well as formulating and executing its own strategy with respect to issues such as sustainable development, compliance with law and regulations, safety, health and environment as well as cyber security (including regulations with respect to data protection). The companies generally have a supervisory board of which certain members are affiliated with HAL. However, the majority of the members is not affiliated with HAL. This corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to risks associated with HAL's strategy and its implementation as described above, there are specific risk factors associated with each individual investee company. It is the responsibility of each investee company to evaluate these risks. These risks are therefore not managed by HAL.

HAL has a management reporting system to monitor its performance, as well as that of the companies where its ownership exceeds 50%, on a monthly basis. This system comprises a set of tools including portfolio analysis, budgeting and the reporting of actual as well as projected results, balance sheet and cash flow information and operational performance indicators. In addition, management of the majority-owned companies provide internal letters of representation with respect to the half-year and year-end financial statements. They also report on fraud and irregularities on a semi-annual basis.

HAL's objective is, in the context of the inherent limitations of the decentralized management approach described above, that its internal and external financial reporting is complete, accurate, valid and timely. Financial reporting risk can be defined as any event that impedes HAL to achieve its financial reporting objectives. Although HAL is aware that no risk

management and internal control system can provide absolute assurance that its objectives will be achieved or that errors, losses, fraud or the violation of laws and regulations, human errors and mistakes will be prevented, the Company aims to further improve its risk management and internal control systems. In this context the risk management and internal control systems with respect to financial reporting were again reviewed during 2020. For the most important financial processes (financial reporting and consolidation, information technology, treasury, taxation and entity level controls), risks were identified as well as the control measures designed to mitigate these risks. These controls were also tested in order to conclude on their operating effectiveness during the year. The risk management review did not cover the key financial processes of HAL's investee companies for the reasons described above. The risk management and internal control systems, were discussed with the Supervisory Board.

Responsible behavior with respect to environmental, social and governance (ESG) topics is part of good business practice and stimulates long-term value creation. In view of the fact that HAL has chosen not to institute a centralized management approach (see above), it is the management of each investee company that addresses and reports on ESG topics and includes these in their business strategies in order to allow integration of ESG value drivers into a sustainable business model. It is the responsibility of the supervisory boards of the investee companies to monitor this process.

When selecting investment candidates, the way a potential investee company handles ESG topics – which affects its long-term performance and valuation – is becoming more and more an explicit part of the due diligence process of HAL and will weigh in the ultimate investment decision.

With respect to HAL corporate, the Executive Board has adopted a code of conduct and whistleblower rules for the employees of HAL Holding N.V., HAL Investments B.V. and HAL Real Estate Inc. The purpose of this code of conduct is to state HAL's policies on ethics, integrity, compliance with the law,

employment and business conduct. With respect to compliance with laws, it is HAL's policy to comply with all applicable laws, including, but not limited to, those with respect to employment, anti-discrimination, health, antitrust, securities, fraud, corruption and bribery. No employee, including members of the Executive Board of HAL Holding N.V., may violate any law or direct another employee or any other person to violate any law on behalf of HAL. With respect to employment it is HAL's policy to maintain a working environment in which each individual is treated with respect and to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age or disability. In this context it should be noted that HAL holds personal information with respect to employment. This information is kept for employment-related purposes only. Personal information is released outside HAL only with the permission of the employee. Employees may access and review their own personal information. The code of conduct also covers subjects such as conflicts of interest, use of e-mail, internet and social media, bribes, gifts, business courtesy, confidential information and securities transactions. The employees, including the members of the Executive Board, confirm on an annual basis that they have complied with the code of conduct. In addition, the understanding by the employees of the code of conduct is tested on an annual basis. The whistleblower rules offer the opportunity for employees to report suspected irregularities. During 2020 no such irregularities were reported.

With respect to taxation, HAL is committed to comply with all tax laws and regulations, including compliance with country by country tax reporting, in all jurisdictions where it is active. A tax strategy was adopted which provides a framework of how to operate the tax function and how risks related to taxation are managed. It also describes the various roles, responsibilities and procedures, including a quarterly reporting of the majority owned investee companies of their tax position and (potential) tax risks. These tax risks are managed by the respective investee companies and not by HAL. In the Netherlands, HAL Investments B.V. previously concluded a

compliance agreement with the tax authorities in the context of the "Horizontal Supervision" model. This model was based on trust, mutual understanding and transparency. From 2020 onwards, the tax authorities will gradually implement a number of changes in horizontal monitoring which means that the current compliance agreements will be cancelled for the hundred largest and most complex organisations of the Netherlands during the course of 2020/2021. We were informed by the tax authorities that HAL Investments B.V. forms part of the group to which this applies. An individual monitoring plan for HAL Investments B.V. is currently being developed by the tax authorities. It will differ from the compliance covenant as it is expected that the company will be required to provide evidence how it controls and monitors its processes relating to compliance with tax legislation. The tax authorities continue to cooperate on the basis of trust, mutual understanding and transparency.

Although HAL's ownership interest in Vopak and Safilo is below 50%, IFRS requires these associates to be consolidated in the consolidated financial statements as HAL is deemed to have control, as defined in IFRS 10, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these associates, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the above mentioned management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. HAL therefore continues to include the results of Vopak and Safilo in the segment Quoted minority interests. The Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and attendance rights to the audit committee meetings of Vopak and the Control, Risk and Sustainability Committee meetings of Safilo for an independent financial expert on behalf of HAL. This allows HAL to comply with

IFRS and prepare consolidated financial statements which include the (audited) financial statements of Vopak and Safilo. However, HAL does not have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these financial statements are complete, valid and accurate.

Mr. M.F. Groot, chairman of the Executive Board of the Company, is a member of the Supervisory Board of Vopak and non-executive member of the Board of Safilo. Mr. J.N. van Wiechen, member of the Executive Board of the Company, is a member of the Supervisory Boards of Koninklijke Boskalis Westminster N.V. and SBM Offshore N.V. The information obtained in these capacities cannot be used for the preparation of the consolidated financial statements of the Company in order to preserve confidentiality and to allow these quoted associates to operate independently from the Company. Accordingly, the risk management and internal control systems of HAL with respect to financial reporting risks are not designed and are not able to provide assurance that the information relating to quoted associates in the Company's consolidated financial statements does not contain material errors due to the inherent limitations described above. The assessment that the Company's consolidated financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo, is based on the external audit of these companies and the involvement of the independent financial expert referred to above. Vopak and Safilo both have included a description of their risks and risk management system in their respective annual reports. These risks are neither monitored nor managed by HAL.

In view of the fact that consolidating Vopak and Safilo significantly affects the financial statements of the Company, supplemental financial information is provided where, consistent with the period before the effective date of IFRS 10, Vopak and Safilo are accounted for on an unconsolidated basis using the equity method.

Accordingly, based on the above and taking into account the inherent limitations referred to above, we are of the opinion that the risk management and internal control systems with respect to financial reporting of HAL Holding N.V. provide reasonable assurance that the financial reporting does not contain material inaccuracies and that these systems operated properly during 2020 and we declare that, to the best of our knowledge:

1°. the financial statements give a true and fair view of the assets, liabilities, financial position and profit for the year of the consolidated entities taken as a whole;

2°. the report of the Executive Board gives a true and fair view of the situation as of the statement of financial position date and the developments during the year of the entities included in the financial statements taken as a whole, and

3°. this report includes a description of the principal risks HAL Holding N.V. is facing.

Executive Board HAL Holding N.V.

M.F. Groot (*Chairman*)
A.A. van 't Hof
J.N. van Wiechen

March 30, 2021

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HAL Trust

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Consolidated Statement of Financial Position

HAL Trust

As of December 31

<i>In millions of euro</i>	Notes	2020	2019
Non-current assets			
Property, plant and equipment	5	5,116.5	5,008.1
Right-of-use assets	7	991.6	892.8
Investment properties	6	42.0	34.0
Intangible assets	8	1,313.1	1,179.7
Investments in associates and joint arrangements	10	3,459.2	2,889.5
Other financial assets	11	243.7	760.2
Derivatives	40	9.1	19.5
Pension benefits	21	41.2	40.5
Deferred tax assets	20	95.9	96.6
<i>Total non-current assets</i>		11,312.3	10,920.9
Current assets			
Inventories	15	716.9	664.3
Receivables	13	836.6	857.7
Marketable securities and deposits	12	175.8	222.6
Other financial assets	11	20.0	11.1
Derivatives	40	6.5	29.2
Contract assets	14	79.3	-
Other current assets	16	424.0	374.4
Cash and cash equivalents	17	1,426.9	1,558.6
Assets held for sale	3	5,270.7	5,118.6
<i>Total current assets</i>		8,956.7	8,836.5
Total assets		20,269.0	19,757.4
Equity			
Equity attributable to owners of parent		8,005.8	8,012.3
Non-controlling interest	45	2,598.1	2,536.3
Total equity		10,603.9	10,548.6
Non-current liabilities			
Deferred tax liabilities	20	367.5	386.5
Pension benefits	21	131.0	123.5
Derivatives	40	15.4	7.1
Provisions	22	105.1	105.2
Contract liabilities	25	13.6	13.0
Lease liabilities	7	940.7	849.5
Debt and other financial liabilities	23	2,429.1	2,130.5
<i>Total non-current liabilities</i>		4,002.4	3,615.3
Current liabilities			
Provisions	22	58.2	49.9
Contract liabilities	25	169.8	70.1
Accrued expenses	24	571.8	492.5
Income tax payable		78.8	57.5
Accounts payable		894.4	771.9
Derivatives	40	21.6	39.7
Lease liabilities	7	112.4	106.3
Debt and other financial liabilities	23	778.3	726.0
Liabilities related to assets held for sale	3	2,977.4	3,279.6
<i>Total current liabilities</i>		5,662.7	5,593.5
Total equity and liabilities		20,269.0	19,757.4

Consolidated Statement of Income

HAL Trust

For the year ended December 31

<i>In millions of euro</i>	Notes	2020	2019
Revenues	25	5,338.7	5,159.9
Income from marketable securities and deposits	26	(28.9)	5.5
Share of results from associates and joint ventures	27	164.2	193.5
Income from other financial assets	28	7.1	20.3
Income from real estate activities	29	2.3	(2.5)
Other income (net)	30	119.5	268.5
<i>Total income</i>		5,602.9	5,645.2
Usage of raw materials, consumables and other inventory		1,911.8	1,619.7
Employee expenses	31	1,387.8	1,384.6
Depreciation and impairment of property, plant, equipment and investment properties	5, 6	421.3	431.7
Depreciation and impairment of right-of-use assets	7	120.6	110.7
Amortization and impairment of intangible assets	8	148.6	132.7
Other operating expenses	32	1,068.4	1,132.3
<i>Total expenses</i>		5,058.5	4,811.7
Operating profit		544.4	833.5
Financial expense	33	(216.0)	(178.1)
Other financial income	33	77.8	41.5
Profit before income tax		406.2	696.9
Income tax expense	34	(67.1)	(95.1)
Net profit from continuing operations		339.1	601.8
Net profit from discontinued operations	3	642.9	460.8
Net profit		982.0	1,062.6
Attributable to:			
Owners of parent		628.5	665.5
Non-controlling interest		353.5	397.1
		982.0	1,062.6
Average number of Shares outstanding (in thousands)	35	84,231	82,574
Earnings per Share for profit attributable to owners of parent during the period (in euro)			
- basic and diluted from continuing operations		2.10	3.98
- basic and diluted from discontinued operations		5.36	3.92
- basic and diluted		7.46	7.90
Dividend per Share (in euro)		4.70*	5.80

* Proposed

The notes on pages 37 to 161 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

HAL Trust

For the year ended December 31

<i>In millions of euro</i>	Notes	2020	2019
Net profit		982.0	1,062.6
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through OCI		(91.5)	130.3
Actuarial results on pension benefits obligations	21	(17.4)	(41.6)
Income tax on actuarial results	34	3.9	9.4
Associates and joint ventures - share of OCI, net of tax	10	(1.3)	(2.6)
		(106.3)	95.5
Items that may be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through OCI		7.6	2.8
Income tax on change in fair value	34	(1.6)	2.4
Effective portion of hedging instruments		(0.1)	(15.1)
Income tax related to hedging instruments	34	2.2	3.5
Translation of foreign subsidiaries, net of hedges		(267.7)	63.6
Other movements		-	1.1
Associates and joint ventures - share of OCI, net of tax	10	(89.2)	(17.7)
		(348.8)	40.6
Other comprehensive income for the year, net of tax*		(455.1)	136.1
Total comprehensive income for the year, net of tax		526.9	1,198.7
Total comprehensive income for the year, attributable to:			
- Owners of parent		285.9	792.3
- Non-controlling interest		241.0	406.4
		526.9	1,198.7

* Of which € (342.6) million attributable to owners of parent (2019: € 126.7 million positive).

The notes on pages 37 to 161 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

HAL Trust

<i>In millions of euro</i>	Attributable to owners of parent				Non-controlling interest	Total equity
	Share capital	Retained earnings	Other reserves	Total		
Balance on January 1, 2019	1.6	7,374.8	40.8	7,417.2	2,326.4	9,743.6
Net profit for the year	-	665.5	-	665.5	397.1	1,062.6
Other comprehensive income for the year	-	(22.5)	149.3	126.8	9.3	136.1
Total comprehensive income for the year	-	643.0	149.3	792.3	406.4	1,198.7
Capital increase/(decrease)	-	-	-	-	(6.3)	(6.3)
Effect of acquisitions and disposals	-	9.6	-	9.6	(43.4)	(33.8)
Dividend paid to minority shareholders	-	-	-	-	(149.8)	(149.8)
Share-based compensation	-	7.6	-	7.6	3.4	11.0
Treasury shares	-	2.6	-	2.6	-	2.6
Dividend paid	0.1	(216.5)	-	(216.4)	-	(216.4)
Reclassification	-	16.3	(16.3)	-	-	-
Other movements	-	(0.6)	-	(0.6)	(0.4)	(1.0)
Transactions with the owners of parent recognized directly in equity	0.1	(181.0)	(16.3)	(197.2)	(196.5)	(393.7)
Balance on December 31, 2019	1.7	7,836.8	173.8	8,012.3	2,536.3	10,548.6
Net profit for the year	-	628.5	-	628.5	353.5	982.0
Other comprehensive income for the year	-	(8.9)	(333.7)	(342.6)	(112.5)	(455.1)
Total comprehensive income for the year	-	619.6	(333.7)	285.9	241.0	526.9
Capital increase/(decrease)	-	-	-	-	3.8	3.8
Effect of acquisitions and disposals*	-	(54.4)	-	(54.4)	(10.5)	(64.9)
Dividend paid to minority shareholders and share buyback plans	-	-	-	-	(169.9)	(169.9)
Share-based compensation	-	6.7	-	6.7	(2.3)	4.4
Treasury shares	-	(2.4)	-	(2.4)	-	(2.4)
Dividend paid	-	(241.9)	-	(241.9)	-	(241.9)
Reclassification**	-	113.2	(113.2)	-	-	-
Other movements	-	(0.5)	-	(0.5)	(0.3)	(0.8)
Transactions with the owners of parent recognized directly in equity	-	(179.3)	(113.2)	(292.5)	(179.2)	(471.7)
Balance on December 31, 2020	1.7	8,277.1	(273.1)	8,005.7	2,598.1	10,603.8

* Transactions with non-controlling interests include € (51.1) million related to options entered into by Safilo Group S.p.A. with the minority shareholders in Blenders and Privé Revaux (refers to notes 9 and 23)

** Reclassification primarily resulting from the reclassification of SBM Offshore N.V. from other financial assets to investments in associates and joint arrangements (refer to note 10)

The notes on pages 37 to 161 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

HAL Trust

For the year ended December 31

<i>In millions of euro</i>	Notes	2020	2019
Cash flows from operating activities			
Profit before taxes from continuing operations		406.2	696.9
Profit before taxes from discontinued operations		696.9	540.0
Dividend from associates and joint ventures	10	174.2	142.6
Changes in working capital	36	306.0	37.6
Adjustments for non-cash items	36	622.3	810.4
Cash generated from operating activities	36	2,205.6	2,227.5
Other financial income received		25.8	14.6
Finance cost paid, including effect of hedging		(177.0)	(121.1)
Income taxes paid		(116.9)	(238.8)
<i>Net cash from operating activities</i>		1,937.5	1,882.2
Cash flows from investing activities			
Acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	9	(581.9)	(1,126.1)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	9	372.9	626.1
Proceeds from sale of/(acquisition of) other intangibles	8	(115.3)	(105.3)
Purchase of property, plant, equipment and investment properties	5, 6	(855.9)	(952.8)
Proceeds from sale of property, plant, equipment and investment properties		45.4	27.0
Proceeds from/(acquisition of) other financial assets	11	(138.8)	(60.9)
Acquisition of marketable securities and deposits		(7.7)	(58.8)
Proceeds from marketable securities and deposits		23.8	116.4
Settlement of derivatives (net investments hedges)		2.7	(10.3)
<i>Net cash from/(used in) investing activities</i>		(1,254.8)	(1,544.7)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		1,556.0	1,140.0
Repayment of debt and other financial liabilities		(1,395.4)	(1,258.6)
Payments on lease liabilities		(503.7)	(537.0)
Net proceeds from/(repayments of) short-term financing		(44.1)	157.2
Other non-controlling interest transactions (including dividend paid)		(184.4)	(183.0)
Movement in treasury shares		(2.4)	2.6
Dividend paid		(241.9)	(216.4)
<i>Net cash from/(used in) financing activities</i>		(815.9)	(895.2)
Increase/(decrease) in cash and cash equivalents		(133.2)	(557.7)
Cash and cash equivalents at beginning of year		1,558.6	2,276.5
Cash and cash equivalents included in assets held for sale at beginning of year		162.9	-
Effect of exchange rate changes and reclassifications		(6.0)	2.7
Cash and cash equivalents retranslated at beginning of year		1,715.5	2,279.2
Net increase/(decrease) in cash and cash equivalents		(133.2)	(557.7)
Cash and cash equivalents at end of period	17	1,582.3	1,721.5
Cash and cash equivalents included in assets held for sale		155.4	162.9
Cash as included on the consolidated statement of financial position		1,426.9	1,558.6

The notes on pages 37 to 161 form an integral part of the consolidated financial statements.

Basis of preparation

Basis of preparation

The consolidated financial statements presented are those of HAL Trust (the ‘Trust’), a Bermuda trust formed in 1977, and its subsidiaries (the ‘Group’) as well as the interests in associates and joint ventures and were prepared in accordance with sections 14.2 and 14.3 of the Trust deed. HAL Trust shares are listed and traded on Euronext in Amsterdam. For the years presented, the Trust’s only asset was all outstanding shares of HAL Holding N.V. (the ‘Company’), a Curaçao corporation. Accordingly, the consolidated financial statements of the Trust are identical to those of HAL Holding N.V.

The consolidated financial statements of the Company were authorized for issue on March 30, 2021, and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the accounting policies. There were no changes in the accounting policies compared to previous year except as described below. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income, shareholders’ equity or earnings per Share.

On July 30, 2019, HAL signed an agreement to sell, subject to certain terms and conditions, its 76.72% ownership interest in the issued share capital of GrandVision to EssilorLuxottica. As of this date the assets and liabilities of GrandVision are classified as held for sale and recognition of depreciation, amortization and impairment of non-current assets of GrandVision has been discontinued. The net results related to GrandVision in both the current and prior period are presented in the consolidated statement of income as profit from discontinued operations, in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations*. The consolidated cash flow statement fully includes the cash flows of GrandVision. The movement schedules included in the notes to these consolidated financial statements comprise all movements in relation to GrandVision to safeguard reconciliation with the consolidated statement of cash flows. The accumulated (net) movements are subsequently included in the held-for-sale balance sheet positions through a reclassification.

As of December 31, 2020, all criteria for classification as an asset held for sale were met.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets and liabilities and the disclosure on contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results ultimately may differ from those estimates. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Accordingly, it is reasonably possible that outcomes within the next financial year that are different from the assumptions could have an impact on the carrying amount of the asset or liability affected. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described in the following notes:

- Deemed control over quoted minority interests – consolidation section;
- Classifications of non-current assets as held for sale – note 3;
- Useful life and residual value of property, plant and equipment – note 5;
- Determination of lease terms, discount rates applied to lease contracts and qualification of changes to contractual cash flows as COVID-19-related rent concessions – note 7;
- Valuation of intangible assets in acquisitions – note 9;
- Progress and forecasted outcomes of construction contracts – note 14;

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- Allowance for inventory obsolescence – note 15;
 - Recognition of carry-forward losses and tax provisions – notes 20 and 34;
 - Assumptions pension benefits – note 21;
 - Estimated impairment of non-current assets – note 38.

Implications of COVID-19

The global spread of COVID-19 has had a significant effect on certain subsidiaries and affiliates in 2020. This has continued in 2021. The financial position of the investee companies going into the pandemic was strong and management teams of the different subsidiaries were overall effective in their approach to counter the effects of the situation. The subsidiaries have taken measures to preserve the health and safety of their employees and customers and the operation of their businesses. Measures have been taken, where appropriate, to reduce operating costs and non-critical capital expenditures as well as optimize working capital. Although revenues and profitability improved during the second half year of 2020, the evolution of the COVID-19 pandemic and increasing restrictive measures, including lockdowns, by governments during the first months of 2021 may affect the business performance of certain subsidiaries and affiliates in 2021. In view of the relatively low leverage ratio and available unused committed credit facilities (refer to note 41), we believe the overall liquidity risk is low and have therefore no specific reason to assume that the situation at the level of the subsidiaries warrants disclosure of specific, material going concern uncertainty for the Company in preparing the 2020 financial statements. HAL Trust, HAL Holding N.V. and HAL Investments B.V. do not have any bank debt and no material outstanding guarantees for their subsidiaries.

Government grants

The 2020 profit from discontinued operations includes € 56.2 million in government grants recognized by GrandVision, for which it was reasonably certain that it would meet conditions attached. These conditions included, amongst others, the condition that employee staff contracts should not be terminated as a result of lower profitability due to the COVID-19 pandemic. The other subsidiaries (including Vopak and Safilo), recognized € 22.8 million in the same period, taking into account similar conditions. These government grants were mainly recognized as an offset to employee expenses. Reference is made to note 4.

Optical retail

GrandVision N.V. is classified as held for sale in accordance with IFRS 5. Reference is made to note 3. Comparable sales of GrandVision decreased by 14.1% during 2020, driven by the COVID-19 enforced temporary store closures during the first half year, as well as an overall reduction in footfall during the year. Operating income amounted to € 266.4 million (2019: € 475.2 million). Comparable growth in the second half year improved compared to the first half and amounted to 1% compared with 2019. As from November 2020, GrandVision experienced an increasingly challenging environment from the second wave of COVID-19 as governments started to reintroduce stricter measures to contain the spread of the virus. As of December 31, 2020, 98.5% of the store network remained open as optical retail qualified as “essential retail” in most markets. In view of the uncertainty regarding the restrictive measures, GrandVision did not provide an outlook for 2021.

Net debt of GrandVision as of December 31, 2020 amounted to € 538.8 million (2019: € 752.7 million) which represented a leverage ratio of 1.3 (2019: 1.2). As of 31 December 2020, GrandVision was subject to a covenant holiday. During 2020, GrandVision benefited from COVID-19 related government grants (€ 56 million) and rent reductions (€ 34.0 million).

Quoted minority interests

In this segment Safilo was the most affected by the COVID-19 pandemic. The 2020 net sales decreased by 15.2% at constant exchange rates. During the second half year net sales increased by 4.5% at constant exchange rates which allowed the company to return to a break even EBITDA (earnings before interest, taxes, depreciation and amortization) for 2020. In September 2020,

Safilo announced a new term loan facility of € 108 million, 90% guaranteed by the Italian government, to provide additional liquidity for working capital and capital expenditures. Safilo also obtained waivers and amendments of covenants of its existing loan and revolving credit facility of € 150 million.

Unquoted

Revenues and operating income of the unquoted consolidated companies, on a comparable basis, decreased by 8.2% respectively 12.5% during 2020. Revenues for a number of investee companies such as Broadview Holding, Atlas Professionals, Sports Timing Holding and Koninklijke Ahrend were significantly impacted by the consequences of the pandemic. On the other hand, revenues of Timber and Building Supplies Holland and Coolblue (not consolidated) increased. As of December 31, 2020, none of the unquoted companies was in default with its bank covenants and no defaults are currently foreseen. In addition, based on scenario analyses for each subsidiary, no liquidity issues for 2021 are expected. During 2020, the unquoted companies benefited from COVID-19 related government grants (€ 13 million).

Real estate

In 2020, the real estate operations in the United States and the Netherlands were confronted with only a limited number of delinquent lessees. In Seattle, at the end of December, 3% of the lessees of apartment units had a delay in payment. In the Netherlands unpaid rent amounted to less than € 0.5 million.

Recent accounting developments

The significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2019, except as described below.

New and amended standards and interpretations adopted by the Company

In May 2020, the International Accounting Standards Board (IASB) issued *COVID-19-Related Rent Concessions*, which amended IFRS 16, *Leases*. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. Accordingly, these concessions will be recorded as a reduction of the lease liability through the current income statement and not amortized over the term of the lease. As permitted by the IASB, the Company has applied the amendment to all rent concessions that meet the criteria for the reporting period starting January 1, 2020, in view of the amount of rent reductions included (€ 34.0 million before tax) within the result from discontinued operations (refer to note 3).

In October 2018, the International Accounting Standards Board issued *Definition of a Business*, amendments to IFRS 3, *Business combinations*. The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendment became effective as of January 1, 2020, and did not have a significant impact on the consolidated financial statements of the Company.

Amendments to References to the Conceptual Framework in IFRS were issued in 2018 and are effective for accounting periods beginning on or after January 1, 2020. The amendments were issued to align various standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. In addition, the amendments clarify that the definitions of asset and liability applied in certain standards have not been revised, with the new definitions included in the new conceptual framework. These amendments did not have a significant impact on the consolidated financial statements of the Company.

The amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of materiality throughout IFRS standards were issued in 2018 and are effective for accounting periods beginning on or after January 1, 2020. These amendments did not have significant impact on the consolidated financial statements of the Company.

The amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest Rate Benchmark Reform* were issued in 2019 and are effective for accounting periods beginning on or after January 1, 2020. Many interest rate benchmarks such as LIBOR (the London Inter-Bank Offered Rate) are in the process of being replaced. There will be financial reporting implications to this reform, with some effects arising even before a particular interest rate benchmark has been replaced (pre-replacement issues). The amendments provide relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period of uncertainty over interest rate benchmark reform. These amendments did not have a significant impact on the consolidated financial statements of the Company.

No other new or amended standards and interpretations had significant impact on the Company's consolidated financial statements.

New standards, amendments and interpretations issued but not yet effective

There are no new standards, amendments to existing standards or new IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

Supplemental information

As a result of the 2014 implementation of IFRS 10, *Consolidated Financial Statements*, HAL Trust consolidates the financial information of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). Supplemental information has been included on pages 129 through 161 whereby Vopak and Safilo are accounted for on an unconsolidated basis using the equity method as applied in the years until 2014. The inclusion of this information is considered appropriate and useful as the control model of the Company with respect to Vopak and Safilo is materially different than the model with respect to the other consolidated entities, where the Company's ownership interest exceeds 50%, and the effect of the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. This information also preserves comparability with consolidated financial statements prior to 2014.

Consolidation

Subsidiaries, which are those entities over which the Company is deemed to have control, are consolidated. The Company controls an entity when the Company 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 certain circumstances, significant judgment is required to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%. Subsidiaries are consolidated from the date on which effective control is obtained and are no longer consolidated as from the date the effective control ceases.

The amounts reported by the subsidiaries are based on the Company's accounting policies. Intercompany transactions, balances and unrealized results on transactions between group companies are eliminated on consolidation. Unrealized results arising from transactions with joint arrangements and associates are eliminated to the extent of the interest of the Company in the equity.

Non-controlling interests are disclosed separately. Transactions with holders of non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid or received and the relevant share acquired or disposed of the carrying value of net assets of the subsidiary is recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or other financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated statement of income.

Critical accounting estimates and judgments

In the preparation of these financial statements, management has applied significant judgment to assess if the Company is deemed to have (de facto) control over entities where the Company's ownership interest does not exceed 50%.

Although the Company's ownership interest in Vopak and Safilo is below 50%, IFRS requires these entities to be consolidated in these financial statements as the company is deemed to have control, as defined in IFRS 10 and more specifically in example 4 of the application guidance in appendix B of this standard, over these two entities. Vopak and Safilo are both publicly traded companies. Whereas HAL has board representation and, accordingly, may be considered to have significant influence over these entities, in the past neither operational nor strategic control was exercised. Moreover, Vopak and Safilo are, for example, not part of the Company's management reporting system which monitors the performance of the consolidated companies on a monthly basis. In addition, in view of its minority interest, the Company has no formal instruction rights with respect to Vopak and Safilo. The Company has a process in place to obtain information from Vopak and Safilo in order to prepare consolidated financial statements in accordance with IFRS. The Company does not, however, have access to the financial books and records, contracts and related information of Vopak and Safilo in order to independently verify that these are complete, valid and accurate.

Management performed an assessment with respect to the other minority-owned entities and asserted that (de facto) control was not deemed present for these entities. A list of the Company's principal subsidiaries and minority-owned entities is set out on page 126.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated

statement of income, except when deferred in equity as qualifying hedges. Any hedge ineffectiveness is recognized in the consolidated statement of income as it arises.

Company's subsidiaries

The results and financial position of all the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) the income statement, the cash flow statement and all other movements in assets and liabilities are translated at average rates of exchange as a proxy for the transaction rate, or at the transaction rate itself if more appropriate;
- (iii) all resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of net investments in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. Exchange differences on intra-group monetary assets or liabilities that are not part of a net investment in foreign entities are recognized in the consolidated statement of income. When a foreign operation is sold, exchange differences previously recognized through other comprehensive income are reclassified from equity (as a reclassification adjustment) to the consolidated statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Cash flow statement

The consolidated statement of cash flows has been prepared using the indirect method. Cash flows denominated in foreign currencies are translated at average exchange rates, or at the transaction rate if more appropriate. The effect of exchange rates on cash and cash equivalents is presented separately. Cash flows related to discontinued operations have been fully included in the consolidated statement of cash flows and are further detailed in note 3.

Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flows. Cash flows arising from income taxes are classified as operating cash flows.

Notes to the Consolidated Financial Statements

(All amounts in millions of euro, unless otherwise stated)

1. Segmentation

The Company's reportable segments are defined as follows:

- Optical retail (discontinued operation)
- Unquoted
- Quoted minority interests
- Real estate
- Liquid portfolio

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources between segments and assessing the performance of the operating segments, is identified as the Executive Board. The reportable segments are defined based on differences in products and services as well as differences in the nature of the respective assets and the management thereof.

Optical retail relates to GrandVision, the Company's majority-owned retail company that derives its revenues from the sale of optical retail products to consumers. The segment optical retail is presented as disposal group held for sale and discontinued operation in these financial statements, refer to note 3 for details.

Unquoted relates to majority-owned companies as well as non-controlling minority interests in companies that derive their revenues from various products and activities such as building materials, construction, office furniture, staffing, shipping, orthopedic devices, media and other products and activities.

The quoted minority interests segment comprises both the Company's consolidated and unconsolidated minority interests in publicly traded entities.

The real estate segment relates to the development and rental of retail centers, multi-family properties and office buildings. This segment does not include the activities of the Company's construction company.

The segment liquid portfolio consists of financial assets, included in marketable securities, and cash-equivalent instruments generating interest, dividend and trading results.

Operating income (for the purpose of this report defined as earnings before interest, exceptional and non-recurring items of the optical retail and unquoted segment, taxes and amortization of intangible assets but including amortization of software) has been detailed on the following page.

	2020	2019
Optical retail	777.3	697.5
Unquoted	228.3	232.5
Quoted minority interests	450.3	741.6
Real estate	(0.2)	(3.5)
Liquid portfolio	(28.9)	2.3
Total operating income	1,426.8	1,670.4
Reconciling items:		
- Discontinued operations (optical retail)	(777.3)	(697.5)
- Amortization and impairment of intangibles	(148.6)	(132.7)
- Other	43.5	(6.7)
Operating result as per the consolidated statement of income	544.4	833.5
Financial expense, net	(138.2)	(136.6)
Profit before tax as per the consolidated statement of income	406.2	696.9

The “other” reconciling items represent mostly corporate overhead and exceptional and non-recurring items (excluding those of Vopak, Safilo, Boskalis and SBM Offshore). The segment quoted minority interests includes the operating income (after exceptional items) of Vopak and Safilo and the Company’s share in the net income of Boskalis and SBM Offshore.

The composition of depreciation and impairment expense on property, plant and equipment, right-of-use assets and investment properties by segment is as follows:

	2020	2019
Unquoted	196.8	166.4
Quoted minority interests	342.4	374.0
Real estate	1.1	0.5
Reconciling items	1.6	1.5
Total continuing operations	541.9	542.4
Discontinued operations (optical retail)	-	275.1
	541.9	817.5

The reconciling items represent the corporate depreciation expense.

The composition of revenues by segment is as follows:

	2020	2019
Unquoted	3,387.5	2,965.4
Quoted minority interests	1,951.2	2,194.5
Total continuing operations	5,338.7	5,159.9
Discontinued operations (optical retail)	3,481.0	4,039.3
	8,819.7	9,199.2

The composition of assets by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Discontinued operations (optical retail)	5,260.9	4,959.2
Unquoted	4,628.1	4,138.5
Quoted minority interests	9,199.1	9,066.0
Real estate	202.1	132.0
Liquid portfolio	869.1	1,376.0
Reconciling items	109.7	85.7
	<u>20,269.0</u>	<u>19,757.4</u>

The reconciling items represent corporate assets, including deferred tax, loans and pension benefit assets.

The composition of investments in associates and joint arrangements by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	324.6	318.6
Quoted minority interests	2,982.8	2,474.9
Real estate	151.8	96.0
Total continuing operations	<u>3,459.2</u>	<u>2,889.5</u>
Discontinued operations (optical retail)	0.9	1.0
	<u>3,460.1</u>	<u>2,890.5</u>

The composition of capital expenditures by segment is as follows:

	2020	2019
Unquoted	191.2	281.9
Quoted minority interests	715.8	687.5
Real estate	0.4	34.5
Total continuing operations	<u>907.4</u>	<u>1,003.9</u>
Discontinued operations (optical retail)	157.1	297.5
	<u>1,064.5</u>	<u>1,301.4</u>

Capital expenditures consist of additions to property, plant and equipment, investment properties and intangible assets.

The composition of liabilities by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Optical retail (liabilities related to assets held for sale)	2,977.4	3,276.1
Unquoted	2,599.2	2,221.2
Quoted minority interests	4,047.0	3,675.6
Real estate	2.0	1.6
Liquid portfolio	0.3	0.4
Reconciling items	39.2	33.9
	<u>9,665.1</u>	<u>9,208.8</u>

The reconciling items represent corporate liabilities, including earn-out liabilities and deferred tax.

The composition of revenues by geographical area is as follows:

	2020	2019
Europe	3,664.9	3,493.5
USA & Canada	847.8	804.6
Asia	553.4	572.5
Other	272.6	289.3
Total continuing operations	<u>5,338.7</u>	<u>5,159.9</u>
Discontinued operations (optical retail)	<u>3,481.0</u>	<u>4,039.3</u>
	<u>8,819.7</u>	<u>9,199.2</u>

The composition of property, plant and equipment, investment properties, right-of-use assets, intangible assets and investments in associates and joint ventures by geographical area is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Europe	6,431.3	5,668.1
USA & Canada	1,291.8	998.1
Asia	1,944.7	2,152.0
Other	1,254.6	1,185.9
Total continuing operations	<u>10,922.4</u>	<u>10,004.1</u>
Discontinued operations (optical retail)	<u>4,344.2</u>	<u>3,976.9</u>
	<u>15,266.6</u>	<u>13,981.0</u>

2. Exceptional items

To increase transparency, exceptional items are disclosed separately when relevant. These items are exceptional, by nature, from a management perspective. Exceptional items may include impairments, reversals of impairments, additions to and releases from provisions for restructuring, gains on the sale of subsidiaries, joint arrangements and associates, any other significant provisions being formed or released and any significant changes in estimates.

Summary of exceptional items is as follows:

	Notes	2020	2019
Capital gain on sale of FSC	9	57.8	-
Net gains on assets held for sale Vopak	9	31.3	243.1
Capital gain from the sale of Molgas	10	28.2	-
Extraordinary charges at Royal Boskalis Westminster N.V	10	(81.3)	-
Impairment of goodwill on continuing operations	38	(30.5)	(12.0)
Impairment Vopak, net of reversals	38	(30.1)	(17.2)
Restructuring		(13.5)	(33.7)
Other impairments, net of reversal, on continuing operations	38	(28.5)	(6.2)
Capital loss on sale of vessels		(3.1)	-
Acquisition-related expenses		(4.3)	(5.3)
Capital gain on sale of Intersafe		-	40.3
Impairment related to Safilo Group S.p.A.		-	(60.9)
Exceptional items joint ventures Vopak		(4.8)	(14.7)
Loss on disposal of Solstice by Safilo		-	(13.6)
Other		(8.7)	(30.4)
Effect on operating profit		(87.5)	89.4
Other		-	1.8
Effect on profit before income tax		(87.5)	91.2
Impairment deferred taxes related to Safilo Group S.p.A.	34	-	(26.1)
Income tax		3.6	32.3
Effect on net profit from continuing operations		(83.9)	97.4
Exceptional items related to discontinued operations	3	(22.7)	(76.6)
Effect on net profit		(106.6)	20.8

The exceptional items are disclosed separately in the notes, when relevant, in order to increase transparency.

In addition to the above, the 2020 and 2019 results were positively impacted due to the application of IFRS 5 with respect to the intended sale of the ownership interest in GrandVision N.V. In accordance with this standard, recognition of amortization, depreciation and impairments of non-current assets of this subsidiary was discontinued from the date of classification as held for sale (July 31, 2019). The effect on net profit was € 687.7 million, of which HAL's share was € 502.7 million (2019: € 265.5 million, HAL's share € 193 million). Reference is made to note 3 for further details on the intended transaction.

3. Discontinued operations and assets and liabilities held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts are to be recovered principally through a sales transaction rather than through continuing use and a sale is considered highly probable at the reporting date. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is updated in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs of disposal. Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and potentially adjusted subsequently. Impairment losses on initial classification as held for sale are included in the income statement. Subsequent to classification as held for sale the depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets are no longer recognized in the consolidated statement of income. In addition, if applicable, equity accounting ceases.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations, or is a company acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or, if earlier, when the operation meets the criteria to be classified as held for sale.

Critical accounting estimates and judgments

At the end of the reporting period, management has to assess if the value of the assets will be recovered principally through a divestment transaction rather than through continued use and what the likelihood is that an asset will be divested within a year. This assessment is based on the facts and circumstances at that date. These facts and circumstances may change and could result in a situation where assets are divested that were not classified as held for sale at year-end. When classifying non-current assets as held for sale, management makes estimates of their fair value (sales price and expected costs of disposal). Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of non-current assets is generally categorized as level 3 in the fair value hierarchy as measurement is not based on observable market data.

On July 30, 2019, an agreement was signed, subject to certain terms and conditions, to sell the 76.72% ownership interest in the issued share capital of GrandVision N.V. to EssilorLuxottica. As of that date, the assets and liabilities of GrandVision are classified as held for sale and recognition of depreciation, amortization and impairment of non-current assets of GrandVision in the books of the Company was discontinued. The effect of this classification is set out in this note. The net results related to GrandVision in both the current and prior period are presented in the statement of income as profit from discontinued operations as GrandVision represents a separate major line of business (it represents the entire segment optical retail). Detailed financial information relating to GrandVision is set out below.

In addition to GrandVision, at the reporting date the Company held € 9.8 million in property, plant and equipment classified as held for sale.

The composition of total assets held for sale and related liabilities is as follows.

	Dec. 31, 2020	Dec. 31, 2019
Property, plant and equipment	681.6	722.7
Right-of-use assets	1,858.3	1,614.8
Intangible assets	1,813.2	1,792.4
Investments in associates and joint arrangements	0.9	1.0
Other non-current assets	144.9	146.1
Current assets	771.8	841.6
Total assets held for sale	<u>5,270.7</u>	<u>5,118.6</u>
Non-current liabilities	1,513.6	1,675.0
Current liabilities	1,463.8	1,604.6
Total liabilities related to assets held for sale	<u>2,977.4</u>	<u>3,279.6</u>
Total net assets held for sale	<u>2,293.3</u>	<u>1,839.0</u>

Vopak - Algeciras

Vopak's Algeciras terminal, which was held for sale as at December 31, 2019, (assets € 143.9 million, liabilities € 18.0 million) was divested in January 2020.

Details of the announced sale of GrandVision N.V.

On July 30, 2019, HAL agreed to sell, subject to certain terms and conditions, its 76.72% ownership interest in the issued share capital of GrandVision N.V. to EssilorLuxottica at a price of € 28.00 per share. This price was increased by 1.5% to € 28.42 as closing did not occur before July 30, 2020. Completion of the sale will be subject to, among other matters, approval from various anti-trust authorities and performance of the parties' obligations under the transaction agreements.

HAL has irrevocably committed to sell its shareholding in GrandVision to EssilorLuxottica. On termination of the block-trade agreement by HAL due to either i) a breach by EssilorLuxottica of its representations and warranties, ii) a material breach by EssilorLuxottica of its obligations under the block-trade agreement which is not or cannot be cured by July 31, 2021, or iii) required anti-trust approvals not having been obtained by July 31, 2021, (other than as a result of breach of obligations by HAL under the block-trade agreement or by GrandVision under the support agreement), EssilorLuxottica will pay a € 400 million termination compensation to HAL. In the event HAL receives the termination compensation, HAL has agreed with GrandVision to make a share premium contribution to GrandVision for the same amount taking into account income tax, if any.

The transaction price results in a valuation of HAL's 76.72% ownership interest in the issued share capital of GrandVision of € 5.5 billion. As of December 31, 2020, the book value of HAL's ownership interest in GrandVision amounted to approximately € 1.6 billion.

On July 31, 2019, it was announced that the closing of the acquisition was expected to occur prior to July 31, 2021. Together with GrandVision and EssilorLuxottica, we are working on fulfilling all relevant requirements under the transaction documentation, including obtaining the requisite regulatory approvals. The transaction has been cleared so far in the United States, Russia, Colombia, Brazil, Mexico and the European Union and is currently under review in Chile and Turkey. On July 30, 2020, HAL initiated arbitration proceedings against EssilorLuxottica in order to ensure that EssilorLuxottica complies with its obligations in respect of this transaction. On September 4, 2020, EssilorLuxottica reported that it had decided to file an appeal against the judgment of August 24, 2020, dismissing its demands for disclosure of information from

GrandVision. This information was requested in view of alleged material breaches by GrandVision of its obligations under the support agreement in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. On February 22, 2021, the public hearing in this appeal case was held at the Amsterdam Court of Appeal.

The 2020 results of GrandVision included € (170) million in exceptional items, of which € (140) million was not recognized in these financial statements due to application of IFRS 5 as these items related to impairment of tangible and intangible fixed assets. The full exceptional items of GrandVision related mainly to an impairment of goodwill on the activities of GrandVision in the United States (€ 38.0 million), Italy (€ 17.4 million), Colombia (€ 8.6 million) and Peru (€ 9.2 million), costs related to the sale of the GrandVision shares to EssilorLuxottica (€ 23 million), impairments of intangible assets (€ 34 million), impairments of right-of-use assets and property, plant and equipment (€ 33 million) as well as restructuring expenses (€ 7 million). Impairments were primarily triggered by the consequences of the COVID-19 pandemic.

For informational purposes, the pro forma consolidated income statement of the Company, would GrandVision not have been classified as a discontinued operation, is presented on the following page.

<i>In millions of euro</i>	2020	Presentation*	Result impact**	2020 (adjusted)	2019 (adjusted)***
Revenues	5,338.7	3,481.0	-	8,819.7	9,199.2
Income from marketable securities and deposits	(28.9)	-	-	(28.9)	5.5
Share of results from associates and joint ventures	164.2	(1.0)	-	163.2	192.8
Income from other financial assets	7.1	-	-	7.1	20.3
Income from real estate activities	2.3	-	-	2.3	(2.5)
Other income	119.5	-	-	119.5	268.5
Total income	5,602.9	3,480.0	-	9,082.9	9,683.8
Usage of raw materials, consumables and other inventory	(1,911.8)	(912.9)	-	(2,824.7)	(2,649.4)
Employee expenses	(1,387.8)	(1,260.1)	-	(2,647.9)	(2,783.0)
Depreciation and impairment of property, plant, equipment and investment properties	(421.3)	-	(133.2)	(554.5)	(560.1)
Depreciation and impairment of right-of-use assets	(120.6)	-	(376.8)	(497.4)	(471.2)
Amortization and impairment of intangible assets	(148.6)	-	(177.7)	(326.3)	(276.0)
Other operating expenses	(1,068.4)	(560.0)	-	(1,628.4)	(1,786.7)
Total expenses	(5,058.5)	(2,733.0)	(687.7)	(8,479.2)	(8,526.4)
Operating profit	544.4	747.0	(687.7)	603.7	1,157.4
Financial expense	(216.0)	(59.1)	-	(275.1)	(231.2)
Other financial income	77.8	8.7	-	86.5	45.2
Profit before income tax	406.2	696.6	(687.7)	415.1	971.4
Income tax expense	(67.1)	(54.0)	-	(121.1)	(174.3)
Net profit from continuing operations	339.1	642.6	(687.7)	294.0	797.1
Net profit from discontinued operations	642.9	(642.9)	-	-	-
Total net profit	982.0	(0.3)	(687.7)	294.0	797.1
Net profit attributable to owners of parent	628.5	-	(502.7)	125.8	472.5
Net profit attributable to non-controlling interest	353.5	-	(185.0)	168.5	324.6
Total net profit	982.0	-	(687.7)	294.3	797.1
Comprehensive income attributable to owners of parent	285.9	-	(502.7)	(216.8)	599.2
Comprehensive income attributable to non-controlling interest	241.0	-	(185.0)	56.0	333.9
Total comprehensive income	526.9	-	(687.7)	(160.8)	933.1

* Reversal of the net presentation of the results of GrandVision (as required by IFRS 5)

** Reversal of the discontinuance of recognition of depreciation, amortization and impairments on non-current assets of GrandVision in the books of HAL (as required by IFRS 5)

***Presentation in line with the notes to the HAL 2019 financial statements

Details of the financial performance of GrandVision, standalone, for the years presented is provided below. This is the financial information as reported by GrandVision including purchase price accounting adjustments made by the Company, intercompany eliminations and corporate goodwill.

	2020	IFRS 5 impact*	2020 (adjusted)	2019 (adjusted)
Revenues	3,481.0	-	3,481.0	4,039.3
Depreciation, amortization and impairment	-	(687.7)	(687.7)	(632.2)
Other expenses	(2,784.1)	-	(2,784.1)	(3,132.5)
Profit before income tax	696.9	(687.7)	9.2	274.6
Income tax expense	(54.0)	-	(54.0)	(79.2)
Profit after income tax from discontinued operation	642.9	(687.7)	(44.8)	195.4
Other comprehensive income	(58.9)	-	(58.9)	(7.9)
Total comprehensive income (CI)	584.0	(687.7)	(103.7)	187.5
Net profit attributable to owners of parent	451.3	(502.7)	(51.4)	137.1
Net profit attributable to non-controlling interest	191.6	(185.0)	6.6	58.3
CI attributable to owners of parent	408.1	(502.7)	(94.6)	131.0
CI attributable to non-controlling interest	175.9	(185.0)	(9.1)	56.5

* Due to classification as held for sale, no amortization, depreciation or impairment was recognized on the non-current assets of GrandVision in the books of HAL

The cash flows presented in the consolidated statement of cash flows include the full-year cash flows of GrandVision. The cash flows from GrandVision can be specified as follows:

	2020	2019
Cash inflow from operating activities	739.9	858.4
Net cash outflow from investing activities	(161.8)	(361.9)
Net cash outflow from financing activities	(585.0)	(464.5)
Exchange losses on cash and cash equivalents	(0.6)	(7.4)
Net increase/ (decrease) in cash generated by the discontinued operation	(7.5)	24.6
Dividend paid by GrandVision to GrandVision's non-controlling interest	(10.7)	(16.7)

The following assets and liabilities were classified as a disposal group, held for sale, in relation to GrandVision N.V. as at December 31, 2020.

	Dec. 31, 2020	Dec. 31, 2019
<i>Non-current assets</i>		
Property, plant and equipment	671.8	587.6
Right of use assets	1,858.3	1,601.8
Investments in associates and joint arrangements	0.9	1.0
Intangible assets	1,813.3	1,786.5
Deferred tax assets	51.7	62.1
Other non-current assets	93.1	83.5
Total non-current assets	4,489.1	4,122.5
<i>Current assets</i>		
Inventories	295.9	338.5
Receivables	140.8	149.2
Other financial assets	0.7	1.6
Other current assets	179.1	184.8
Cash and cash equivalents	155.3	162.9
Total current assets	771.8	837.0
Total assets	5,260.9	4,959.5
<i>Non-current liabilities</i>		
Deferred tax liabilities	28.3	43.2
Pension benefits	150.5	136.1
Provisions	22.7	18.2
Contract liabilities	8.3	8.6
Non-current lease liabilities	957.6	1,037.3
Long-term debt and other financial liabilities	338.0	407.5
Other non-current liabilities	8.2	8.0
Total non-current liabilities	1,513.6	1,658.9
<i>Current liabilities</i>		
Provisions	28.8	24.0
Contract liabilities	100.0	90.0
Accrued expenses	365.9	345.1
Income tax payable	58.0	40.0
Accounts payable	191.6	205.0
Current lease liabilities	357.4	373.3
Short term debt and other financial liabilities	351.7	519.2
Other current liabilities	10.4	6.1
Total current liabilities	1,463.8	1,602.7
Total liabilities	2,977.4	3,261.6
Net assets held for sale for GrandVision	2,283.5	1,697.9

4. Government grants

Government grants comprise amounts received or receivable from governments as reimbursement for costs incurred. Government grants are not recognised until there is reasonable assurance that the conditions attached to them, if any, will be met and that the grants will be received. Government grants are recognised in the consolidated statement of income as a reduction of the related expenses over the periods in which these expenses were recognised.

In 2020, the amounts recognized as government grants have been recognized in the statement of income as follows:

	2020
Usage of raw materials, consumables and other inventory	0.2
Employee expenses	16.6
Other operating expenses	5.4
Income tax	0.6
Profit from continuing operations	22.8
Profit from discontinued operations	56.2
Profit before non-controlling interest	79.0

Government grants recognized in 2020 mostly related to the unquoted segment and the optical segment (discontinued operations) and were mainly received in France and the United Kingdom in the context of the COVID 19-pandemic. Most grants were provided under the condition that employee contracts would not be terminated as a result of lower profitability due to the COVID-19 pandemic.

There were no significant outstanding receivables or liabilities relating to government grants as of December 31, 2020.

5. Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items (such as unrecoverable taxes and transport) and construction costs that can be allocated directly (such as hours of own employees and advisory fees). Interest during construction is capitalized. To the extent that dismantling obligations exist, these are included in the cost of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows: buildings 10-50 years, vessels 25-30 years, tank storage terminals 10-40 years and equipment and other 2-15 years. Useful lives and residual values are reviewed annually and, if required, amended. Land is not depreciated.

Critical accounting estimates and judgments

Property, plant and equipment of Vopak represent a substantial part of the total assets of the Company and the related depreciation forms a substantial part of the annual operating expenses. The useful life and residual value of these assets, determined by the board of Vopak based on its estimations and assumptions, have a major impact on the measurement of property, plant and equipment. These estimates and assumptions are partly based on the expected useful productive lives, experiences related to similar assets, the maintenance history and the period during which the company has the economic benefits from the utilization of the assets.

Movements for 2020 and 2019 are as follows:

	Land and buildings	Vessels	Tank storage terminals	Equipment and other	Total
Cost value	1,467.5	694.4	5,578.0	2,631.9	10,371.8
Cost value - under construction	89.3	-	501.0	21.5	611.8
Accumulated depreciation and impairments	(730.4)	(188.4)	(2,659.1)	(1,949.7)	(5,527.6)
Balance on December 31, 2018	826.4	506.0	3,419.9	703.7	5,456.0
Initial application IFRS 16	-	-	-	(49.7)	(49.7)
Balance on January 1, 2019	826.4	506.0	3,419.9	654.0	5,406.3
Investments	115.9	48.8	563.3	190.3	918.3
Consolidation	101.4	-	4.4	174.1	279.9
Disposals	(9.2)	(12.0)	-	(9.8)	(31.0)
Depreciation and impairments continuing operations	(53.3)	(42.1)	(232.3)	(103.5)	(431.2)
Depreciation and impairments discontinued operations	(30.9)	-	-	(42.6)	(73.5)
Reclassification	(8.7)	-	(0.5)	(14.3)	(23.5)
Reclassification to held for sale*	(311.4)	(7.5)	(454.0)	(323.5)	(1,096.4)
Exchange differences	2.3	6.2	40.4	10.3	59.2
Balance on December 31, 2019	632.5	499.4	3,341.2	535.0	5,008.1
Cost value	1,000.8	714.3	5,404.3	1,846.5	8,965.9
Cost value - under construction	61.2	-	598.7	72.2	732.1
Accumulated depreciation and impairments	(429.5)	(214.9)	(2,661.8)	(1,383.7)	(4,689.9)
Balance on December 31, 2019	632.5	499.4	3,341.2	535.0	5,008.1
Investments	65.5	38.7	581.3	170.0	855.5
Consolidation	42.2	-	-	12.1	54.3
Disposals	(5.8)	(22.2)	(1.9)	(7.9)	(37.8)
Depreciation and impairments	(32.2)	(35.8)	(246.0)	(106.0)	(420.0)
Reclassification	11.8	-	(1.3)	(15.1)	(4.6)
Reclassification to held for sale*	(29.1)	(1.8)	-	(61.9)	(92.8)
Exchange differences	(29.3)	(24.6)	(172.5)	(19.8)	(246.2)
Balance on December 31, 2020	655.6	453.7	3,500.8	506.4	5,116.5
Cost value	1,093.1	630.9	5,583.4	1,927.3	9,234.7
Cost value - under construction	15.9	11.5	709.3	21.8	758.5
Accumulated depreciation and impairments	(453.4)	(188.7)	(2,791.9)	(1,442.7)	(4,876.7)
Balance on December 31, 2020	655.6	453.7	3,500.8	506.4	5,116.5

* Reclassifications to held for sale mainly relate to GrandVision N.V.

Note 23 details information on pledges.

6. Investments properties

Investment properties are recorded at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the properties (such as unrecoverable taxes) and construction costs that can be allocated directly (such as hours of own employees and advisory fees). Interest during construction is capitalized. To the extent that dismantling obligations exist, these are included in the cost of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life (25-50 years). Useful lives and residual values are reviewed annually and, if required, amended. Land is not depreciated.

Movements for 2020 and 2019 are as follows:

	2020	2019
Cost value	34.5	-
Accumulated depreciation	(0.5)	-
Book value on January 1	34.0	-
Investments	0.3	34.5
Consolidation	9.0	-
Depreciation and impairments	(1.3)	(0.5)
Book value on December 31	42.0	34.0
Cost value	43.8	34.5
Accumulated depreciation	(1.8)	(0.5)
Book value on December 31	42.0	34.0

At year-end 2020 and 2019, the carrying value of the investment properties was a reasonable approximation of their fair value.

7. Right-of-use assets and lease liabilities

A right-of-use asset and a related lease liability are recognized for lease contracts that exceed a duration of twelve months, except when a contract relates to leases of low-value assets, payments are primarily based on variables such as revenue or when a lessor has a substantive substitution right. The latter contracts are expensed on a straight-line basis over the contract term.

The Company leases real estate properties (land and buildings) to house its retail stores, offices, logistical activities and storage terminal operations. Lease contracts are negotiated on an individual basis and, due to the geographical spread and the various business models of operating companies, contain a wide range of different terms and conditions.

The Company leases vessels in respect of its business of transporting liquefied gases and petrochemical products. These lease contracts are negotiated on an individual basis and may contain a wide range of different terms and conditions due to the international lessor base and the complex and varying nature of individual vessels.

The Company leases terminal-related assets, including storage assets, jetties and loading facilities. These lease contracts are also negotiated on an individual basis and contain a wide range of different terms and conditions due to geographical spread and specific nature of the assets. The Company also leases trucks, passenger cars and machinery and equipment, including information and communication technology equipment. These contracts are insignificant compared to the total leased asset portfolio.

Right-of-use assets

At the commencement date of the lease contract, the right-of-use asset is measured at cost. This comprises the initial amount of the lease liability, adjusted for prepayments and lease incentives received, initial direct cost, estimated restoration and dismantling costs and key money paid, where applicable. Depreciation is calculated using the straight-line method to write off the cost of each right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term. The right-of-use assets are subject to impairment and adjusted for remeasurement of lease liabilities.

Lease liabilities

At the commencement date of the lease contract, the lease liability is measured at the present value of the lease payments over the lease term, discounted using the incremental borrowing rate. Payments include (in-substance) fixed payments, variable lease payments that depend on an index or rate, amounts expected to be payable under residual value guarantees, expected (early termination) penalties and amounts expected to be payable for the exercise of purchase options, when the Company is reasonably certain to exercise these. Contractual payments related to service costs are excluded from the measurement of lease liabilities in respect of terminal-related assets. Lease liabilities are subsequently measured at amortized cost using the effective interest method. A lease liability is remeasured when there is an adjustment to future lease payments arising from, for example, renegotiation of the lease contract, a change in index or rate, or in case of reassessment of the Company's expected exercise of options. A remeasurement of the lease liability is reflected as a corresponding adjustment to the right-of-use asset, with any excess over the carrying amount of the asset being recognized in the consolidated statement of income. Rent concessions occurring as a direct consequence of the COVID-19 pandemic are not assessed whether these are lease modifications and instead are accounted for as if they are not lease modifications. Accordingly, these concessions will be recorded as a reduction of the lease liability through the current income statement and not amortized over the term of the lease.

Lessor accounting

The Company subleases some of its right-of-use assets to franchisees or third parties. When substantially all the risks and rewards are transferred to the lessee, the sublease is classified as a finance lease, otherwise the sub-lease is an operating lease. When the sublease is classified as a finance lease, the right-of-use asset in the head lease is de-recognized and a lease receivable is recognized, with any difference being recorded in the consolidated statement of income. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method. Rental income from operating subleases is recognized in the consolidated statement of income, within other revenue.

Critical accounting estimates and judgments - lease terms

The lease term comprises of the non-cancellable period agreed in the lease contract and the periods covered by renewal or termination options that are reasonably certain to be exercised.

Significant renewal and termination options primarily relate to the lease of real estate. Renewal and termination options are assessed at the lease commencement date and subsequently, if there is a change in circumstances within the control of the Company. When assessing renewal and termination options, considerations include the quality and performance of the leased asset and the extent of leasehold improvements undertaken, potential relocation and termination expense including penalties and potentially favorable extension terms.

Critical accounting estimates and judgments - discount rates

In absence of interest rates implicit in the lease contracts, the Company applies the incremental borrowing rate (IBR) as the discount rate to determine the lease liabilities. The IBR is an approximation of the rate that a lessee would pay to attract the required funding to purchase the asset over a similar term, with similar security and in a similar economic environment. The IBR is determined as the sum of a reference rate, a credit risk premium and a country risk premium. The calculation of the IBR takes into account the currency of the lease contract, the lease term, the type of leased asset, the country and the credit quality of the lessee. A single IBR may be applied to a portfolio of leases within a country, which are similar in nature and lease term.

Critical accounting estimates and judgments - COVID-19-related rent concessions

In 2020, an amendment to IFRS 16 was issued under which rent reductions are recognized directly in the consolidated income statement when the change in lease payments does not result in higher consideration, only lease payments in 2020 and up to June 30, 2021, are reduced and there are no substantial changes to other terms and conditions of the lease. A substantial change is considered to be present if the scope of the lease or the lease term are amended. The Company elected to apply this amendment and exercised judgment to determine if rent reductions met the above requirements.

Movements in the right-of-use assets for 2020 are as follows:

	Land and buildings	Vessels	Equipment and other	Total
Cost value	2,227.1	8.9	152.3	2,388.3
Accumulated depreciation and impairments	-	-	(24.6)	(24.6)
Balance on January 1, 2019	<u>2,227.1</u>	<u>8.9</u>	<u>127.7</u>	<u>2,363.7</u>
New lease contracts	153.8	78.1	22.9	254.8
Consolidation	35.4	-	15.3	50.7
Depreciation and impairments continuing operations	(72.4)	(10.1)	(28.2)	(110.7)
Depreciation and impairments discontinued operations	(198.6)	-	(3.0)	(201.6)
Reclassification	(0.6)	-	(0.3)	(0.9)
Reclassification to held for sale*	(1,706.3)	-	(28.2)	(1,734.5)
Reassessment and remeasurement	251.6	(2.0)	(1.4)	248.2
Exchange differences	22.4	(0.8)	1.5	23.1
Balance on December 31, 2019	<u>712.4</u>	<u>74.1</u>	<u>106.3</u>	<u>892.8</u>
Cost value	779.6	82.8	157.0	1,019.4
Accumulated depreciation and impairments	(67.2)	(8.7)	(50.7)	(126.6)
Balance on January 1, 2020	<u>712.4</u>	<u>74.1</u>	<u>106.3</u>	<u>892.8</u>
New lease contracts	167.1	0.1	33.0	200.2
Consolidation	38.4	-	11.7	50.1
Depreciation and impairments	(71.0)	(17.6)	(32.0)	(120.6)
Reclassification	5.1	-	(0.3)	4.8
Reclassification to held for sale*	(257.5)	-	(41.4)	(298.9)
Reassessment and remeasurement	328.1	(0.4)	2.2	329.9
Exchange differences	(60.2)	(5.0)	(1.5)	(66.7)
Balance on December 31, 2020	<u>862.4</u>	<u>51.2</u>	<u>78.0</u>	<u>991.6</u>
Cost value	982.6	72.2	118.2	1,173.0
Accumulated depreciation and impairments	(120.2)	(21.0)	(40.2)	(181.4)
Balance on December 31, 2020	<u>862.4</u>	<u>51.2</u>	<u>78.0</u>	<u>991.6</u>

* Reclassifications to held for sale mainly relate to GrandVision N.V.

In 2020, variable payments of € 4.5 million (2019: € 102.0 million) related to on-balance lease contracts were included in operating expenses. In addition, € 65.0 million (2019: € 99.1 million) of variable payments were included in net profit from discontinued operations. Leases with an original duration of less than 12 months and leases for which the leased asset was of low value were included in the 2020 other operating expenses for € 3.2 million, respectively € 3.4 million (2019: € 15.6 million, respectively € 7.6 million). In addition, amounts related to discontinued operations were included in net profit from discontinued operations for € 2.0 million, respectively € 2.1 million (2019: € 2.3 million, respectively € 2.5 million). The total cash outflow for leases in 2020 amounted to € 583.9 million (2019: € 662.2 million), of which € 453.0 million (2019: € 504.2 million) related to discontinued operations.

Movements in the lease liabilities for 2020 and 2019 are as follows:

	2020	2019
Book value on January 1	955.8	2,398.3
New lease contracts	200.2	262.2
Consolidation	50.1	40.9
Accrued interest continuing operations	28.3	29.9
Accrued interest discontinued operations	24.7	30.3
Payments	(503.7)	(537.0)
Rent reductions	(34.0)	-
Reclassification to held for sale*	53.2	(1,553.3)
Reassessment and remeasurement	345.2	257.3
Exchange differences and other	(66.7)	27.2
Book value on December 31	1,053.1	955.8
Current lease liabilities	112.4	106.3
Non-current lease liabilities	940.7	849.5
Book value on December 31	1,053.1	955.8

* Reclassifications to held for sale mainly relate to GrandVision N.V.

The consolidated lease liability as at December 31, 2020, relates mainly to Vopak (€ 699.2 million, 2019: € 564.9 million). The weighted-average incremental borrowing rate applied to this portfolio was 3.2% (2019: 3.3%). The balance on January 1, 2019, represents initial recognition of right-of-use following adoption of IFRS 16, including amounts reclassified from other current and non-current assets and liabilities and related to key money and rental incentives.

The movement rent reductions relates to reductions of lease payments, due on or before the end of the reporting period, that were agreed following the pandemic. The full impact (€ 34 million) of these rent reductions is recognized in the consolidated statement of income as a part of result from discontinued operations. The balance of lease liabilities on January 1, 2019, was recognized as a result of the implementation of IFRS 16.

8. Intangible assets

Intangible assets include goodwill, trademarks, customer relationships, software and other intangible assets.

Goodwill

Goodwill arises on business combinations and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value amounts of the identifiable assets, liabilities and contingent liabilities.

Goodwill is carried at cost less accumulated impairments. Goodwill is subject to annual impairment testing, as described in note 38. If an impairment is recognized, it is not reversed in subsequent periods. Goodwill relating to a business combination in foreign currency is recorded in the respective currency and converted at the exchange rate at the end of the period.

Software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company that are expected to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Only direct costs (such as software development employee costs and an appropriate portion of relevant overheads) are included in the initial measurement. Software acquired in a business combination are initially recognized at their fair value, generally using a cost approach. Software licenses and products are generally amortized on a straight-line basis over an estimated useful life of 5 to 10 years.

Trademarks

Trademarks acquired in a business combination are initially recognized at fair value, using the relief-from-royalty approach. They are subsequently amortized over an estimated useful life, generally a maximum of 15 years, on a straight-line basis with no residual value.

Customer relationships

The valuation of customer relationships acquired in a business combination is based on the present value of estimated future cash flows. Customer relationships are initially recognized at fair value and subsequently amortized on a straight-line basis over an estimated useful life of maximum 15 years.

Other intangibles

Intangibles within this category are amortized on a straight-line basis over an estimated useful life of maximum 15 years. Other intangible assets include distribution relationships, license agreements, intellectual property and non-compete agreements.

Movements for goodwill and other intangibles are as follows:

	Goodwill	Software	Trade- marks	Customer relationships	Other	Total
Cost value	2,338.0	572.9	509.7	437.2	419.8	4,277.6
Accumulated amortization and impairments	(749.3)	(352.0)	(292.1)	(133.8)	(108.0)	(1,635.2)
Balance on January 1, 2019	1,588.7	220.9	217.6	303.4	311.8	2,642.4
Initial application IFRS 16	32.6	-	-	-	(212.9)	(180.3)
Balance on January 1, 2019	1,621.3	220.9	217.6	303.4	98.9	2,462.1
Investments	242.5	103.0	0.2	1.6	1.3	348.6
Consolidation	-	12.3	125.7	136.4	84.2	358.6
Disposals	-	(0.7)	-	-	(0.1)	(0.8)
Amortization and impairments continuing operations	(12.0)	(34.3)	(30.5)	(49.9)	(6.0)	(132.7)
Amortization and impairments discontinued operations	(50.7)	(19.9)	(6.2)	(10.6)	(4.1)	(91.5)
Reclassification	1.2	16.1	-	1.1	(8.8)	9.6
Reclassification to held for sale*	(1,320.0)	(144.9)	(121.5)	(138.0)	(73.1)	(1,797.5)
Exchange differences and other	12.5	1.2	2.0	6.7	0.9	23.3
Balance on December 31, 2019	494.8	153.7	187.3	250.7	93.2	1,179.7
Cost value	786.7	381.9	325.2	331.2	203.4	2,028.4
Accumulated amortization and impairments	(291.9)	(228.2)	(137.9)	(80.5)	(110.2)	(848.7)
Balance on December 31, 2019	494.8	153.7	187.3	250.7	93.2	1,179.7
Investments	92.9	105.1	0.2	0.1	10.3	208.6
Consolidation	-	9.9	117.1	2.4	46.2	175.6
Disposals	-	(0.4)	-	-	-	(0.4)
Amortization and impairments	(30.5)	(41.3)	(23.2)	(35.1)	(18.5)	(148.6)
Reclassification	0.1	15.3	(11.8)	32.8	(32.3)	4.1
Reclassification to held for sale*	12.4	(42.8)	2.6	2.1	(1.4)	(27.1)
Exchange differences and other	(37.7)	(4.6)	(20.0)	(10.6)	(5.9)	(78.8)
Balance on December 31, 2020	532.0	194.9	252.2	242.4	91.6	1,313.1
Cost value	1,225.6	440.3	420.6	421.5	152.0	2,660.0
Accumulated amortization and impairments	(693.6)	(245.4)	(168.4)	(179.1)	(60.4)	(1,346.9)
Balance on December 31, 2020	532.0	194.9	252.2	242.4	91.6	1,313.1

* Reclassifications to held for sale mainly relate to GrandVision N.V.

Information on impairment testing is included in note 38.

9. Acquisition and divestment of subsidiaries

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of the acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the business combination and the fair value of any contingent consideration to be transferred. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interest in the acquiree is measured, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and the difference with the book value of the previously held equity interest is recognized in the consolidated statement of income. The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. If the total of the consideration transferred, the non-controlling interest recognized and the fair value of the previously held interest is less than the fair value of the net assets of the subsidiary acquired ('badwill'), the difference is directly recognized in the consolidated statement of income. Acquisition-related costs are expensed as incurred. Subsequent changes to the fair value of the contingent consideration classified as an asset or liability are recognized in the consolidated statement of income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Critical accounting estimates and judgments

When a company is acquired, a value is assigned to intangible assets such as trademarks and the customer relationships. The determination of the value at the time of acquisition and the estimated useful life are subject to judgment. Assumptions by management underlying the estimation of fair value include the future cash flows expected from the asset and discount rates. Useful life is estimated using past experience and relevant industry practices.

Acquisitions

Van Wijnen

On August 20, 2020, HAL completed the acquisition of Van Wijnen Holding N.V. ('Van Wijnen'). The company is active in residential construction, utility construction, project development and renovation activities in the Netherlands. Van Wijnen has approximately 2,000 employees and reported 2020 revenues of approximately € 1.1 billion. The allocation of the purchase price is provisional, only subject to final review procedures. Based on the procedures performed, management identified the following intangible assets to be recognized: the brand name and customer relationships including order backlog. Goodwill of € 24.3 million was recognized which represents the workforce, the innovative nature of the company and expected growth of the business.

Safilo - Blenders

On June 1, 2020, Safilo Group S.p.A. (49.8% HAL) acquired a 70.0% equity interest in the Californian eyewear company Blenders Eyewear, LLC ('Blenders'). Founded in 2012, Blenders built an advanced e-commerce platform with unique digital and social media skills, achieving fast and profitable growth. The purchase price allocation procedures identified the trademark, distribution relationships, technology and a non-compete agreement to be recognized. Deferred tax liabilities were not recognized in relation to these assets, since their values have been recognized for tax purposes in the jurisdiction in which the acquisition was made. The purchase

price allocation procedures has been finalized and resulted in the recognition of € 9.4 million goodwill. This goodwill relates to the knowledge of the workforce, future synergies, the innovative business model and expected growth and profitability of the company. The Company has recognized the non-controlling interest in Blenders at the proportionate share of the acquired net identifiable assets.

Reciprocal put and call options were concluded with respect to the non-controlling interest, which can be exercised in 2023, 2024 and 2025 at a fixed multiple of EBITDA. Each option relates to one-third of the non-controlling interest. A liability was recognized in respect of these options for the amount of € 45.6 million, as a reduction to equity.

Direct Online Services

On May 4, 2020, Broadview Holding B.V. (97.4% HAL) completed the acquisition of Direct Online Services Holdings Ltd. (DOS). DOS is an eCommerce-led multi-channel retailer of kitchen products based in Gloucestershire (United Kingdom). The company operates a number of brands, including Worktop Express®, the UK's leading online worktop supplier, and also has a presence in Germany. Founded in 2008, DOS employs approximately 270 FTE and reported 2019 sales of € 44.5 million. The finalized purchase price allocation procedures identified the trademarks, software platform and customer relationships to be recognized. Based on the purchase price allocation an amount of € 29.4 million was identified as goodwill and represents the future synergies, the workforce and expected growth and profitability of the business.

Safilo - Privé Revaux

On February 10, 2020, Safilo Group S.p.A. (49.8% HAL) acquired a 61.34% equity interest in the Miami-based eyewear company Privé Goods, LLC ('Privé Revaux'). Privé Revaux was founded in 2017 with the goal of making premium, quality eyewear products accessible to everyone. The purchase price allocation procedures identified the trademark, distribution relationships and a non-compete agreement to be recognized. Deferred tax liabilities were not recognized in relation to these assets, since their values have been recognized for tax purposes in the jurisdiction in which the acquisition was made. The purchase price allocation procedures have been completed and resulted in the recognition of € 24.4 million goodwill. The goodwill relates to the knowledge of the workforce, future synergies, the innovative business model and expected growth and profitability of the company. The Company has recognized the non-controlling interest in Privé Revaux at the proportionate share of the acquired net identifiable assets.

Reciprocal put and call options were concluded with respect to the non-controlling interest, which can be exercised in 2023, 2024 and 2025 at a fixed multiple of EBITDA. Each option relates to one-third of the non-controlling interest. A liability was recognized in respect of these options for the amount of € 58.3 million, as a reduction to equity.

Details on the acquisitions performed during the year are as follows:

	DOS	Van Wijnen	Privé Revaux	Blenders	Other	Total
Cash paid	49.2	126.9	61.6	57.6	16.7	312.0
Future consideration	-	-	1.8	-	-	1.8
Fair value of net assets acquired	(19.8)	(102.6)	(63.6)	(68.8)	(11.9)	(266.7)
Non-controlling interest recognized	-	-	24.6	20.6	-	45.2
Goodwill	29.4	24.3	24.4	9.4	4.8	92.3
Badwill (in consolidated statement of income)	-	-	-	-	(0.6)	(0.6)

Goodwill in amount of € 33.8 million is expected to be deductible for tax purposes.

Details of the net assets acquired are set out below:

	DOS	Van Wijnen	Privé Revaux	Blenders	Other	Total
Property, plant and equipment and investment properties	9.8	43.2	0.1	0.7	9.5	63.3
Right-of-use assets	2.9	46.3	0.1	0.6	0.2	50.1
Intangible assets	15.3	36.4	58.4	63.6	1.9	175.6
Investments in associates and joint arrangements	-	13.5	-	-	-	13.5
Other financial assets	-	16.0	-	-	-	16.0
Marketable securities and deposits	-	-	-	-	0.1	0.1
Cash	3.5	268.8	3.0	4.4	0.3	280.0
Non-current debt	(6.3)	(27.8)	-	-	-	(34.1)
Non-current provisions	-	(61.9)	-	-	-	(61.9)
Lease liabilities	(3.0)	(9.7)	(0.1)	(0.6)	(36.7)	(50.1)
Deferred tax liabilities	(2.9)	(46.3)	-	-	34.4	(14.8)
Current debt	-	(274.8)	-	-	(0.1)	(274.9)
<i>Accounts receivable</i>	0.3	71.9	4.4	0.1	1.3	77.9
<i>Inventories</i>	7.7	111.7	5.0	4.6	2.4	131.4
<i>Other current assets</i>	0.9	24.3	0.7	3.5	0.2	29.5
<i>Contract assets</i>	-	74.6	-	-	-	74.6
<i>Income tax payable</i>	(1.0)	-	(0.2)	(2.4)	-	(3.6)
<i>Accounts payable</i>	(3.2)	(81.3)	(7.6)	(5.2)	(0.7)	(98.0)
<i>Accrued expenses</i>	(0.9)	(46.8)	-	-	(0.9)	(48.6)
<i>Contract liabilities</i>	-	(55.1)	-	-	-	(55.1)
<i>Other current liabilities</i>	(3.3)	-	(0.2)	(0.3)	-	(3.8)
<i>Current provisions</i>	-	(0.4)	-	-	-	(0.4)
Net working capital	0.5	98.8	2.1	0.1	2.4	103.9
Fair value of net assets acquired	19.8	102.6	63.6	68.8	11.9	266.7

The above acquisitions generated the following results in 2020, respectively would have generated the following results, should they have been consolidated for the full year:

	DOS	Van Wijnen	Privé Revaux	Blenders	Other	Total
Contribution to 2020 revenues	38.1	418.2	19.7	42.0	1.5	519.5
Contribution to 2020 operating income	5.3	20.9	0.3	7.1	(0.1)	33.5
Contribution to 2020 net income from continuing operations	1.1	11.3	(3.4)	3.9	-	12.9
Contribution to 2020 net income from discontinued operations	-	-	-	-	0.5	0.5
2020 full-year revenues	53.7	1,062.1	23.4	61.9	8.4	1,209.5
2020 full-year operating income	8.1	24.3	(2.3)	10.9	0.2	41.2
2020 full-year net income from continuing operations	1.3	11.3	(6.0)	7.8	-	14.4
2020 full-year net income from discontinued operations	-	-	-	-	2.4	2.4

Acquisition costs charged to the other operating expenses, related to continuing operations, in the consolidated statement of income amounted to € 4.3 million.

The reconciliation to the cash flow statement also includes net cash paid by GrandVision for store acquisitions, as the cash flow statement is drawn up including the full-year cash flows of GrandVision:

	Total
Cash paid for the above acquisitions	312.0
Cash acquired in the above acquisitions	(11.2)
Cash outflow due to acquisition of subsidiaries, net of cash acquired	300.8
Acquisition of associates and joint arrangements	281.1
Cash outflow due to acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	581.9

Divestments

The 2020 divestments of subsidiaries, associates and joint ventures resulted in the following cash flows:

	FSC*	Vopak - Algeciras*	Molgas*	Vopak - PT2SB**	Vopak - Yangpu	Other	Total
Net cash inflow resulting from divestment of subsidiaries	69.1	131.3	-	-	-	-	200.4
Disposal of associates and joint arrangements, including capital repayments	-	-	46.0	85.0	33.0	8.5	172.5
Cash inflow due to divestment of associates, joint arrangements and subsidiaries, net of cash sold	<u>69.1</u>	<u>131.3</u>	<u>46.0</u>	<u>85.0</u>	<u>33.0</u>	<u>8.5</u>	372.9

* Classified as held for sale at the time of disposal

**Repayment of share capital

Flight Simulation Company

In November 2020, HAL sold Flight Simulation Company B.V. (FSC) to CAE Inc. (CAE). FSC provides training for pilots using flight simulators and was acquired in 2006. CAE is a global provider of training solutions for civil aviation, defense and security and healthcare. The sale resulted in a net cash inflow of € 69.1 million and a capital gain of € 57.8 million (refer to note 2).

Vopak - Algeciras

On January 31, 2020, Vopak completed the divestment of its 100% shareholding in the terminal in Algeciras, Spain, generating a net cash inflow of € 131.3 million.

10. Investments in associates and joint arrangements

Associates are entities over which the Company has significant influence, generally presumed to exist at a shareholding of 20% or more of the voting rights, but no (de facto) control.

Joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Most joint arrangements of the Company are considered joint ventures.

Associates and joint ventures are accounted for using the equity method. Under the equity method, the interest in the associate or joint venture is recognized at cost, including goodwill identified upon acquisition. If the investment is achieved in stages, the Company deems the fair value of the previously held equity interest as (part of) the cost of the associate or joint venture. The carrying value is subsequently adjusted to recognize the Company's share of the post-acquisition results and movements in other comprehensive income of the associate or joint venture. Accounting policies of the associates and joint ventures have been amended, where necessary, to ensure consistency with the policies adopted by the Company. When the Company's share of losses exceeds the carrying amount of an equity-accounted investment, including any unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the company in question. Significant unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the specific company. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising on associates and joint ventures are recognized in the income statement.

If the ownership in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is recycled to the consolidated statement of income, where appropriate.

Joint operations are joint arrangements whereby the Company and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the joint operation. The Company recognizes its share in the joint operations' individual revenues and expenses, assets and liabilities and includes it on a line-by-line basis with corresponding items in the Company's financial statements.

The movements of investments accounted for using the equity method are set out below.

	Associates	Joint ventures	Total
Share of net assets	1,485.7	810.9	2,296.6
Goodwill	270.2	66.1	336.3
Initial application IFRS 16	(11.1)	(21.1)	(32.2)
Balance on January 1, 2019	<u>1,744.8</u>	<u>855.9</u>	<u>2,600.7</u>
Investments	217.2	41.2	258.4
Disposals	(11.1)	(0.5)	(11.6)
Share of results - real estate	-	(4.6)	(4.6)
Share of results - discontinued operations	-	(0.7)	(0.7)
Share of results - other	102.0	91.5	193.5
Share of other comprehensive income	(22.3)	2.0	(20.3)
Dividends	(39.5)	(103.1)	(142.6)
Reclassification	(1.1)	(8.7)	(9.8)
Exchange differences and other	9.4	17.1	26.5
Balance on December 31, 2019	<u>1,999.4</u>	<u>890.1</u>	<u>2,889.5</u>
Share of net assets	1,701.7	824.0	2,525.7
Goodwill	297.7	66.1	363.8
Balance on December 31, 2019	<u>1,999.4</u>	<u>890.1</u>	<u>2,889.5</u>
Investments	32.1	249.0	281.1
Consolidation	1.3	12.2	13.5
Disposals	(6.9)	(1.7)	(8.6)
Share of results - real estate	-	(1.2)	(1.2)
Share of results - discontinued operations	-	(1.0)	(1.0)
Share of results - other	49.7	114.5	164.2
Share of other comprehensive income	(90.4)	(0.1)	(90.5)
Redemption of share capital	(85.2)	-	(85.2)
Dividends	(94.3)	(79.9)	(174.2)
Reclassification from other financial assets	575.4	-	575.4
Reclassification to held for sale	(17.8)	0.1	(17.7)
Exchange differences	(29.5)	(64.9)	(94.4)
Other	(5.1)	13.4	8.3
Balance on December 31, 2020	<u>2,328.7</u>	<u>1,130.5</u>	<u>3,459.2</u>
Share of net assets	2,017.8	1,056.3	3,074.1
Goodwill	310.9	74.2	385.1
Balance on December 31, 2020	<u>2,328.7</u>	<u>1,130.5</u>	<u>3,459.2</u>

The amounts recognized in the statement of financial position comprise:

	Dec. 31, 2020	Dec. 31, 2019
Publicly traded	1,663.5	1,202.1
Other	1,795.7	1,687.4
	<u>3,459.2</u>	<u>2,889.5</u>

Investments

Increase in shareholding and reclassification SBM Offshore

The 2020 reclassification into associates relates to the reclassification of the shareholding in SBM Offshore from other financial assets, subsequent to the acquisition of additional shares in the open market (total 2020: € 125.2 million) through which the Company obtained significant influence. As at December 31, 2020, the Company holds a 21.91% interest in SBM Offshore. As part of the purchase price allocation procedures an amount of € 37.5 million was recognized as goodwill, which is part of the carrying value of the associate. Due to the reclassification of SBM Offshore from other financial assets (held at fair value through other comprehensive income) to investments in associates, a related revaluation reserve of € 113.2 million was released to retained earnings.

Increase in shareholding Boskalis

The ownership interest in Koninklijke Boskalis Westminster N.V. increased from 43.51% at the end of 2019 to 45.54% at the end of 2020 due to a share buyback program of Boskalis and the purchase of shares for € 8.7 million.

Real estate

The gross investment in joint ventures belonging to the real estate segment increased by € 75.4 million during 2020. At year-end 2020 the book value of the real estate joint ventures was € 151.7 million (2019: € 96.0 million). This portfolio consisted at the end of 2020 of ten joint ventures of which three were invested in office buildings and seven in residential real estate with a total (expected) cost of \$ 769 million (€ 627 million). HAL's total equity contribution for these projects amounts to \$ 215 million (€ 175 million) of which \$ 15 million (€ 12 million) was not yet spent as of December 31, 2020.

Vopak - Dow terminals

In December 2020, Vopak and BlackRock, each for 50%, acquired three industrial terminals from Dow on the U.S. Gulf Coast for an amount of € 107.4 million (USD 132.1 million). The preliminary purchase price allocation, to be finalized in the first half of 2021, identified € 10.8 million of goodwill. This is part of the carrying value of the joint venture. € 4.8 million in acquisition costs were recognized in other operating expenses. The new joint venture has a diversified set of infrastructure assets in three locations, each situated alongside an active Dow production complex. Vopak holds a 50% interest in the joint venture.

Vopak - Moda Houston terminal

On April 21, 2020, Vopak announced its initial investment in the 50/50 joint venture Vopak Moda Houston terminal located along the Houston Ship Channel. The investment includes 46,000 cubic meter of various gas tanks and a new jetty for the storage and handling of chemical gases. The storage capacity has been fully rented out under long-term contracts.

Disposals

Molgas

The Company's 43.3% investment in Molgas Energy Holding S.L. was classified as held for sale and subsequently divested on July 28, 2020. The main activity of Molgas is the distribution of liquefied natural gas (LNG) for industrial, road transport and maritime purposes. The sale resulted in a capital gain of € 28.2 million (refer to note 2) recorded in other income.

Vopak - Yangpu

In the second and third quarter of 2020, Vopak received the remaining consideration of € 33.0 million relating to the December 2019 divestment of its 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, China. Due to earlier uncertainty this deferred consideration was not yet recognized in 2019. As a result, this receipt resulted in the recognition of an exceptional gain of € 33.0 million (refer to note 2) recorded in other income.

Other

Vopak - PT2SB terminal

In January 2020, Vopak's associate PT2SB in Malaysia repaid part of its preference share capital, which resulted in a cash inflow of € 85.2 million for Vopak. Furthermore, in the fourth quarter of 2020, Vopak recognized a loss of € 19.8 million on this associate, related to the fact that this terminal was now fully commissioned, had settled various customer contract discussions and finalized the accounting of several specific items related to fixed assets and assessments in connection with the complex tax environment.

Quoted associates

The difference between the market value of the Company's share in its publicly traded associates (Koninklijke Boskalis Westminster N.V., SBM Offshore N.V.) and the book value is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Market value	1,980.6	1,343.1
Book value	1,663.5	1,202.1
	317.1	141.0

Real estate joint ventures

The financial position of the U.S. real estate joint ventures included in the real estate segment can be summarized as follows:

	2020	2019
Properties in operation and under construction	445.0	302.8
Project debt	(275.4)	(193.1)
Non-controlling interest	(17.9)	(13.7)
HAL equity share	151.7	96.0

As most of the properties are under construction, the income statements of these joint ventures on a 100% basis are not significant in relation to these financial statements. Revenues for 2020 amounted to € 20 million (2019: € 13 million).

Principal associate

The principal (non-consolidated) associate of the Company is Koninklijke Boskalis Westminster N.V. ('Boskalis') in which the Company has a 45.54% (2019: 43.51%) ownership interest. Boskalis is incorporated in the Netherlands and is listed on Euronext Amsterdam. The company is a leading global service provider operating in the dredging, maritime infrastructure and maritime services sectors.

Set out below is the summarized financial information for Boskalis. This summary is based on publicly available information.

	Dec. 31, 2020	Dec. 31, 2019
Current		
Cash and cash equivalents	824.5	399.6
Other current assets	829.6	1,112.2
<i>Total current assets</i>	<u>1,654.1</u>	<u>1,511.8</u>
Financial liabilities (excluding trade payables)	59.7	110.0
Other current liabilities (including trade payables)	1,633.0	1,523.9
<i>Total current liabilities</i>	<u>1,692.7</u>	<u>1,633.9</u>
Non-current		
Assets	2,873.7	3,085.0
Financial liabilities	457.0	384.8
Other liabilities	91.9	83.3
<i>Total non-current liabilities</i>	<u>548.9</u>	<u>468.1</u>
Non-controlling interest	3.0	3.4
Net assets	<u>2,283.2</u>	<u>2,491.4</u>
	2020	2019
Revenue	2,524.9	2,644.6
Depreciation, amortization and impairment	(422.0)	(265.1)
Financial income	0.4	1.0
Financial expense	(15.3)	(16.7)
Profit / (loss) before tax	(70.5)	95.0
Profit / (loss) after tax for owners of parent	(96.5)	74.9
Other comprehensive income for owners of parent	(78.3)	(14.0)
Total comprehensive income for owners of parent	<u>(174.8)</u>	<u>60.9</u>

The 2020 result of Boskalis was substantially impacted by exceptional charges of € 187 million, after tax. This was the result of a critical review of the business including assets and activities, conducted by the management of Boskalis, as a consequence of the global impact of the COVID-19 pandemic and strong decline in the oil price. These charges were virtually all non-cash of which € 184 million impairments, largely related to two joint ventures, a limited number of vessels and intangible assets (brand recognition). The share of the Company in these extraordinary charges amounted to € 81.3 million (refer to note 2) and was included in the consolidated statement of income within the line share of results from associates and joint ventures.

Reconciliation of the summarized financial information for Boskalis:

	2020	2019
Net assets January 1	2,491.4	2,544.3
Profit / (loss) for the period	(96.5)	74.9
Other comprehensive income	(78.3)	(14.0)
Transactions with owners	(33.4)	(113.8)
Net assets December 31	2,283.2	2,491.4
Interest in Boskalis (45.54%, 2019: 43.51%)	1,039.8	1,084.0
Elimination part of gain relating to the sale of Dockwise Ltd. (2013)	(11.3)	(11.3)
Intangible assets recognized in purchase price allocation	3.8	5.0
Goodwill	101.2	124.4
Book value	1,133.5	1,202.1

We refer to note 46 with respect to summarized financial information on associates and joint ventures of Vopak.

11. Other financial assets

For the accounting policies for derivative financial instruments, reference is made to note 40. At initial recognition, the Company classifies its non-derivative financial assets as “measured at amortized cost” or as “measured at fair value” (either through profit or loss or other comprehensive income). The classification depends on the business model the Company applies for managing the financial assets and the contractual terms of the cash flows.

Financial assets are first recognized on the trade date, the date on which the Company commits to purchase the asset. Financial assets are derecognized when the right to receive cash flows from the investments has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets measured at amortized cost

These are assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. They are initially recognized at fair value plus any directly related transaction costs. Subsequently, these financial assets are carried at amortized cost, less a provision for impairment based on the expected loss model (refer to note 39). Interest income on financial assets measured at amortized cost is recognized using the effective interest method.

Financial assets measured at fair value through other comprehensive income

Financial instruments in this class are initially measured at fair value plus any directly related transaction costs. Reference is made to the accounting policies on fair value measurement in note 39.

Debt instruments

These instruments are held both for collection of contractual cash flows, representing solely payments of principal and interest, and for selling the financial assets. Changes in the fair value of these investments are recorded in other comprehensive income and recycled through the consolidated statement of income upon derecognition. Both interest and the provision for impairment, based on the expected loss model (refer to note 39), are recognized in the consolidated statement of income.

Equity instruments

Management can make the irrevocable election to present the subsequent changes in fair value of certain quoted equity investments, included in other financial assets, in other comprehensive income. Dividends from these investments are recognized in the consolidated statement of income when the right to receive payment is established. When the equity interest is sold or becomes equity accounted or part of a business combination, the cumulative result recognized in other comprehensive income is reclassified from the other reserves to retained earnings, without recycling through the consolidated statement of income.

Financial assets measured at fair value through profit or loss

Debt instruments that do not qualify for measurement at amortized cost or measurement at fair value through other comprehensive income are measured at fair value through profit or loss. This classification also applies to all equity investments, unless management has made the specific election for measurement through other comprehensive income. Initial recognition of these assets is at fair value with any directly related transaction costs expensed as incurred. Gains or losses on financial instruments in this category are recognized in the consolidated statement of income.

The specification is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Investments in quoted equity securities	-	553.0
Investments in unquoted equity securities	36.5	30.1
Loans to associates and joint ventures	91.0	75.7
Other loans	71.1	55.4
Other	65.1	57.1
	263.7	771.3

The category “other” includes long-term deposits and receivables. For additional information on derivatives reference is made to note 40. The other financial assets can be further specified as follows:

	Dec. 31, 2020	Dec. 31, 2019
Non-current	243.7	760.2
Current	20.0	11.1
	263.7	771.3

Investments in quoted securities included:

	Dec. 31, 2020	Dec. 31, 2019
Equity interest in SBM Offshore N.V.	-	553.0
	-	553.0

The decrease in investments in quoted securities relates to the reclassification of the shareholding in SBM Offshore to investments in associates and joint arrangements (refer to note 10).

Amounts included in the cash flow statement comprise:

	Dec. 31, 2020	Dec. 31, 2019
Purchase of shares in SBM Offshore N.V.	(112.2)	(6.7)
Loans provided to associates and joint ventures	(11.6)	(43.5)
Repayment of loans by associates and joint ventures	10.8	(9.1)
Other	(25.8)	(1.6)
Changes in other financial assets in cash flow statement	(138.8)	(60.9)

12. Marketable securities and deposits

The accounting policies applied to marketable securities and deposits are the same as those applied to other financial assets (note 11). Marketable securities are measured at fair value through profit or loss except for fixed income securities which are measured at fair value through other comprehensive income.

Marketable securities consist of equity securities amounting to € 120.7 million (2019: € 151.6 million) and fixed income securities amounting to € 55.1 million (2019: € 71.0 million).

13. Receivables

Trade receivables are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest method, less a provision for impairment. Trade receivables that include a significant financing component are initially recognized at fair value plus any directly related transaction costs. A provision for impairment is established based on the expected loss model (refer to note 39) with application of the simplified approach. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Additions to and releases from the provision are recognized in the consolidated statement of income.

	Dec. 31, 2020	Dec. 31, 2019
Trade receivables	905.0	921.7
Allowance for doubtful accounts	(68.4)	(64.0)
	836.6	857.7

The ageing analysis of the trade receivables that are past due, net of provision for impairment, is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Up to 3 months	167.2	154.6
Between 3 and 6 months	18.4	11.3
Between 6 and 9 months	16.1	9.3
Over 9 months	83.6	48.0
	285.3	223.2

Movements on the provision for impairment of trade receivables are as follows:

	2020	2019
Allowance on January 1	(64.0)	(71.8)
Addition to allowance	(18.9)	(21.2)
Utilized during the year	13.2	18.6
Released	2.0	1.8
Net addition related to discontinued operations	(5.1)	(5.6)
Reclassification to held for sale	1.5	15.9
Other movements	2.9	(1.7)
Allowance on December 31	(68.4)	(64.0)

There was no indication at the reporting date that these receivables will not be recovered, other than as already provided for. The fair value of the receivables approximates their carrying value.

Information on pledges is included in note 23.

14. Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset, this includes development projects for which a contract with a customer is present. Development projects for which there is not yet a contract with a customer are included within inventories (refer to note 15). On the statement of financial position, a net position for each construction contract is included as either a contract asset or a contract liability.

A contract asset (e.g. amounts due from customers) is recognized when the group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. A contract receivable (e.g. amounts to be invoiced) is an amount to be billed for which payment is only a matter of passage of time.

A contract liability (e.g. amounts due to customers) is recognized when the group has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The order book includes future revenues from projects that have been signed and, for framework contracts, for which work packages have been agreed with clients. This includes both projects that are in progress but not yet completed and projects acquired but not yet in progress at the reporting date.

For information on revenue recognition for construction contracts reference is made to note 25.

Critical accounting judgments and estimates

The Company periodically estimates the expected outcome of a construction contract. If the contract is expected to be profitable and the contract revenue highly probable, contract revenue and costs are recognized based on the progress of the project over time, generally by reference to the percentage-of-completion method. When a contract is not expected to be profitable, the realized loss, determined based on the progress of the project, is recognized in the consolidated statement of income immediately. The expected future losses are included in a provision for onerous contracts that is charged against the consolidated statement of income.

The Company has a robust process in place to determine both progress and forecasted outcomes of construction contracts. This process builds on decentralized estimates by project managers that are thoroughly discussed with and reviewed by experienced staff at various levels of the organization, including comparative analyses with earlier projections and project budgets. There is inherent estimation uncertainty in this process and actual outcomes of projects may deviate from the forecasted outcomes, affecting revenue and results.

An overview of balance sheet items related to projects for which there is a contract with a customer is as follows.

	Note	Dec. 31, 2020*
Construction revenue		1,289.8
Progress billing		(1,217.0)
Amounts due from customers		72.8
Amounts to be invoiced for work completed		6.5
Total assets		79.3
Construction revenue		1,329.3
Progress billing		(1,410.9)
Amounts due to customers	25	(81.6)
Provision for onerous contracts	22	(21.3)
Total liabilities		(102.9)

* Construction revenues and progress billing also relate to periods before acquisition and subsequent consolidation of Van Wijnen in these financial statements

The contract asset and liabilities balances are expected to be mainly recognized in 2021 as the Company does not pre-finance projects longer than one year and regular invoicing of installments applies.

The order book with regards to construction projects for which a signed contract is in place amounts to € 1.4 billion. These revenues are expected to be realized mainly over the next three years. The Company does not use the practical expedient to exclude performance obligations in contracts with an original expected duration of one year or less.

15. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the weighted-average cost method. Cost comprises direct costs and a proportion of attributable production overheads, but excludes interest expense. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Project development includes land positions, related building rights and capitalized property development costs related to projects for which a signed customer contract is not yet in place.

Critical accounting estimates and judgments

Finished goods are regularly subjected to specific assessment tests to identify damaged, slow moving or obsolete inventory, taking into consideration past experience, historic results and the probability of sale under normal market conditions. Based on these analyses, management asserts judgment to determine the write-downs required to reduce the value of the inventory to its net realizable value.

The composition of the inventories is set out below.

	Dec. 31, 2020	Dec. 31, 2019
Raw materials	187.6	209.3
Work in progress	57.8	60.3
Finished goods	491.3	510.2
Project development (including land and building rights)	102.9	-
Stock in transit	10.5	11.8
Provision on inventory	(133.2)	(127.3)
	716.9	664.3

The cost of inventory recognized as an expense amounts to € 1,762.0 million (2019: € 1,439.4 million). The total write-down of inventories recognized as an expense amounts to € 9.4 million (2019: € 15.3 million).

Information on pledges is included in note 23.

16. Other current assets

Other current assets generally include prepayments relating to the following year and other receivables to be received within 12 months.

The composition of the other current assets is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Prepaid vendors	77.8	61.3
VAT	53.4	44.6
Supplier bonus receivable	38.8	35.0
Income tax receivable	47.6	35.8
Other receivables	206.4	197.7
	424.0	374.4

17. Cash and cash equivalents

Cash and cash equivalents comprise unrestricted bank balances and liquid investments with a maturity of three months or less.

	Dec. 31, 2020	Dec. 31, 2019
Cash	842.8	896.3
Cash equivalents	584.1	662.3
Cash and cash equivalents as presented in the consolidated statement of financial position	1,426.9	1,558.6
Cash and cash equivalents classified as held for sale	155.4	162.9
Cash and cash equivalents as presented in the consolidated statement of cash flows	1,582.3	1,721.5

Cash equivalents include time deposits with a maturity of less than three months.

18. Share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are deducted from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is also presented in equity.

The issued and fully paid up share capital at December 31, 2020, consists of 85,385,067 shares of which 73,501 are held as treasury stock by the Company.

Movements in the number of shares were as follows:

<i>x 1,000</i>	Issued shares	Treasury shares
Balance on January 1, 2019	81,763.1	70.3
Sale and transfer of treasury shares	-	(20.1)
Purchase of treasury shares, including stock dividend	-	1.5
Dividend paid in stock	1,685.8	
Balance on December 31, 2019	83,448.9	51.7
Sale and transfer of treasury shares	-	(17.1)
Purchase of treasury shares, including stock dividend	-	38.9
Dividend paid in stock	1,936.2	
Balance on December 31, 2020	85,385.1	73.5

	December 31, 2020
Authorized shares	90,000.0
Outstanding shares	85,311.6
Par value (HAL Holding N.V.) (<i>in euro</i>)	0.02
Share capital (<i>in millions of euro</i>)	1.7

The treasury shares referred to are HAL Trust Shares held by HAL Holding N.V. and are not expected to be cancelled. Each share has one voting right.

A 2019-related dividend of € 483.8 million (excluding dividend on treasury shares) or € 5.80 per Share was paid on July 24, 2020 (2019: € 433.0 million or € 5.30 per Share), of which € 241.9 million in cash and € 241.9 million in Shares. Shareholders received one new Share for 43.1 existing Shares held. The calculation of the 2019 earnings per Share has been adjusted to take account of this stock dividend (in accordance with IAS 33.64).

The conversion ratio was determined based on the volume-weighted average share price of HAL Trust Shares traded on Euronext in Amsterdam during the period June 29, 2020, through July 17, 2020. Accordingly, 1,936,169 Shares were issued on July 24, 2020.

19. Other reserves

Other reserves include the cumulative valuation reserve, the cash flow hedge reserve and the cumulative currency translation reserve.

The cumulative valuation reserve includes the unrealized results, net of tax, on financial assets classified as fair value through other comprehensive income.

The cash flow hedge reserve contains the effective part of the accumulated change in the fair value of cash flow hedges, net of tax, in respect of which the hedged future transaction has not yet taken place.

The cumulative currency translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities. It also includes the exchange differences on liabilities and the effective currency component of fair value changes of derivative financial instruments, net of tax, to the extent that they are part of an effective net investment hedge relationship.

<i>In millions of euro</i>	Cumulative valuation reserve	Cash flow hedge reserve	Cumulative currency translation reserve	Total other reserves
Balance on January 1, 2019	88.0	(121.3)	74.1	40.8
Change in fair value of financial assets at fair value through other comprehensive income*	130.8	-	-	130.8
Translation of foreign subsidiaries, including share of associates and joint arrangements	-	-	24.4	24.4
Effective portion of hedging instruments, including share of associates and joint arrangements	-	(5.9)	-	(5.9)
Reclassification	(0.3)	(5.9)	(10.1)	(16.3)
Balance on December 31, 2019	218.5	(133.1)	88.4	173.8
Change in fair value of financial assets at fair value through other comprehensive income*	(84.5)	-	-	(84.5)
Translation of foreign subsidiaries, including share of associates and joint arrangements	-	-	(245.1)	(245.1)
Effective portion of hedging instruments, including share of associates and joint arrangements	-	(4.1)	-	(4.1)
Reclassification**	(113.2)	-	-	(113.2)
Balance on December 31, 2020	20.8	(137.2)	(156.7)	(273.1)

* Change in fair value mainly related to the Company's shareholding in SBM Offshore N.V.

** Reclassification to retained earnings primarily resulting from the reclassification of SBM Offshore N.V. from other financial assets to investments in associates and joint arrangements (refer to note 10)

The cash flow hedge reserve contains the effective part of the accumulated change in the fair value of the cash flow hedges, net of tax, in respect of which the hedged future transaction has not yet taken place. The table below provides an overview of the estimated maturity profile of the cash flow hedge reserve.

Use of cash flow hedge reserve

< 1 year	(49.4)
1-5 years	(186.0)
> 5 years	98.2
	(137.2)

20. Deferred taxes

Deferred tax is recognized using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the consolidated financial statements. Temporary differences are not provided if they relate to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or differences relating to investments in subsidiaries, associates and joint ventures to the extent that the reversal of the temporary differences are controlled by the Company and it is probable that they will not reverse in the foreseeable future. Withholding tax and any other tax due for unremitted earnings of subsidiaries are not recognized as deferred tax liability unless there is an intention to distribute these earnings in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the year end. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is recognized in the consolidated statement of income unless it relates to items recognized through other comprehensive income.

Tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and that there is an intent to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Critical accounting estimates and judgments

Deferred tax assets, including those arising from carry-forward losses, are recognized if it is likely that taxable profits will be available against which losses can be set off. Management exercises judgment to establish the extent to which expected future profits substantiate the recognition of a deferred tax asset.

The movement in deferred tax assets and liabilities during the period is set out on the next page.

	Carry-forward losses	PP&E	Leases	Intangibles	Inventories	Other	Offset	Total
Assets	80.7	21.4	-	9.2	45.8	97.9	(120.2)	134.8
Liabilities	-	(307.2)	-	(209.9)	(4.8)	(37.7)	120.2	(439.4)
Net book value on January 1, 2019	<u>80.7</u>	<u>(285.8)</u>	<u>-</u>	<u>(200.7)</u>	<u>41.0</u>	<u>60.2</u>	<u>-</u>	<u>(304.6)</u>
Initial application of IFRS 16 (equity impact)	-	-	48.9	-	-	-	-	48.9
Credited/(charged) to net income - continued operations	11.8	4.2	7.2	31.4	(21.4)	(20.0)	-	13.2
Credited/(charged) to net income - discontinued operations	10.5	1.7	(2.0)	12.3	0.3	(1.6)	-	21.2
Credited/(charged) to OCI	-	1.2	-	-	-	8.6	-	9.8
Acquisitions and purchase price accounting adjustments	8.0	(18.9)	-	(81.4)	(0.7)	3.8	-	(89.2)
Divestitures	-	27.9	-	0.2	-	5.0	-	33.1
Other	-	-	-	0.1	-	1.7	-	1.8
Reclassifications to held for sale	(58.7)	1.8	(11.8)	100.6	(4.9)	(45.7)	-	(18.7)
Reclassifications	0.3	-	(19.0)	18.6	0.6	(0.5)	-	-
Exchange differences	0.9	(5.8)	(0.1)	(1.4)	0.3	0.7	-	(5.4)
Net book value on December 31, 2019	<u>53.5</u>	<u>(273.7)</u>	<u>23.2</u>	<u>(120.3)</u>	<u>15.2</u>	<u>12.2</u>	<u>-</u>	<u>(289.9)</u>
Assets	53.5	19.5	156.2	4.2	19.5	54.7	(211.0)	96.6
Liabilities	-	(293.2)	(133.0)	(124.5)	(4.3)	(42.5)	211.0	(386.5)
Net book value on January 1, 2020	<u>53.5</u>	<u>(273.7)</u>	<u>23.2</u>	<u>(120.3)</u>	<u>15.2</u>	<u>12.2</u>	<u>-</u>	<u>(289.9)</u>
Credited/(charged) to net income - continued operations	9.2	8.7	(12.7)	4.8	1.6	3.0	-	14.6
Credited/(charged) to net income - discontinued operations	(13.8)	1.4	(1.8)	14.3	0.9	3.3	-	4.3
Credited/(charged) to OCI	-	(0.1)	-	-	-	4.6	-	4.5
Acquisitions and purchase price accounting adjustments	-	(5.3)	-	(8.2)	(0.6)	(0.7)	-	(14.8)
Divestitures	-	4.2	-	0.1	-	(3.4)	-	0.9
Reclassifications to held for sale	14.5	(1.3)	2.2	(18.0)	(0.5)	(2.4)	-	(5.5)
Reclassifications	(0.1)	79.7	(0.9)	3.0	0.1	(81.8)	-	-
Exchange differences	(5.9)	13.8	3.2	5.7	(1.8)	(0.7)	-	14.3
Net book value on December 31, 2020	<u>57.4</u>	<u>(172.6)</u>	<u>13.2</u>	<u>(118.6)</u>	<u>14.9</u>	<u>(65.9)</u>	<u>-</u>	<u>(271.6)</u>
Assets	57.4	14.6	199.5	3.7	22.7	65.2	(267.2)	95.9
Liabilities	-	(187.2)	(186.3)	(122.3)	(7.8)	(131.1)	267.2	(367.5)
Net book value on December 31, 2020	<u>57.4</u>	<u>(172.6)</u>	<u>13.2</u>	<u>(118.6)</u>	<u>14.9</u>	<u>(65.9)</u>	<u>-</u>	<u>(271.6)</u>

Withholding tax and any other tax due for unremitted earnings of subsidiaries are not recognized as these earnings are assumed to be permanently invested.

The portion of the deferred tax liabilities, related to continuing operations, that is expected to be recovered within 12 months amounts to € 4.3 million (2019: € 9.0 million). The portion of the deferred tax assets, related to continuing operations, that is expected to be recovered within 12 months amounts to € 20.3 million (2019: € 22.9 million).

Unused tax losses for which deferred tax assets have not fully been recognized are as follows:

Expiration	2020	2019
2020	-	18.2
2021	17.7	29.7
2022	2.6	38.6
2023	4.9	22.9
2024	6.4	26.5
2025 and further years	115.0	101.5
No expiration date	715.2	593.4
Total continuing operations	861.8	830.8
Discontinued operations	255.0	334.1
	1,116.8	1,164.9

Deferred tax assets, related to continuing operations, for which the utilization is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences amount to € 95.9 million (2019: € 96.5 million).

Deferred tax assets related to continuing operations of € 74.3 million (2019: € 46.3 million) relate to entities that suffered a loss in either the current or the preceding period. Their recognition is supported by projections of future taxable income. Unused tax losses with no expiration date include tax losses relating to acquired entities. These tax losses relate to business models that were different than the activities of the entity at the moment of acquisition. This is an important reason for the fact that these losses have not (fully) been valued.

Unused tax credits for which deferred tax assets have not been fully recognized are not significant.

21. Pension benefits

The Company has both defined benefit and defined contribution plans.

Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension charges for defined benefit plans are based on actuarial calculations and calculated in accordance with the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread the regular costs over the service lives of employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. The plan assets are measured at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Current and past service costs, interest components and administrative

costs are recognized immediately in the consolidated statement of income. A net defined benefit asset is only recognized to the extent the surplus in the pension plan can be realized during the life of the plan, through refund or reduced future contributions, or at the settlement of the plan.

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays contributions to a publicly or privately administered pension insurance plan on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Critical accounting estimates and judgments

The defined benefit obligation is determined on the basis of assumptions for future developments in variables such as salary increase, price index increase, life expectancy and discount rate. All assumptions are assessed at the reporting date. Changes in the assumptions may significantly affect the liabilities and pension costs under the defined benefit plans. The weighted average of these assumptions as well as sensitivities of key assumptions are disclosed in this note.

The net amounts recognized in the statement of financial position for pension benefits are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Pension benefit assets	41.2	40.5
Pension benefit liabilities	(131.0)	(123.5)
	(89.8)	(83.0)

The net pension benefit liability consists of:

	Dec. 31, 2020	Dec. 31, 2019
Present value of funded obligations	(463.6)	(448.8)
Fair value of plan assets	467.9	455.6
Impact from asset ceiling	(22.1)	(14.2)
Surplus/(deficit) of funded obligations	(17.8)	(7.4)
Present value of unfunded obligations	(72.0)	(75.6)
Total defined benefit plans	(89.8)	(83.0)
Net asset/(liability) in the statement of financial position	(89.8)	(83.0)

Pension benefit liabilities

The pension liabilities of € 131.0 million mainly relates to pension plans of Vopak (€ 49.2 million) outside the Netherlands and a pension plan of Westag (€ 33.4 million) in Germany. Also included are two Formica pension plans in the United Kingdom (UK) with a net liability of nil.

Westag plan

The pension plan of Westag is unfunded and payments are made from Westag's operating cash flow. Participants are insured against the consequences of old age, disability and death. The pension plan is closed to new participants. The defined benefit liability is calculated based on expected salary-independent, old-age and disability pension payments per full year of staff membership in the company.

Pension supervision in Germany

The Westag pension plan operates under the German Pension Reform Act and is overseen by the Federal Financial Supervisory Authority BaFin.

Formica plans United Kingdom

At December 31, 2020, the assets of certain plans at Formica (€ 169.3 million) exceeded the obligations of the plans (€ 149.3 million) by € 20.0 million. The surplus in these pension plans has not been recognized since it is not possible to recognize any economic benefit from refunds or reductions in future contributions. Both plans are closed for new entrants and the future benefit accrual has been frozen with effect of August 31, 2018, when a defined contribution plan was introduced. The benefits of the existing members were not affected by the closure of the scheme. The pension plans provide benefits upon retirement (based on final pay), death, disability and termination. Both plans are operated by separate pension trustees.

Pension supervision in the United Kingdom

The Formica plans operate under the regulatory framework of the Pensions Act 2004, as overseen by The Pensions Regulator. According to a 2018 UK High Court ruling, most UK defined benefit plans are expected to be required to provide additional benefits to their participants regarding guaranteed minimum pensions. This is expected to affect one of the plans and an estimated 1.5% allowance was applied in calculating the defined benefit obligation.

Pension benefit assets

The pension benefit assets of € 41.2 million relates fully to a surplus of a pension fund in the Netherlands (the 'pension fund') that insures its participants against the consequences of old age, death and disability. The Company and its employees currently do not pay contributions to these pension plans. The pension fund has the legal structure of a foundation. The (actuarial) risks related to the pension plan consist of demographic risks (primarily life expectancy) and financial risks (primarily discount rate, future increases in salaries, and return on plan assets) and are regularly reviewed by the board of the pension fund. The board of the pension fund is the most senior governing body of the pension fund and is composed of equal numbers of employer and employee representatives (including pensioners). Modification of the pension plan requires the approval of the Company. The minimum required funding level for the pension fund is 104%. The pension fund had a funded level of 177% at year-end 2019. The funding level at December 31, 2020, was preliminary calculated at 163%. The pension asset is calculated, in accordance with IFRIC 14, as the lower of the surplus and the present value of the future service cost using assumptions (including the discount rate) consistent with those used to determine the defined benefit obligation, taking into account minimum funding requirements.

Pension supervision in the Netherlands

Pension funds in the Netherlands are overseen by the Authority for the Financial Markets (AFM) and the Dutch Central Bank (DNB). An annual report including an actuarial review on the plan is prepared in accordance with legal requirements. Additional reports are prepared periodically in accordance with IFRS requirements.

Multi-employer plans

Multi-employer pension plans are defined benefit plans classified as defined contribution, as the information received from these plans is not detailed per employee and per company. In case of a deficit in the multi-employer plans, future pension premiums may increase. There are no multi-employer plans for which the Group is significant in respect to the total plan.

The movement in the net provision for defined benefit plans is as follows:

	2020	2019
Balance on January 1	(83.0)	(135.8)
Pension charge defined benefit plans continuing operations	(11.1)	(9.8)
Pension charge defined benefit plans discontinued operations	(10.0)	(6.4)
Consolidation	(3.4)	(29.3)
Contributions	10.7	12.2
Remeasurement effects	(17.4)	(41.6)
Benefits paid for unfunded plans	8.3	6.0
Reclassification to held for sale*	14.4	136.1
Plan amendments, settlements and curtailments	-	(11.1)
Exchange differences and other	1.7	(3.3)
Balance on December 31	(89.8)	(83.0)

* The reclassification to held for sale mainly relates to GrandVision N.V.

In 2020, the remeasurement effects of € (17.4) million are primarily the result of lower discount rates. In 2019, the remeasurement effects of € (41.6) million were also primarily the result of lower discount rates. The 2019 plan amendments related to the liquidation of a pension plan (€ 27.1 million), which did not have any participants, and the settlement of a pension plan (€ 16.0 million) related to the sale of the German terminals of Vopak. The net assets of the liquidated fund of € 27.1 million were transferred to the Company and did not result in any gain or loss on settlement. The € 16.0 million gain on settlement of the Vopak plan was included in other income as it related to a sales transaction.

The amounts recognized in the consolidated statement of income are as follows:

	2020	2019
Current service costs	9.2	7.7
Interest expense/(income)	1.1	1.5
Administrative costs	0.8	0.6
Total defined benefit costs	11.1	9.8
Other costs	69.3	62.9
Pension charges related to continuing operations	80.4	72.7
Pension charges related to discontinued operations	31.6	28.1
	112.0	100.8

Other costs mainly include costs related to defined contribution plans and multi-employer plans classified as defined contribution plans, as referred to above.

Movements in the defined benefit obligation, for both funded and unfunded plans, and plan assets, net of application of asset ceiling, are as follows:

	Plan assets		Obligation		Asset ceiling	
	2020	2019	2020	2019	2020	2019
Balance on January 1	455.6	293.9	524.4	429.7	14.2	-
Consolidation	19.4	231.2	22.8	246.3	-	14.2
Service cost	-	-	9.2	7.8	-	-
Interest income	8.8	9.2	-	-	-	-
Interest expense	-	-	9.9	10.7	-	-
Pension charges related to discontinued operations	0.2	0.6	10.2	7.0	-	-
Employer contributions	9.9	12.2	-	-	-	-
Employee contributions	3.3	2.5	3.3	2.5	-	-
Return on plan assets (excluding amounts included in interest income)	26.9	32.4	-	-	-	-
Experience adjustments	-	-	(2.1)	1.7	-	-
Change in financial assumptions	-	-	41.6	71.8	8.5	-
Change in demographic assumptions	-	-	(3.7)	0.5	-	-
Plan amendments, settlements and curtailments	-	(27.1)	-	(16.0)	-	-
Benefits paid	(32.8)	(28.8)	(41.2)	(35.0)	-	-
Reclassification	1.0	-	2.4	0.3	-	-
Reclassification to held for sale*	(3.1)	(79.5)	(18.0)	(215.6)	-	-
Exchange differences and other	(21.3)	9.0	(23.2)	12.7	(0.6)	-
Balance on December 31	467.9	455.6	535.6	524.4	22.1	14.2

* The reclassification to held for sale mainly relates to GrandVision N.V.

The 2019 impact from plan amendments on plan assets relates to the settlement of a pension plan that had no participants. The net assets of the fund were transferred to the Company and did not result in any gain or loss on settlement. The 2019 impact from plan amendments on the obligation related to the settlement of a defined benefit pension plan of Vopak in connection to the divestment of the German terminals.

The Company expects to contribute € 9.9 million to defined benefit plans in 2021.

The expected maturity analysis of undiscounted pension benefits is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Less than 1 year	18.0	17.8
1-2 years	18.4	18.5
2-5 years	56.8	58.7
> 5 years	676.6	741.7
	769.8	836.7

The principal weighted-average assumptions used were:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate/return on assets	1.51%	2.00%
Future inflation rate	2.15%	2.32%
Future salary increases	2.13%	3.43%
Life expectancy in years:		
Age 65 for men	20.9	21.5
Age 65 for women	23.4	22.5
Age 65 in 20 years for men	22.6	22.9
Age 65 in 20 years for women	25.0	24.6

The latest available mortality tables were used. The discount rates used in the determination of defined benefit obligations and pension charges are based on high-quality corporate bonds (AA-rated) with a duration matching the duration of the pension benefit liabilities.

Plan assets include as of December 31, 2020:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	142.8	51.0	-	193.8	41.5%
Debt instruments	74.6	145.8	0.1	220.5	47.1%
Cash and cash equivalents	26.8	-	-	26.8	5.7%
Other	4.3	-	22.5	26.8	5.7%
	<u>248.5</u>	<u>196.8</u>	<u>22.6</u>	<u>467.9</u>	<u>100.0%</u>

Plan assets included as of December 31, 2019:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	138.4	46.0	-	184.4	40.5%
Debt instruments	93.7	140.6	0.1	234.4	51.4%
Cash and cash equivalents	22.2	-	-	22.2	4.9%
Other	14.5	-	0.1	14.6	3.2%
	<u>268.8</u>	<u>186.6</u>	<u>0.2</u>	<u>455.6</u>	<u>100.0%</u>

Other assets mainly represent assets at insurance companies with respect to vested benefits, real estate and derivatives.

The sensitivity of the defined benefit obligation to changes in the weighted-average principal assumptions is as follows:

	Impact on obligation		
	Change	Increase	Decrease
Discount rate/return on assets	1.00%	(78.2)	101.0
Future inflation rate	1.00%	57.5	(47.4)
Future salary increases	0.25%	3.6	(3.6)
Life expectancy	1 year	20.1	N/A

The plan liabilities are calculated using a discount rate set with reference to high-quality corporate bond yields. If plan assets underperform this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an

increase in the value of the plans' bond holdings. The majority of the plans' obligations are to provide benefits for the lifetime of the members, therefore increases in life expectancy will result in an increase in the plans' liabilities.

22. Provisions

A provision is recognized for a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

The composition and movements in provisions is as follows:

	Environmental	Employee related	Restructuring	Claims & regulatory	Onerous contracts	Other	Total
Balance on January 1, 2019	20.2	19.7	2.2	79.1	0.4	30.5	152.1
Addition to provision	3.8	40.5	29.7	10.3	-	8.8	93.1
Consolidation	2.9	12.0	0.2	-	-	0.8	15.9
Utilized during the year	(4.0)	(41.7)	(7.6)	(4.4)	(0.1)	(9.9)	(67.7)
Released	(0.2)	(1.3)	(0.3)	(7.9)	-	(2.0)	(11.7)
Net addition related to discontinued operations	-	7.5	-	1.6	-	5.6	14.7
Reclassification to held for sale	-	(14.1)	-	(19.7)	-	(8.4)	(42.2)
Exchange differences	0.2	(0.4)	-	-	-	0.2	-
Reclassifications and other movements	0.2	1.2	(0.7)	(2.2)	(0.1)	2.5	0.9
Balance on December 31, 2019	23.1	23.4	23.5	56.8	0.2	28.1	155.1
Current	6.2	11.9	2.4	18.4	0.1	10.9	49.9
Non-current	16.9	11.5	21.1	38.4	0.1	17.2	105.2
	23.1	23.4	23.5	56.8	0.2	28.1	155.1
Addition to provision	0.6	1.9	4.6	2.6	0.2	22.0	31.9
Consolidation	1.7	2.4	-	-	38.9	15.9	58.9
Utilized during the year	(1.7)	(3.8)	(12.6)	(1.8)	(0.1)	(30.4)	(50.4)
Released	(0.7)	(0.3)	(0.2)	2.7	(17.9)	(4.5)	(20.9)
Net addition/(utilization) related to discontinued operations	-	9.6	2.4	-	-	(2.6)	9.4
Reclassification to held for sale	-	(8.9)	(12.6)	-	-	17.1	(4.4)
Reclassification	(1.6)	(10.3)	10.1	(25.2)	0.2	17.7	(9.1)
Exchange differences	(0.6)	(0.1)	-	-	-	(1.8)	(2.5)
Other movements	0.2	(0.1)	-	-	-	(4.8)	(4.7)
Balance on December 31, 2020	21.0	13.8	15.2	35.1	21.5	56.7	163.3
Current	7.9	3.5	15.2	13.5	0.5	17.6	58.2
Non-current	13.1	10.3	-	21.6	21.0	39.1	105.1
	21.0	13.8	15.2	35.1	21.5	56.7	163.3

Environmental

The environmental provisions primarily relate to historical contaminations of locations where Vopak terminals are located.

Restructuring

Provisions include a reorganization provision at Safilo of € 11.6 million relating mainly to the reorganization of the Italian Safilo companies in accordance with its business plan 2020-2024.

Claims & regulatory

This category includes a provision for potential fines in connection with an investigation in France by the French Competition Authority (FCA) and relates to GrandVision and Safilo. The part of the provision related to GrandVision has been classified as held for sale as of July 30, 2019. In June 2009, the FCA began investigations into certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including GrandVision and Safilo. The authorities investigated whether these parties had entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames. In May 2015, GrandVision and Safilo received a statement of objections ('notification de griefs') from the FCA, which contained the FCA's preliminary position on alleged anti-competitive practices without prejudice to its final decision. A conclusion by the FCA that there was a violation would lead to a fine, which may be contested in court. GrandVision and Safilo examined the FCA's preliminary findings reported in the statement of objections and recorded a provision, determined by an assessment of the probability and amount of potential liability. A report dated July 21, 2016, was received from the FCA, reconfirming the accusation and confirming the assumptions of the probability and amount of the potential liability. On December 15, 2016, a hearing was held before the FCA during which all parties were given the opportunity to defend their case. On February 24, 2017, the FCA decided to refer the entire case back for further investigation to the FCA's investigation services, without imposing any sanction on any of the companies currently under investigation. On April 19, 2019, Safilo received a new statement of objections. In July 2019, Safilo filed a statement in which it contested all charges raised by the FCA. An audience was held before the FCA on January 13, 2021. The FCA has not yet reached a decision following this audience.

Onerous contracts

The provision for onerous contracts relates primarily to construction contracts (refer to note 14).

23. Debt and other financial liabilities

Debt is initially recognized at fair value, less any directly related transaction costs. When debt instruments are designated as being part of a fair value hedge relationship, the debt is carried at amortized cost, adjusted for the fair value of the risk being hedged, with changes in value shown in the consolidated statement of income. Other debt is subsequently carried at amortized cost, using the effective interest method. Convertible (equity-linked) borrowings that include a cash-settlement option are carried at amortized cost using an effective interest rate deemed appropriate for the risk profile of an equivalent financial instrument without the conversion component. Other financial liabilities include contingent considerations related to acquisitions and obligations to acquire non-controlling interests from management of certain subsidiaries. These are initially recognized and subsequently measured at fair value with remeasurement differences recorded as financial income or expense in the consolidated statement of income. Refer to note 39 on fair value measurement.

Debt and other financial liabilities are classified as current unless the Company has an unconditional right to defer settlement until at least twelve months after statement of financial position date.

Fees paid with respect to loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Debt and other financial liabilities is comprised of:

	Dec. 31, 2020	Dec. 31, 2019
Debt	3,065.3	2,764.0
Other financial liabilities	142.1	92.5
	<u>3,207.4</u>	<u>2,856.5</u>

The net increase in other financial liabilities relates for € 74.8 million to reciprocal option agreements that Safilo has entered into with a view to acquiring the non-controlling interest in Blenders and Privé Revaux (refer to note 9) at a contractual multiple of expected EBITDA. At the time of acquisitions of these companies a liability of € 103.8 million was incurred in relation to the reciprocal options. Subsequently, these options were revalued through financial income and expense (refer to note 33) for an update to the business plans (income 19.8 million) and foreign currency translation (income € 9.2 million).

	Dec. 31, 2020	Dec. 31, 2019
Non-current debt and other financial liabilities		
Mortgage loans	241.2	310.8
Private placements	1,864.1	1,628.2
Other loans	205.3	120.5
Total non-current debt	<u>2,310.6</u>	<u>2,059.5</u>
Non-current other financial liabilities	118.5	71.0
Total non-current debt and other financial liabilities	<u>2,429.1</u>	<u>2,130.5</u>
Current debt and other financial liabilities		
Bank overdrafts	478.4	210.1
Current portion of long-term debt	275.6	474.1
Other loans	0.7	20.3
Total current debt	<u>754.7</u>	<u>704.5</u>
Current other financial liabilities	23.6	21.5
Total current debt and other financial liabilities	<u>778.3</u>	<u>726.0</u>
Total debt and other financial liabilities	<u>3,207.4</u>	<u>2,856.5</u>

Mortgage loans are secured by mortgages and pledges on vessels, real estate, inventory and receivables with a corresponding carrying value of € 448.1 million (2019: € 622.5 million). These are non-possessory pledges, which means that only in case of default under the mortgage loan agreements, the lender will have the right to sell the vessels, real estate or inventory and receive the cash flows from the receivables. The other loans are secured to an amount of € 846.5 million

(2019: € 545.3 million) by non-possessory pledges on machinery and equipment, receivables, inventories and other current assets.

The debt position relates for € 1,959 million (63.9%) to Vopak (2019: € 1,865 million, 67.5%). This debt mainly consists of unsecured private placements in the U.S. and Asian markets. The average remaining maturity at the end of 2020 was 6.1 years (2019: 5.2 years).

In 2020 Safilo obtained a € 108 million term loan facility, guaranteed for 90% by the Italian export credit agency SACE in the context of a government support measure related to COVID-19. To meet the conditions of this support measure, the Company has undertaken to provide Safilo with a subordinated loan facility of up to € 30 million that may be drawn during the lifetime of the term loan facility to cure potential future breaches of financial covenants. The term loan facility matures on June 30, 2026.

The summary of debt per currency is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Euro	1,239.3	948.9
U.S. dollar	1,465.8	1,474.6
Singapore dollar	129.6	105.9
Other currencies	230.6	234.6
	<u>3,065.3</u>	<u>2,764.0</u>

For 100% of the bank debt, the applicable covenants were complied with or waived during 2019 and 2020. The table below provides details on certain company-specific covenants that applied in 2020.

	Debt	Required	Actual
<i>Vopak</i>	1,958.5		
Maximum senior net debt:EBITDA ratio		3.75	2.52
Minimum interest cover ratio		3.50	10.90
<i>Other</i>	1,106.8		
Total debt	<u>3,065.3</u>		

Included in other financial liabilities is the obligation to acquire equity instruments in certain subsidiaries from the management of these subsidiaries and liabilities related to share-based payment plans for an aggregate amount of € 53.1 million (2019: € 72.1 million), of which € 28.7 million (2019: € 48.1 million) is included as non-current liabilities. Reference is made to note 37 on share-based compensation. Also included are earn-out and deferred/contingent payments with respect to acquisitions for € 88.6 million (2019: € 18.4 million) and other liabilities of € 0.4 million (2019: € 2.0 million). These liabilities expire during 2021 through 2024.

The fair value of debt and other financial liabilities is disclosed in note 39.

24. Accrued expenses

Accrued expenses consist of:

	Dec. 31, 2020	Dec. 31, 2019
Employee-related accruals	153.4	144.6
VAT and other tax liabilities	91.6	67.2
Other	326.8	280.7
Total accrued expenses	<u>571.8</u>	<u>492.5</u>

25. Revenues

Revenue is recognized in the period in which the performance obligation from the underlying contract has been satisfied. In most sales transactions this is at the point in time when control over a product or service has been transferred to the customer. Revenue is shown net of sales tax, value-added tax, discounts, rebates, expected returns and amounts collected on behalf of third parties. A contract with a customer may comprise of multiple distinct performance obligations that require separation. In general, the total consideration under the contract is allocated to performance obligations based on stand-alone selling prices. The timing of revenue recognition depends on the type of performance obligation, as described below.

Sale of goods

The group operates physical retail stores and webstores in the Optical retail, Quoted minority interests and Unquoted segments. Sales on a wholesale basis are present in the Quoted minority interest and Unquoted segments. The Optical retail segment also includes revenues from sales to franchisees, for which revenue recognition is similar to wholesale revenues. Revenue is recognized when the product is sold to the customer and control over the product has been transferred to the customer in return for (a right to) payment.

For retail sales, revenue recognition generally coincides with the physical transfer of the product to the customer. Revenue is then recognized at the transaction price, gross of (credit card) fees payable for the transaction which are recorded in selling cost. For rights issued under a customer loyalty program, through vouchers and by way of other future discounts or awards, a contract liability is incurred as a reduction to revenue. Revenue is further reduced and a refund liability is recognized for applicable rights of return. An asset reflecting the right to returned goods is recognized, reducing the cost of sales, at the carrying amount of those goods, net of expected refurbishment cost for returns that are not scrapped. In general, when a replacement product is not an acceptable alternative, the transaction price is refunded. An expected-value calculation based on accumulated experience is used to determine the amounts recognized as a refund liability. Where loyalty programs are in place, revenue allocated to the awards is recognized based on (anticipated) expiration and when the awards are redeemed.

For wholesale and franchise sales the timing of revenue recognition depends on when the products are delivered, with full discretion by the customer or franchisee over the sales channel and price to re-sell the products. Revenue recognition depends on individual customer terms and may occur when the products have been shipped or delivered to a specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or objective evidence has been obtained that all criteria for acceptance have been satisfied. Volume incentives apply to various wholesale contracts and reduce related revenues. Depending on the

contract, these incentives are either paid at the end of the contract period as a rebate, or provide a right to a discount in the next contractual period. In case of rebates, a refund liability is recorded at the time of the transaction, as a reduction to revenue. The group periodically reviews the expected transaction price for the goods and services provided under the contract and adjusts the revenues from the contract and the refund liability accordingly. Discounts to be provided in future periods based on current year sales are considered a separate performance obligation, reducing current year revenue, and are recognized as a contract liability. The contract liability is recognized as revenue in the consolidated statement of income based on (anticipated) expiration and when the discounts are redeemed. A receivable is recognized for wholesale deliveries when payment has become unconditional. No element of financing is deemed present as payment terms are consistent with market practice. Any prepayments by customers are not considered revenue but are accounted for as contract liabilities.

Obligations to provide a refund under the standard warranty terms are recognized as a provision (refer to note 22). Where warranties exceed these standard terms either in time, extent or through the inclusion of (additional) services it is recognized as distinct performance obligation and part of revenues is allocated and recognized over the period covered by the extended warranties. Extended warranties are considered services to be rendered and included under contract liabilities until revenue is recognized.

Rendering of service

The group provides storage services in its Quoted minority interest segment and a range of other services, including shipping, staffing and financial services, in its Optical and Unquoted segments. Revenue from providing services is recognized in the period in which the services are rendered. Tank storage rentals, including minimum guaranteed throughputs, are recognized on a straight-line basis over the contractual period when these services are rendered, as clients simultaneously consume and benefit from the services at the moment that these are rendered. Revenues from excess throughputs and other services are recognized in the period in which they are provided.

For fixed-price contracts, revenue is recognized based on the actual service provided at the end of the reporting period as a proportion of the total services to be provided. Estimates of revenues, based on costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the consolidated statement of income in the period in which the circumstances that give rise to the revision become known by management. Contracts for the rendering of services typically do not exceed a duration of twelve months, except for framework agreements for which prices are variable or periodically renegotiated.

Modifications of property, plant and equipment (primarily gas carriers) paid upfront by customers are accounted for as a contract liability and recognized in the consolidated statement of income over the contractual period on a straight-line basis.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, depending on the specific terms of the contract, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. If the contract includes an hourly fee, revenue is recognized in the amount to which there is a right to invoice. No element of financing is deemed present as payment terms are consistent with market practice.

License revenues

Franchise rights are accounted for as rights to access the franchisor's intellectual property. Any fixed fee allocated to those rights is generally recognized over the term of the franchise

agreement. Franchise fees that are based on a percentage of sales are recognized at the time of the sale. Access to (digital) content is recognized over time for subscription contracts and at a point in time for usage-based contracts. License revenues are presented within rendering of services.

Construction business and property development activities

The group provides (integration of) goods and services through its construction business in the Unquoted segment. Revenue and results from the construction business are determined by reference to the latest estimate of the total selling price of the contract, after taking into account claims that have been accepted by the client or that derive from enforceable rights, are highly probable to lead to revenue and can be reliably measured. Such revenue is recognized over time, using the percentage-of-completion method, using a completion rate determined by reference to cost of completed works (input method) and reviewed against progress of the works.

Recognition of revenues and results for property development activities commences only when a contract with a customer for the (further) development and sale of such property has been signed. These contracts generally involve the delivery of both land and buildings. Revenues related to (further) development of the land and the construction of buildings are recognized as set out above. Revenues and results from sale of the land positions are realized at the signing date if the land is transferred to the buyer directly, or through inclusion of land and land-related expenses in the cost basis for determination of project completion, if it remains an integral part of the project under development.

Construction and development contracts of the group are frequently subject to variation orders that affect the scope and/or price of the contract and that amend existing performance obligations. Variation orders that are highly probable, cannot be reversed and for which payment is legally enforceable constitute contract modifications. These modifications are accounted for through a cumulative catch-up adjustment.

A provision for onerous contracts is formed against operating expenses when future contract losses are known and can be reliably measured. Additional information on judgement and estimates in relation to construction contracts are included in note 14.

The Company's 2020 revenue can be disaggregated as follows:

2020	Europe	USA & Canada	Asia	Other	Total	Optical retail	Quoted	Unquoted
Revenue from contracts with customers								
Sale of goods	2,310.9	619.1	253.6	68.2	3,251.8	-	734.2	2,517.6
Construction/development activities	415.9	-	-	-	415.9	-	-	415.9
Services	919.2	226.6	292.6	197.3	1,635.7	-	1,189.9	445.8
	3,646.0	845.7	546.2	265.5	5,303.4	-	1,924.1	3,379.3
Revenue from other sources	18.9	2.1	7.2	7.1	35.3	-	27.1	8.2
Total revenue from continuing operations	3,664.9	847.8	553.4	272.6	5,338.7	-	1,951.2	3,387.5
Revenue from discontinued operations	3,239.5	61.9	-	179.6	3,481.0	3,481.0	-	-
Total revenue	6,904.4	909.7	553.4	452.2	8,819.7	3,481.0	1,951.2	3,387.5

The Company's 2019 revenue can be disaggregated as follows:

2019	Europe	USA & Canada	Asia	Other	Total	Optical retail	Quoted	Unquoted
Revenue from contracts with customers								
Sale of goods	2,414.9	565.7	256.1	95.8	3,332.5	-	909.5	2,423.0
Construction/development activities	-	-	-	-	-	-	-	-
Services	1,065.2	238.6	301.5	187.3	1,792.6	-	1,252.7	539.9
	<u>3,480.1</u>	<u>804.3</u>	<u>557.6</u>	<u>283.1</u>	<u>5,125.1</u>	-	<u>2,162.2</u>	<u>2,962.9</u>
Revenue from other sources	13.4	0.3	14.9	6.2	34.8	-	32.3	2.5
Total revenue from continuing operations	<u>3,493.5</u>	<u>804.6</u>	<u>572.5</u>	<u>289.3</u>	<u>5,159.9</u>	-	<u>2,194.5</u>	<u>2,965.4</u>
Revenue from discontinued operations	3,679.7	80.7	5.2	273.7	4,039.3	4,039.3	-	-
Total revenue	<u>7,173.2</u>	<u>885.3</u>	<u>577.7</u>	<u>563.0</u>	<u>9,199.2</u>	<u>4,039.3</u>	<u>2,194.5</u>	<u>2,965.4</u>

Expected future revenues from continuing operations can be specified as follows:

	2020	2019
Future revenues in order book	1,450.5	87.1
Future revenues from current projects	890.1	13.0
Future revenues expected to be realized in 2020	-	84.0
Future revenues expected to be realized in 2021	916.4	0.7
Future revenues expected to be realized in 2022	364.7	2.2
Future revenues expected to be realized in 2023 - 2025	173.4	0.2
Future revenues expected to be realized in or after 2026	0.1	-

Future revenues in order book primarily relates to the construction, office furniture and (high-pressure laminates) materials technology businesses. Future revenues from current projects mainly relate to the unfulfilled part of extended (service-type) warranties and construction contracts.

The table below provides a reconciliation of the contract liabilities for the periods presented.

	Deferred revenues	Customer prepayments	Amounts due to customers	Total
Balance on January 1, 2019	100.6	68.2	-	168.8
Payments received	96.8	92.7	-	189.5
Consolidation	-	(0.1)	-	(0.1)
Recognized as revenue in current period	(101.8)	(79.3)	-	(181.1)
Reclassification to liabilities held for sale	(36.0)	(62.6)	-	(98.6)
Exchange differences and other	0.5	4.1	-	4.6
Balance on December 31, 2019	<u>60.1</u>	<u>23.0</u>	<u>-</u>	<u>83.1</u>
Balance on January 1, 2020	60.1	23.0	-	83.1
Payments received	124.1	132.6	26.5	283.2
Consolidation	-	-	55.1	55.1
Recognized as revenue in current period	(104.2)	(118.6)	-	(222.8)
Reclassification to liabilities held for sale	(5.6)	(4.1)	-	(9.7)
Exchange differences and other	(1.1)	(4.4)	-	(5.5)
Balance on December 31, 2020	<u>73.3</u>	<u>28.5</u>	<u>81.6</u>	<u>183.4</u>

The amounts due to customers relate mainly to construction contracts (refer to note 14).

26. Income from marketable securities and deposits

Income from marketable securities and deposits includes realized and unrealized capital gains and losses, impairment losses, interest, dividends and management fees.

Realized and unrealized capital gains and losses are calculated on an average-cost basis. Interest income on financial instruments recorded at amortized cost is recognized on an accrual basis, using the effective interest rate method. Dividends and interest on financial instruments measured at fair value through other comprehensive income are recognized when the right to receive payment is established.

	2020	2019
Capital gains/(losses) including impairments	(32.5)	(2.5)
Interest income	3.5	1.0
Dividends	0.4	7.3
Management fees	(0.3)	(0.3)
	<u>(28.9)</u>	<u>5.5</u>

27. Share of results from associates and joint ventures

Associates and joint ventures are accounted for using the equity method, which involves recognition in the consolidated statement of income the Company's share of the net result of the associate or joint venture. When the Company's share of losses exceeds the carrying amount of an equity-accounted investment, including any unsecured receivables, the Company does not

recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the company in question. Significant unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the specific company. Significant unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising on associates and joint ventures are recognized in the income statement.

	2020	2019
Share of results*	164.2	192.4
Revaluation upon gaining control	-	1.1
Continuing operations	164.2	193.5
Discontinued operations	(1.0)	(0.7)
	163.2	192.8

* Share of results from real estate joint ventures of € (1.2) million (2019: € (4.6) million) is presented under income from real estate activities in the consolidated statement of income

For details on impairments, reference is made to note 38.

28. Income from other financial assets

Interest income on loans granted is recognized on an accrual basis, using the effective interest method. Interest and dividend income on financial assets measured at fair value through other comprehensive income is recognized when the right to receive payment is established.

	2020	2019
Dividends	-	13.3
Interests and other	7.1	7.0
	7.1	20.3

29. Income from real estate activities

The Company develops, leases and sells residential, retail and office properties in its Real estate segment. Revenue from (operating) lease activities is recognized on a straight-line basis over the lease term. Capital gains from property sales are recognized at the transaction price agreed in the contract when control over the property has been transferred to the buyer. Revenue is recognized at the point in time when the legal title has passed to the buyer and the consideration becomes due.

	2020	2019
Rental and residential income	4.2	2.3
Share of results from real estate joint ventures	(1.2)	(4.6)
Operating expenses	(0.7)	(0.2)
	2.3	(2.5)

30. Other income

The 2020 net other income of € 119.5 million relates mainly to capital gains on the sale of Flight Simulation Company (€ 57.8 million), the associate Molgas (€ 28.2 million) and Vopak's associate Yangpu (€ 33.0 million). Reference is made to note 9 for further details on these disposals.

31. Employee expenses

Short-term employee benefits

Wages, salaries, social security contributions, annual leave, sickness absenteeism, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognized as an expense as the related service is provided by the employee of the Company. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if there is 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.

Termination benefits

Termination benefits are recognized as an expense when the Company and its subsidiaries are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if an offer has been made of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period they are discounted to their present value.

Share-based compensation

The compensation cost for share-based payment plans is recognized as an expense on a straight-line basis over the vesting period. The amounts expensed are adjusted over the vesting period for changes in the estimate of number of shares and the equivalent in cash that will eventually vest. Adjustments are made at the end of each reporting period to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions (e.g. profitability growth targets or continued employment over a specified time period). Refer to note 37 for more details on share-based payment plans.

Participation by management of unquoted subsidiaries

Management of certain subsidiaries own non-controlling interests in the capital of these subsidiaries. With respect to certain subsidiaries, the Company has the conditional obligation to acquire these equity instruments for cash. Obligations to acquire non-controlling interest are fair valued, generally, based on a multiple of EBITA less net debt, with measurement differences recorded as employee expense in the consolidated statement of income in accordance with IAS19. Multiples applied are either contractually determined or, generally, in accordance with those applied in the section on estimated value of the subsidiaries and associates.

	2020	2019
Wages and salaries	1,076.5	1,046.9
Social security costs	160.8	169.9
Pension costs	80.4	72.7
Other	70.1	95.1
Continuing operations	1,387.8	1,384.6
Discontinued operations	1,260.1	1,398.4
Total	2,647.9	2,783.0

The average number of persons employed by the Company and its subsidiaries during 2020 was 57,215 (2019: 57,919) on a full-time equivalent basis. Of these persons, 33,542 (2019: 34,143) were employed at a discontinued operation.

32. Other operating expenses

Operating expenses, including marketing and information and communication technology, are recognized in the consolidated statement of income when incurred.

Other operating expenses include the following:

	2020	2019
Marketing and publicity	140.1	144.0
Staffing expenses Atlas Professionals	137.7	177.9
Information and communication technology	91.0	71.5
Royalty expenses	56.6	66.7
Housing	25.4	23.5
Other	617.6	648.7
Continuing operations	1,068.4	1,132.3
Discontinued operations	560.0	654.4
Total	1,628.4	1,786.7

Research and development costs expensed, included in other, amounted to € 25.4 million (2019: € 29.0 million). Expenses recognized in the consolidated statement of income in respect of low-value asset leases and short-term leases amounted to € 10.7 million and in respect of variable lease payments € 4.5 million was expensed (2019: € 12.2 million, respectively € 2.9 million). These expenses included € 69.1 million related to discontinued operations (2019: € 104.0 million)

33. Financial income and expense

Financial income includes income on cash and cash equivalents and income on financial assets not included in marketable securities and deposits or in other financial assets. Financial expense includes net finance costs in relation to financial liabilities. Fair value changes of (embedded) derivatives not included in a hedge relationship, fair value changes of contingent consideration related to acquisitions ('earn-out' liabilities) and results from foreign currency translation of monetary items can be either financial income or expense.

Interest income and expense on financial instruments recorded at amortized cost is recognized on an accrual basis, using the effective interest method.

Financial income and expense include:

	2020	2019
Financial expense	216.0	178.1
Other financial income	(77.8)	(41.5)
Net finance costs continuing operations	138.2	136.6
Net finance costs discontinued operations	50.4	49.4
	<u>188.6</u>	<u>186.0</u>

Financial expense includes:

	2020	2019
Interest expense on lease liabilities	28.6	29.9
Other interest expense	93.5	101.1
Exchange differences, net of hedges*	84.2	37.4
Revaluation of liabilities	-	0.6
Other	9.7	9.1
Continuing operations	216.0	178.1
Discontinued operations	59.1	53.1
	<u>275.1</u>	<u>231.2</u>

* Exchange differences on underlying items includes the impact of foreign currency derivatives that are part of a fair value hedge accounting relationship and/or the recycling of results from the cash flow hedge reserve.

Other financial income includes:

	2020	2019
Interest income	2.1	2.7
Exchange differences	30.0	28.0
Derivatives, not included in hedge accounting	24.1	3.8
Revaluation of liabilities	19.8	-
Other	1.8	7.0
Continuing operations	77.8	41.5
Discontinued operations	8.7	3.7
	<u>86.5</u>	<u>45.2</u>

The revaluation of liabilities relates to the revaluation of reciprocal put and call options concluded by Safilo with respect to the non-controlling interest in Blenders and Privé Revaux (refer to notes 9 and 23).

34. Income tax expense

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax is recognized in the consolidated statement of income unless it relates to items recognized in the consolidated statement of comprehensive income or in the consolidated statement of changes in equity. Where the final outcome of tax-related provisions is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Critical accounting estimates and judgments

Significant judgment is required in determining the worldwide provision for income tax, as subsidiaries are subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for anticipated tax audit issues are recognized based on management's estimates of whether additional taxes will be due.

	2020	2019
Current income taxes	81.7	108.3
Deferred income taxes	(14.6)	(13.2)
Income tax from continuing operations	67.1	95.1
Income tax from discontinued operations	54.0	79.2
	121.1	174.3

The 2019 tax charge includes an impairment of deferred tax assets at Safilo of € 26.1 million which mainly relates to a write down of deferred tax assets following an impairment test, which also resulted in a full write down of goodwill at the level of Safilo.

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2020	2019
Profit before income tax from continuing operations	406.2	696.9
Less: after-tax share of results from associates and joint ventures	(164.2)	(193.5)
Less: non-taxable other income (sale of subsidiaries and associates)	(116.0)	(265.5)
Adjusted profit before income tax	126.0	237.9
Income tax expense	67.1	95.1
Effective tax rate (%) on continuing operations	53.3	40.0

Composition	2020		2019	
	Amount	%	Amount	%
Weighted-average statutory tax rate	28.8	22.8	53.4	22.5
Goodwill impairment	6.6	5.2	(12.1)	(5.1)
Recognition of tax losses*	37.6	29.8	54.9	23.1
Non-taxable income	(11.8)	(9.4)	(9.4)	(4.0)
Non-deductible expenses	17.8	14.1	15.9	6.7
Adjustment tax provisions and PY adjustments	(10.8)	(8.6)	(7.9)	(3.3)
Rate changes	(1.1)	(0.6)	0.3	0.1
Effective tax (rate) on continuing operations	67.1	53.3	95.1	40.0
Impact from discontinued operations	54.0		79.2	
Effective tax	121.1		174.3	

* Current period losses that are not recognized increase the effective tax rate. When previously unrecognized tax losses are recognized, this reduces the effective tax rate.

The adjustment to tax provisions mostly relates to the change in tax regime for certain vessels of Anthony Veder Group N.V. (a decrease of € 20.1 million).

Recognition of tax losses primarily relates to unrecognized tax losses at Safilo (effect € 20 million) and Vopak (effect € 11 million).

Taxes recognized in other comprehensive income:

	2020	2019
<i>Deferred tax</i>		
On changes in the fair value of fixed assets	2.2	1.2
On changes in the fair value of financial assets measured through other comprehensive income	(1.6)	0.1
On changes in defined benefit obligations	3.9	8.5
	4.5	9.8
<i>Current tax</i>		
On changes in the fair value of cash flow hedges	-	3.5
On changes in defined benefit obligations	-	0.9
On changes in the fair value of fixed assets	-	(1.2)
On changes in the fair value of financial assets measured through other comprehensive income	-	2.3
	-	5.5
	4.5	15.3

35. Earnings per Share

Earnings per Share for profit attributable to the owners of parent are calculated by dividing the profit attributable to the owners of parent by the time-weighted average number of outstanding Shares. The calculation of the previous year earnings per Share is adjusted to take into account the stock dividend paid in the current year, in respect of the previous year, in accordance with IAS 33.64.

The calculation of the time-weighted average number of outstanding shares is as follows:

<i>x 1,000</i>	2020	2019
Issued and outstanding Shares at January 1	83,397	81,654
Sale and transfer of treasury shares	9	12
Purchase of treasury shares	(21)	-
Vesting of shares granted to members of the Executive Board	-	4
Dividend paid in stock	846	904
Average number of outstanding Shares at December 31	84,231	82,574

There was no dilutive effect on earnings per Share in the years presented.

36. Cash flows from operating activities

	Notes	2020	2019
Profit before taxes from continuing operations		406.2	696.9
Profit before taxes from discontinued operations		696.9	540.0
Depreciation and impairments	5, 6	421.3	505.2
Depreciation and impairments right-of-use assets	7	120.6	312.3
Amortization and impairments	8	148.6	224.2
Badwill recognized on acquisitions	9	(0.6)	(7.3)
(Profit)/loss on sale of other financial assets and marketable securities	26	28.9	(5.5)
Fair value gain on remeasurement of previously held equity interest	27	-	(1.1)
Results from associates and joint ventures, net of impairments	10, 27	(162.0)	(187.1)
(Profit)/loss on sale of property, plant, equipment and investment properties	30	(0.3)	1.7
(Profit)/loss on assets and liabilities held for sale	30	(119.0)	(270.2)
Net financial expense	33	188.6	186.0
Other movements in provisions and pension benefits		(3.8)	52.2
Dividend from associates and joint ventures	10	174.2	142.6
Changes in working capital		306.0	37.6
Cash generated from operating activities		2,205.6	2,227.5

Changes in working capital, excluding exchange differences and the effect of acquisitions:

	2020	2019
Accounts receivable	82.3	(6.3)
Inventories	116.2	(25.2)
Other current assets	(31.0)	(51.6)
Accounts payable / accrued expenses	138.5	120.7
	306.0	37.6

37. Share-based compensation

The Company and its subsidiaries operate a number of equity-settled and cash-settled share-based compensation plans. Under the plans these entities receive services from employees as consideration for respectively ordinary shares of the respective entity or for the cash equivalent to the value of the underlying ordinary shares of the respective entity.

For equity-settled share-based compensation plans, the fair value is determined at the date of grant and expensed in the consolidated statement of income with a corresponding adjustment directly in equity. For cash-settled share-based compensation plans, the fair value is determined at the date of the grant and is re-measured at each reporting date until the liability is settled.

The compensation is recognized as an expense on a straight-line basis over the vesting period. The amounts expensed are adjusted over the vesting period for changes in the estimate of number of shares and the equivalent in cash that will eventually vest. Adjustments are made at the end of each reporting period to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions (e.g. profitability growth targets or continued employment over a specified time period).

Expenses related to share-based compensation consist of:

	2020	2019
<i>HAL Holding N.V.</i>		
Share Plan*	0.6	1.5
<i>Vopak</i>		
Long-Term Share Plans*	2.6	5.4
Long-Term Share Plans**	-	0.5
Long-Term Cash Plans**	0.4	2.9
<i>Unquoted subsidiaries</i>		
Cash Plans**	11.9	1.3
Total from continuing operations	15.5	11.6
Discontinued operations	5.7	5.0
	21.2	16.6

* Equity-settled

** Cash-settled

Liabilities recognized in relation to cash-settled share-based compensation are comprised of:

	Dec. 31, 2020	Dec. 31, 2019
<i>Vopak</i>		
Long-Term Share Plans	-	0.7
Long-Term Cash Plans	2.6	3.8
<i>Unquoted subsidiaries</i>		
Cash Plans	50.5	67.6
	53.1	72.1

The current part of this liability of € 24.4 million (2019: € 24.0 million) is included under current other financial liabilities and the non-current part of € 28.7 million (2019: € 48.1 million) under non-current other financial liabilities.

HAL Holding N.V.

The HAL Supervisory Board has the power to grant Executive Board members shares HAL Trust.

The granted, unvested shares can be summarized as follows:

<i>x 1,000</i>	2020	2019
Outstanding shares on January 1	20	59
Vested	-	(39)
Outstanding shares on December 31	20	20

On May 18, 2016, the Supervisory Board resolved to grant Mr. M.F. Groot, chairman of the Executive Board, 20,000 shares HAL Trust, under the condition precedent that he is still employed with the Company on June 1, 2021. These shares are restricted until June 1, 2026. The fair value of the shares granted of € 149.40 has been determined based on the HAL Trust share price at the grant date, reduced with the expected discounted future dividends payable during the vesting period since Mr. M.F. Groot is not entitled to receive dividends during the vesting period.

The Supervisory Board resolved, on November 19, 2014, to grant each of Messrs. A.A. van 't Hof and J.N. van Wiechen, members of the Executive Board, a one-time allotment of 19,500 shares HAL Trust. These shares vested in 2019 and are restricted until November 19, 2024.

On May 18, 2011, the Supervisory Board resolved to grant Mr. M.F. Groot, chairman of the Executive Board, 50,000 shares HAL Trust. These shares vested in 2016 and are restricted until May 18, 2021.

Vopak

Long-Term Share Plans (LTSP)

The LTSPs reward participants for the increase in Vopak's earnings per share (Vopak's EPS) performance during a three-year performance period, from their respective start dates in 2018, 2019 and 2020 at a pre-set Vopak EPS target. If a considerable, ambitious improvement in Vopak's EPS has been achieved during the three-year performance period, a long-term remuneration will be awarded. The 2017 LTSP was vested and settled during 2020.

The conditional awards granted under the LTSPs 2018-2020 can be summarized as follows:

<i>x 1,000</i>	2020	2019
Outstanding conditional awards on January 1	278	281
Granted	120	98
Forfeited	(1)	(9)
Settled	(82)	(92)
Outstanding conditional awards on December 31	315	278

The weighted-average fair value of the equity-settled LTSP awards granted in 2020 of € 47.00 (2019: € 41.60) has been determined based on Vopak's share price at the grant date.

Unquoted subsidiaries

Cash plans

The cash plans provide eligible participants with a right to participate in unlisted subsidiaries' growth in EBITA, subject to meeting the applicable vesting conditions. Obligations with respect

to these plans are fair valued, generally, based on a multiple of EBITA less net debt. Multiples applied are either contractually determined or in accordance with those applied in calculating estimated value of the subsidiaries and associates.

38. Impairment of non-financial, non-current assets

Assets that have an indefinite useful life are tested for impairment annually, while all non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss on non-financial assets is recognized in the consolidated statement of income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and an asset's value in use. Goodwill is allocated to groups of cash-generating units (CGU's) for the purpose of impairment testing. A CGU is in no event larger than the operating segment it belongs to.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized 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 amortization, if no impairment loss had been recognized.

For discontinued operations, impairment testing requires management to determine whether the carrying value of the discontinued operation does not exceed the fair value less cost of disposal.

The recoverable amounts in impairment testing are determined based on the value in use and fair value less costs of disposal of the asset or cash-generating unit. The calculation of these values require the use of estimates. Calculation of the value in use is primarily performed through a discounted cash flow model which requires management to apply judgments around future cash flows, discount rates and growth rates. Value-in-use calculations only take into account capital expenditures required to continue the business. In calculating fair value less cost of disposal management may apply a valuation model based on multiples of sales or EBITDA (fair value level 2), for which the selection of relevant market multiples is the primary judgment made by management. Management may also apply a discounted cash flow model (fair value level 3) in which capital expenditures are included that reflect the expansion plans for the business, here the same key judgments apply as in the value-in-use test. Where preliminary or indicative non-binding offers are used as inputs, management needs to assess that these offers are a good reflection of fair value.

The primary impairment test for the Company relates to annual goodwill impairment testing. Property, plant and equipment (primarily terminals) as well as joint ventures are reviewed and, when required, tested. This primarily occurs at the level of Vopak whereby judgment is exercised by Vopak management.

Significant accounting estimates and judgments

The recoverable amounts in impairment testing are determined based on the value in use and fair value less costs of disposal of the asset or cash-generating unit. The calculation of these values require the use of estimates. Calculation of the value in use is primarily performed through a discounted cash flow model which requires management to apply judgments around future cash flows, discount rates and (terminal) growth rates. Value-in-use calculations only take into account capital expenditures required to continue the business. In calculating fair value less cost of

disposal management may apply a valuation model based on multiples of sales or EBITDA (fair value level 2), for which the selection of relevant market multiples is the primary judgment made by management. Management may also apply a discounted cash flow model (fair value level 3) in which capital expenditures are included that reflect the expansion plans for the business, here the same key judgments apply as in the value-in-use test. Where preliminary or indicative non-binding offers are used as inputs, management needs to assess that these offers are a good reflection of fair value.

The following impairment losses, net of reversals, are recognized for both continuing and discontinued operations:

	2020	2019
Property, plant and equipment	32.2	48.5
Investment properties	0.1	-
Goodwill	30.5	62.7
Other intangibles	26.3	36.8
	89.1	148.0

Impairment losses by segment are as follows:

	2020	2019
Unquoted	54.6	18.1
Quoted minority interests	34.5	77.9
Total from continuing operations	89.1	96.0
Discontinued operations (optical retail)	-	52.0
	89.1	148.0

Impairment losses, net of reversals, are included as follows in the consolidated statement of income:

	2020	2019
Amortization and impairment of intangible assets	56.8	48.6
Depreciation and impairment of property, plant, equipment and investment properties	32.3	47.4
Total continuing operations	89.1	96.0
Discontinued operations (optical retail)	-	52.0
	89.1	148.0

COVID-19

In the second quarter of 2020, the economic downturn as a result of the COVID-19 pandemic was considered as a potential triggering event for cash-generating units and individual assets in the Group. As a result, impairment testing was performed on certain cash-generating units and individual assets. Impairment testing was performed on the basis of various economic scenarios to which a weighting was applied by management and impairments were recognized as detailed below. During the annual goodwill impairment test, performed in the fourth quarter, assumptions for these tests were updated without further impairments being recognized. It is reasonably possible that outcomes within the next financial period, that are different from the (weighted) scenarios applied, could have an impact on the carrying amount of the asset or liability affected. All impairments are included in the exceptional items (note 2).

Discontinued operations

The carrying value of the Company's 76.72% ownership interest in GrandVision in the books of the Company amounts to € 1.6 billion. At the agreed transaction price of € 28.42 per share the value of this ownership interest is approximately € 5.5 billion (level 1 fair value). As a result, management does not consider this asset to be impaired.

Impairment testing was also applied to certain cash-generating units of GrandVision, refer to note 3 for the results of GrandVision including impairments recognized in 2020. In accordance with IFRS 5, impairment charges at GrandVision do not affect the consolidated statement of income of the Company.

Property, plant and equipment

Impairments of property, plant and equipment primarily related to machinery and equipment in the material technology industry.

With respect to Vopak, in performing the impairment test, Vopak management made an assessment of whether the cash-generating unit (mostly an individual terminal) will be able to generate positive net cash flows that are sufficient to support the value of the intangible assets, property, plant and equipment and financial assets included in the cash-generating unit. For value-in-use calculations, the assessment is based on estimates of future expected cash flows on the basis of the budget for the coming year and two subsequent plan years, which form the basis for a 15-year discounted cash flow model. Key assumptions applied are the expected occupancy, the estimated storage rate per cbm (for revenues not covered by long-term contracts), sustaining capital expenditures, expected growth rates and the estimated terminal value after the 15-year period, together with the applied discount rates. The discount rates are based on 15-year government bonds, adjusted for a risk premium and specific country risks. The equity market risk premium was assumed 6.4% by Vopak management (2019: 6.0%).

Vopak management has assessed that the value in use for a very limited number of terminals is lower than the carrying amount. For these individual terminals, the fair value less cost of disposal was calculated. Fair value less cost of disposal calculations are primarily based either on comparable market multiples and/or (indicative non-) binding bids or discounted cash flow models from the perspective of a willing buyer in an orderly transaction. When the fair value less cost of disposal of a terminal is based on (preliminary) offers received from interested parties (level 2 fair value), Vopak management has assessed that these offers are a good reflection of the fair value of the terminals concerned and assessed whether it is probable that these terminals will be sold in the near future resulting in a situation where the carrying amount will be recovered principally through a sale instead of by continuing use. For other terminals, the fair value less cost of disposal is primarily based on a combination of the estimated normalized EBITDA and transaction multiples observable in the merger and acquisition markets for comparable terminals (level 2 fair value) together with discounted cash flow models (level 3 fair value). The value in use and fair value less cost of disposal assessments may change over time and when applicable could result in future (reversal of recognized) impairments.

2020

Vopak Bahia las Minas terminal - Panama

In the fourth quarter an impairment on tangible and intangible fixed assets was recognized for the Vopak Bahia las Minas terminal in Panama for an amount of € 42.9 million. The impairment is primarily related to the business environment in which the terminal currently operates. Slow progress with offshore bunkering opportunities is limiting the demand and the growth potential of the Atlantic bunker market in Panama. This impairment may reverse when the current economic circumstances improve going forward.

Vopak Terminals of Canada - Quebec City

In 2019, the Quebec City terminal in Canada was fully impaired due to uncertainty with respect to renewal of the land lease contract. In 2020, this uncertainty was resolved and the impairment has been fully reversed which, offset by depreciation of expenses, resulted in an exceptional item of € 12.8 million in 2020. This reversal was the result of positive and ongoing discussions with the local authorities. Reversal of the provisions that were recorded in 2019, together with the impairment resulted in additional exceptional items of € 1.5 million.

2019

Vopak Terminals of Canada - Quebec City

In the fourth quarter of 2019, the Intangible assets and Property, plant and equipment of an oil terminal in Quebec City in Canada were fully impaired for € 14.7 million. This impairment was triggered by the fact that the land lease agreement expired in 2020 and no agreement had been reached by the end of 2019 on the renewal of the lease.

Goodwill

Quoted

Vopak and Safilo are both listed entities. At the year-end 2020 the stock market value of the ownership interest in Safilo exceeded its carrying value by € 33.4 million. At the end of 2020, the stock market value of the ownership interest in Vopak exceeded its carrying value by € 1,094.0 million. These stock market values qualify as level 1 in the fair value hierarchy.

The goodwill at the level of Safilo (€ 30.3 million) has been tested on a single cash-generating unit basis using a five-year projection based on the 2020-2024 business plan, updated for the impact of the COVID-19 pandemic and the acquisitions of Blenders and Privé Revaux. This value-in-use model includes a weighted-average cost of capital (WACC) of 8.4% and a 1.9% terminal growth rate beyond the explicit forecast period. Applying alternative scenarios with a 13% decrease of EBITDA or with an increase of the WACC by 0.8% also does not lead to impairment.

Unquoted

Goodwill for the unquoted segment has been tested for impairment losses at a level that reflects the way the operations are managed and with which the goodwill would naturally be associated. Management reviews the unquoted business performance on an entity level. Goodwill is also monitored on this level.

The recoverable amount of cash-generating units is generally determined based on the calculation of their value in use. These calculations use cash flow projections covering a five-year period. Cash flows beyond this five-year period are extrapolated using an estimated growth rate of nil. In 2020 and 2019, the value-in-use method was applied to all respectively most of the goodwill tested. For none (2019: 0.8%) of the goodwill tested, the fair value less cost of disposal was used. Underlying the discounted cash flow models are various scenarios with different paths of recovery from the current COVID-19 pandemic that include restructuring plans and, where applicable, government assistance. Weighting was applied to these scenarios by management, based on their best estimate given the uncertainties in the current economic environment.

Key assumptions used for value-in-use calculations are included as follows:

	2020	2019
Unquoted investments		
Weighted-average increase in revenues	5.6%	3.3%
Weighted-average gross margin	64.1%	64.3%
Weighted-average pre-tax discount rate	12.6%	12.5%
Growth rate beyond year five	0.0%	0.0%

The result of the trigger-based goodwill impairment testing performed in the second quarter of 2020 was that the carrying value of goodwill relating to Sports Timing Holding was impaired for € 16.8 million and Atlas Professionals for € 13.7 million, which is recorded under amortization and impairments of intangible assets in the consolidated statement of income. During the annual goodwill impairment test in the fourth quarter, no additional impairments of goodwill were recognized.

The impairment charges recognized in these financial statements and the recoverable amounts for impaired cash-generating units, based on their value in use, can be detailed as follows:

	Impairment		Recoverable amount	
	2020	2019	2020	2019
Atlas Professionals B.V.	13.7	-	31.8	-
Sports Timing Holding	16.8	-	23.3	-
GrandVision N.V. - United States (discontinued operations)	-	50.7	-	63.2
AN Direct B.V.	-	12.0	-	4.1
	30.5	62.7	55.1	67.3

The impairment of the goodwill related to Sports Timing Holding was the result of the impact of COVID-19. Virtually all sport events (motorized and active) were cancelled or postponed in the beginning of 2020. The recoverable amount was determined using the value-in-use method. The impairment test was performed using cash flow projections for a period of five years, based on the new business plan. An average revenue growth, based on a weighted average of scenarios used, of 4.8% was included for the forecast period and no revenue growth for the calculation of the terminal value. The projected cash flows and terminal value were discounted taking into account a 9.56% post-tax discount rate

The impairment of the goodwill related to Atlas was the result of lower expected economic activity of clients as a result of the impact of COVID-19. The recoverable amount was determined using the value-in-use method. The impairment test was performed using cash flow projections for a period of five years, based on the new business plan. An average revenue growth of 8.2%, based on a weighted average of scenarios used was included for the forecast period and no revenue growth for the calculation of the terminal value. The projected cash flows and terminal value were discounted taking into account a 13.0% post-tax discount rate. In addition, other intangible assets were impaired as detailed below.

The valuation models include certain assumptions with respect to revenue growth, margin development, discount rates and terminal growth rates. A negative development of 2% in these assumptions would result in a potential further impairment charge on goodwill for the Unquoted segment as follows:

	2020	2019
2% lower increase in revenues	0.9	5.7
2% increase in the discount rate	3.0	22.7
2% lower gross margin	2.4	38.4

If the cash flows beyond the five-year period were extrapolated using an estimated growth rate of 2%, the value in use of the cash-generating units within the Unquoted segment that indicated a potential impairment in the above sensitivity analyses would increase by € 3.8 million (2019: € 45.3 million).

The goodwill paid on the acquisition of Van Wijnen in August of 2020 was tested by comparison of the performance since acquisition with the business enterprise valuation underlying the purchase price allocation. The business enterprise valuation was based on a discounted cash flow model using a weighted-average cost of capital of 9.7%, a 4.0% average revenue-growth rate in the 5-year explicit forecast period and a 0% terminal growth rate. No impairment was recognized.

Other intangibles

As a result of the trigger-based impairment testing performed in the second quarter of 2020, other intangible assets related to Atlas Professionals were impaired for € 18.1 million. This related mainly to the impairment of all customer relationships, recognized upon acquisition of the company in 2016, as customers of Atlas were deemed significantly impacted by COVID-19, affecting the profitability of these relationships. As a result of updated impairment test assumptions an amount of € 0.4 million was reversed on these impairments in the fourth quarter.

The total amount of impairments recognized on other intangibles was € 27.1 million (2019: € 36.8 million). Reversal of impairments amounted to € 0.8 million (2019: nil).

39. Financial instruments

Classification

The classification of financial assets is detailed in the notes on derivatives and other financial assets. The classification of financial liabilities is detailed in the notes on debt and other financial liabilities and derivatives.

Fair value measurement

A number of the accounting policies and disclosures require the determination of fair value for financial instruments. The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The fair values calculated are classified into three categories depending on the inputs used in the valuation technique. Where available, fair values are derived from quoted prices for identical instruments (level 1). In the absence of such information, other observable inputs, either directly or indirectly, are used to estimate fair values (level 2). Where insufficient observable market data is available, the best applicable unobservable inputs are used to perform the valuation (level 3). The valuation techniques used per type of financial instrument are described in more detail below.

Equity securities

The Company holds direct investments in equity securities and indirect investments in equity securities through managed portfolios. When available, the Company uses quoted market (bid) prices in active markets to determine the fair value of its investments in equity securities (level 1). Fair values for unquoted shares are estimated using valuation techniques such as discounted cash flow analysis, using expected future cash flows and a market-related discount rate, or a market-multiples approach (level 2 or 3).

Investment funds

Investment funds include private equity funds. The fair values of investments held in unquoted investment funds are determined by the Company after taking into consideration information provided by the fund managers and the liquidity of the investments. The Company reviews the valuations and performs analytical procedures to ensure the fair values are appropriate (level 2 or 3).

Debt securities and own debt

When available, the Company uses quoted market (bid) prices in active markets to determine the fair value of its debt investments (level 1). When the Company cannot make use of quoted market prices, market prices from indices, corroborating broker quotes or discounted cash flow analyses, using expected future cash flows and a market-related discount rate, are used (level 2).

Other liabilities

Obligations to acquire non-controlling interests are fair valued, generally, based on a multiple of EBITA less net debt. Multiples applied are either contractually determined or in accordance with those applied in calculating estimated value of the subsidiaries and associates (level 3). Contingent considerations are fair valued based on the expected cash outflows, taking into account the effects of discounting (level 3).

Derivatives

Where quoted market prices (level 1) are not available, other valuation techniques and corroborating broker quotes are used that maximize the use of observable inputs. These valuation techniques include option pricing and discounted cash flow analysis, using expected future cash flows and a market-related discount rate. The models used incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, expected volatility and interest rate curves (generally level 2).

Financial instruments for which carrying value approximates fair value

Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivable, short-term liabilities and accrued liabilities.

Impairment

The Company applies the expected credit loss model to determine a loss allowance on its financial assets, loan commitments and financial guarantee contracts, except for equity investments and derivative financial instruments. This requires the use of both historical (loss) data and forward-looking information. The allowance is initially calculated as the potential credit loss over the next twelve months.

Should credit risk on the instrument have increased significantly since initial recognition, the loss allowance is determined as the potential credit loss over the remaining lifetime of the instrument. This is calculated using expected cash flows from the instrument at a revised discount rate. To determine whether a significant increase in credit risk or an impairment has occurred the Company takes into account various factors, including actual or expected credit rating

downgrades of the instrument or issuer, adverse changes in business, financial or economic conditions of the debtor, covenant breaches, waivers or amendments and past-due information. For trade receivables and contract assets the Company applies the simplified approach, which uses a lifetime expected loss allowance from inception. The changes in loss allowance recognized by the Company are recorded as impairment gains or losses in the consolidated statement of income with an adjustment to the carrying value for assets measured at amortized cost. For assets measured at fair value through other comprehensive income a corresponding entry is made in other comprehensive income. Any credit loss not yet provided for is recognized in the consolidated statement of income as incurred.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a current, legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The offset is limited to the amount actually expected to be offset.

The following tables provide an analysis of the Company's financial instruments per line item, stating the classification of the instruments, their fair value and their level within the fair value hierarchy:

December 31, 2020	Fair value level	Fair value through other comprehensive income	Financial assets at amortized cost	Fair value through profit and loss	Total book value	Total fair value
Assets						
Other financial assets						
- Unquoted debt securities	2	-	227.2	-	227.2	227.2
- Unquoted equity securities	3	36.5	-	-	36.5	36.5
Marketable securities						
- Quoted equity securities	1	-	-	118.5	118.5	118.5
- Quoted debt securities	1	55.1	-	-	55.1	55.1
- Unquoted equity securities	2	-	-	2.2	2.2	2.2
Derivatives	2	-	-	15.7	15.7	15.7
Other current assets		-	245.2	-	245.2	245.2
Receivables		-	836.6	-	836.6	836.6
Cash		-	1,426.9	-	1,426.9	1,426.9
Total financial assets		91.6	2,735.9	136.4	2,963.9	2,963.9

December 31, 2020	Fair value level	Financial liabilities at amortized cost	Fair value through profit or loss	Total book value	Total fair value
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,310.6	-	2,310.6	2,615.5
- Current debt	2	754.7	-	754.7	754.7
- Other financial liabilities	2	0.5	-	0.5	0.5
- Other financial liabilities	3	-	141.6	141.6	141.6
Lease liabilities	2	1,053.1	-	1,053.1	1,053.1
Derivatives	2	-	37.0	37.0	37.0
Accounts payable		894.4	-	894.4	894.4
Total financial liabilities		5,013.3	178.6	5,191.9	5,496.8

December 31, 2019	Fair value level	Fair value through other comprehensive income	Financial assets at amortized cost	Fair value through profit and loss	Total book value	Total fair value
Assets						
Other financial assets						
- Quoted equity securities	1	553.0	-	-	553.0	553.0
- Unquoted debt securities	2	-	188.2	-	188.2	188.2
- Unquoted equity securities	3	30.1	-	-	30.1	30.1
Marketable securities						
- Quoted equity securities	1	-	-	148.9	148.9	148.9
- Quoted debt securities	1	71.0	-	-	71.0	71.0
- Unquoted equity securities	2	-	-	2.7	2.7	2.7
Derivatives	2	-	-	48.7	48.7	48.7
Other current assets		-	232.7	-	232.7	232.7
Receivables		-	857.7	-	857.7	857.7
Cash		-	1,558.6	-	1,558.6	1,558.6
Total financial assets		654.1	2,837.2	200.3	3,691.6	3,691.6

December 31, 2019	Fair value level	Financial liabilities at amortized cost	Fair value through profit or loss	Total book value	Total fair value
Liabilities					
Debt and other financial liabilities					
- Non-current debt	2	2,059.5	-	2,059.5	2,298.8
- Current debt	2	704.5	-	704.5	704.5
- Other financial liabilities	2	1.9	-	1.9	1.9
- Other financial liabilities	3	-	90.6	90.6	90.6
Lease liabilities	2	955.8	-	955.8	955.8
Derivatives	2	-	46.8	46.8	46.8
Accounts payable		771.9	-	771.9	771.9
Total financial liabilities		4,493.6	137.4	4,631.0	4,870.3

Valuation techniques used to value level 2 financial instruments include, for unquoted securities, quoted market prices or dealer quotes for similar instruments. Derivatives and debt instruments are valued using present value calculations of estimated future cash flows, based on observable yield curves and forward exchange rates. These calculations include credit spreads based on recent borrowing contracts and observable credit information on counterparties.

Level 3 financial instruments include contingent considerations that are remeasured based on the achievement of agreed business targets, taking into account the effect of discounting.

There were no transfers between levels 1, 2 and 3 during the period. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the beginning of the period.

A reconciliation of level 3 financial liabilities for the period is given below:

	2020	2019
Balance on January 1	90.6	100.1
Additions	107.9	25.6
Settlements	(35.6)	(26.7)
(Gains)/losses through income continuing operations	(7.7)	4.6
(Gains)/losses through income discontinued operations	(0.2)	-
Reclassification to held for sale	(1.0)	(13.0)
Exchange differences	(12.4)	-
Balance on December 31	<u>141.6</u>	<u>90.6</u>

The level 3 balance relates for € 74.8 million to reciprocal option agreements that Safilo has entered into with a view to acquiring the non-controlling interest in Blenders and Privé Revaux (refer to note 9) at a contractual multiple of expected EBITDA. At the time of acquisitions of these companies a liability of € 103.8 million was incurred in relation to the reciprocal options. Subsequently, these options were revalued for an update to the business plans (negative 19.8 million) and foreign currency translation (negative € 9.2 million).

40. Derivatives and hedge accounting

Derivatives are measured at fair value with any related transaction costs expensed as incurred. Reference is made to the accounting policies in note 39 on fair value measurement. The treatment of changes in the fair value of derivatives depends on their use, as explained below.

Cash flow hedge

Derivatives held to hedge the uncertainty in timing or amount of future forecasted cash flows are classified as being part of cash flow hedge relationships. For effective hedges, gains and losses from changes in the fair value of derivatives are recognized through other comprehensive income. Any ineffective elements of the hedge are recognized in the consolidated statement of income. If the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts deferred in equity are recycled in the consolidated statement of income at the same time as the related cash flow. When a derivative no longer qualifies for hedge accounting, any cumulative gain or loss remains in equity until the related cash flow occurs. When the cash flow takes place, or if the hedged cash flow is no longer expected to occur, the cumulative gain or loss is taken to the consolidated statement of income immediately.

Net investment hedge

The Company applies hedge accounting to certain investments in foreign operations. For an effective hedge, gains and losses from changes in the fair value of derivatives are recognized through other comprehensive income. Any ineffective elements of the hedge are recognized in the consolidated statement of income. In the event of disposal or partial disposal of an interest in a foreign operation either through sale or as a result of a repayment of capital, the cumulative exchange difference is recognized in the consolidated statement of income.

Fair value hedge

Certain derivatives are held to hedge the risk of changes in value of a specific bond or other loan. In these situations, the Company designates the liability and related derivative to be part of a fair value hedge relationship. The carrying value of the bond is adjusted by the fair value of the risk being hedged, with changes going to the consolidated statement of income. Gains and losses on the corresponding derivative are also recognized in the consolidated statement of income. The amounts recognized are offset in income to the extent that the hedge is effective. When the relationship no longer meets the criteria for hedge accounting, the fair value hedge adjustment made to the bond is amortized using the effective interest method.

Derivatives for which hedge accounting is not applied

Derivatives not classified as hedges are carried at fair value with changes being recognized in the consolidated statement of income.

Derivatives are classified as follows in the statement of financial position:

	Assets		Liabilities	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Interest rate derivatives	-	0.1	(10.2)	(7.4)
Currency derivatives	15.6	48.6	(26.8)	(39.4)
	<u>15.6</u>	<u>48.7</u>	<u>(37.0)</u>	<u>(46.8)</u>
Current	6.5	29.2	(21.6)	(39.7)
Non-current	9.1	19.5	(15.4)	(7.1)
	<u>15.6</u>	<u>48.7</u>	<u>(37.0)</u>	<u>(46.8)</u>

For an overview of the movements in the cash flow hedge reserve in equity, reference is made to note 19. Information on fair value measurement of derivatives is included in note 39, disclosure on financial risk management, including hedging, is provided in note 41.

41. Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. Market risk primarily relates to movements in exchange rates, interest rates and the market value of investments in equity securities.

Financial risk management activities are carried out both on a central level and on the level of individual subsidiaries and controlled minority interests. For managing these risks, both derivative and non-derivative financial instruments are used.

Risks related to discontinued operations are not included in this paragraph as these assets are held for sale and there is a high probability that the assets will be recovered through a sale rather than through continuing use.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, including committed credit facilities extended to the Company. Credit risk on trade receivables and contract assets is generally monitored and managed on the level of each subsidiary and on the level of the controlled minority interests (Vopak and Safilo). These receivables generally have short payment periods, reference is made to note 13 for more information on trade receivables and note 14 for more information on contract assets.

Credit risk with respect to bonds, loans, derivatives, other financial instruments, cash and cash equivalents and credit facilities is managed by the Company for the Real estate and Liquid portfolio segments. For credit risk on bonds, the Company tracks the credit ratings assigned to these instruments or their issuers and periodically reviews the related provision for impairment. Loans provided are generally secured and derivatives are entered into under ISDA master agreements, which provide certain credit protection. The Company mitigates its credit risk on cash and cash equivalents by spreading these assets over highly rated counterparties, applying regularly reviewed counterparty exposure limits that take into account their credit rating. A similar approach applies to credit facilities. The credit risk on the aforementioned financial instruments with respect to the other segments is managed by the respective subsidiary or controlled minority interest. The expected credit losses recognized in the consolidated statement of income for these financial instruments is insignificant for both years presented. There was no indication as at the statement of financial position date that these financial instruments will not be recovered, other than as already provided for.

The maximum exposure to credit risk is the carrying value of the consolidated financial assets, excluding equity securities, which can be specified by segment as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	1,403.0	949.3
Quoted minority interests	715.9	780.6
Real estate	18.6	3.1
Liquid portfolio	748.4	1,223.9
	<u>2,885.9</u>	<u>2,956.9</u>

These financial assets can be further specified as follows:

	Dec. 31, 2020	Dec. 31, 2019
Loans	162.1	131.1
Trade receivables	836.6	857.7
Contract assets	79.3	-
Marketable securities and deposits	55.1	71.0
Derivative financial instruments	15.6	48.7
Other financial assets	65.1	57.1
Other current assets	245.2	232.7
Cash and cash equivalents	1,426.9	1,558.6
	2,885.9	2,956.9

Cash and cash equivalents can be specified by segment as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	575.2	246.5
Quoted minority interests	157.2	158.7
Real estate	1.2	0.4
Liquid portfolio	693.3	1,153.0
	1,426.9	1,558.6

For the Liquid portfolio and Real estate segments, cash and cash equivalents were held by counterparties with the following short-term Standard & Poor's credit ratings:

	Dec. 31, 2020	Dec. 31, 2019
A-1+	-	154.1
A-1	689.8	989.5
Not rated	4.7	9.8
	694.5	1,153.4

The bonds held in the Liquid portfolio can be disaggregated based on their Standard & Poor's (equivalent) credit ratings as follows:

	Dec. 31, 2020	Dec. 31, 2019
BBB- / BBB / BBB+	45.5	43.4
B- / B / B+	8.7	15.1
CCC- / CCC / CCC+	-	12.5
D	0.9	-
	55.1	71.0

The Company is not exposed to any significant concentration of credit risk. In 2019 a € 5.8 million impairment was recorded on certain bonds held by the Company as a result of a significant increase in credit risk on these bonds. In 2020 a further € 24.9 million was impaired on these and other bonds as a result of significant increase in credit risk or default. The impairment loss is included in the income from marketable securities.

Liquidity risk

Liquidity risk is the risk that the financial obligations associated with financial instruments and off-balance sheet commitments cannot be met.

The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities. The Company has no ability to transfer cash (or other assets) from the entities belonging to the segment Quoted minority interests that may be consolidated in these financial statements (i.e. Vopak and Safilo).

The approach to managing liquidity at the level of the Company is to ensure, as far as possible, that there will be sufficient liquidity to meet liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risk damaging the Company's reputation. The Company seeks to mitigate liquidity risk through its cash reserves held in the Liquid portfolio segment and committed credit facilities entered into at corporate level. Reference is made to the table on cash and cash equivalents per segment above. At the end of 2020, unused committed credit facilities were available to an amount of € 1,666.2 million (2019: € 1,406.0 million).

The following tables categorize the consolidated, undiscounted cash flows of non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining lifetime of the contract at the end of the reporting periods. The financial guarantee contracts are contingent liabilities.

	December 31, 2020			
	< 1 year	1-2 years	3-5 years	> 5 years
<i>Non-derivative liabilities</i>				
Redemption of debt	754.7	98.1	1,249.4	965.2
Redemption of other financial liabilities	23.6	35.3	82.4	0.8
Interest payments	87.1	75.9	164.9	160.4
Payments on lease liabilities	112.4	212.5	168.5	915.7
Accounts payable	894.4	-	-	-
Other financial liabilities	51.7	1.2	0.5	-
Financial guarantee contracts	201.5	13.4	6.5	0.5
Total undiscounted non-derivative financial liabilities	2,125.4	436.4	1,672.2	2,042.6
<i>Derivative liabilities</i>				
Gross-settled derivative liabilities outflow	1,055.0	-	317.0	63.4
Gross-settled derivative liabilities inflow	(1,033.7)	-	(307.3)	(66.6)
Total gross-settled derivative liabilities	21.3	-	9.7	(3.2)
Net-settled derivative liabilities	2.7	2.5	6.6	9.5
Total undiscounted derivative liabilities	24.0	2.5	16.3	6.3
Total undiscounted financial liabilities	2,149.4	438.9	1,688.5	2,048.9

	December 31, 2019			
	< 1 year	1-2 years	3-5 years	> 5 years
<i>Non-derivative liabilities</i>				
Redemption of debt	704.5	258.6	931.3	873.2
Redemption of other financial liabilities	21.5	18.9	52.1	-
Interest payments	87.0	75.5	165.1	133.5
Payments on lease liabilities	127.9	179.7	241.7	806.1
Accounts payable	771.9	-	-	-
Other financial liabilities	-	-	-	-
Financial guarantee contracts	150.9	0.8	0.7	0.9
Total undiscounted non-derivative financial liabilities	1,863.7	533.5	1,390.9	1,813.7
<i>Derivative liabilities</i>				
Gross-settled derivative liabilities outflow	482.7	-	241.3	-
Gross-settled derivative liabilities inflow	(457.1)	-	(209.6)	-
Total gross-settled derivative liabilities	25.6	-	31.7	-
Net-settled derivative liabilities	2.0	1.8	2.6	6.5
Total undiscounted derivative liabilities	27.6	1.8	34.3	6.5
Total undiscounted financial liabilities	1,891.3	535.3	1,425.2	1,820.2

The total debt of continuing operations as of December 31, 2020, amounted to € 3,065.3 million (2019: € 2,764.0 million). For 100% of the bank debt, the applicable covenants were complied with or waived during 2019 and 2020. Refer to note 23 for details on applicable covenants.

The movements during 2020 and 2019 in the net debt position were as follows:

	Cash and cash equivalents	Marketable securities and deposits	Total debt	Net (debt) / cash
Balance on January 1, 2019	2,276.5	274.7	(3,649.9)	(1,098.7)
Cash flows	(557.7)	(57.6)	(89.8)	(705.1)
Foreign exchange adjustments	2.7	4.3	25.1	32.1
Fair value movements	-	1.2	-	1.2
Reclassification to held for sale	(162.9)	-	935.3	772.4
Other non-cash movements	-	-	15.3	15.3
Balance on December 31, 2019	1,558.6	222.6	(2,764.0)	(982.8)
Cash flows*	(125.7)	(16.1)	(134.2)	(276.0)
Foreign exchange adjustments	(6.0)	(4.0)	141.9	131.9
Fair value movements	-	(25.0)	-	(25.0)
Reclassification to held for sale	-	-	-	-
Other non-cash movements	-	(1.7)	(309.0)	(310.7)
Balance on December 31, 2020	1,426.9	175.8	(3,065.3)	(1,462.6)

* Cash flow amounts do not reconcile to the consolidated statement of cash flows as this table does not include cash flows related to the net debt of GrandVision

This net debt position represents a ratio of 1.5 (2019: 0.8) when compared to the operating result before depreciation, amortization and impairments, less income from marketable securities and share of profit of associates and joint ventures. The differences between the debt cash flows in the table above and those in the cash flow statement relate to cash flows on other financial liabilities, which are not part of the net debt definition.

Market risk – currency risk

Foreign currency exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities. From time to time the Company hedges foreign currency exchange risk arising from significant, highly probable forecast transactions, including acquisitions of subsidiaries. The Company primarily uses foreign currency derivative financial instruments to hedge this risk, matching the critical terms of the hedged item, and applies a hedge ratio of 1:1.

The table below shows the net assets per currency, taking into account debt instruments denominated in foreign currency and related hedging instruments. Vopak applies hedge accounting to net investments in foreign operations (hedged item) for a nominal amount of € 955.5 million (2019: € 799.0 million), of which € 819.2 million (2019: € 656.2 million) was hedged via foreign currency interest bearing debt and € 136.3 million (2019: € 142.9 million) via derivative financial instruments. The remaining currency exposures relate mainly to investments in foreign operations that the Company does not hedge.

	Dec. 31, 2020	Dec. 31, 2019
U.S. dollar	783.1	935.7
Chinese yuan renminbi	459.9	456.3
Singapore dollar	287.8	296.3
Canadian dollar	199.3	220.0
Hong-Kong dollar	139.3	161.1
Thai baht	82.4	85.8
U.K. pound sterling	84.5	60.4
Brazilian real	81.5	105.7
Australian dollar	62.2	57.9
Saudi riyal	60.7	67.1
South African rand	56.6	51.8
Taiwan dollar	40.2	40.9
Other	161.3	175.2
Total continuing operations	2,498.8	2,714.2

An average change in value of these currencies by 10% would have a pre-tax effect on equity of € 249.9 million (continuing operations only). The comparative amounts in the table above have been adjusted to reflect the finalized purchase price allocation for the Formica Group.

The market value of the currency derivative financial instruments per the consolidated financial statements were as follows.

	Maturity	December 31, 2020			December 31, 2019		
		Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Fair value hedge	< 1 year	0.6	(0.8)	93.6	0.1	(1.1)	238.8
		0.6	(0.8)	93.6	0.1	(1.1)	238.8
Cash flow hedge	< 1 year	0.5	-	13.0	27.9	(23.7)	209.2
Cash flow hedge	1-5 years	9.1	-	307.3	19.4	-	209.6
Cash flow hedge	> 5 years	-	(5.4)	66.6	-	-	-
		9.6	(5.4)	386.9	47.3	(23.7)	418.8
Net investment hedge	< 1 year	1.4	-	137.4	0.1	(0.3)	152.5
		1.4	-	137.4	0.1	(0.3)	152.5
No hedge accounting	< 1 year	4.1	(20.6)	993.1	1.1	(14.3)	869.8
		4.1	(20.6)	993.1	1.1	(14.3)	869.8
Total currency derivative financial instruments		15.7	(26.8)	1,611.0	48.6	(39.4)	1,679.9

In addition, one of the Company's consolidated minority interests holds cross-currency interest rate swaps to hedge foreign currency risk on fixed rate debt denominated in U.S. dollar. These interest rate swaps, with a notional amount of € 373.9 million (2019: € 418.8 million), are included under foreign currency derivatives.

Sensitivity of profit and equity to financial instruments, with respect to exchange rate changes
The value of debt and hedging instruments denominated in currencies other than the functional currency of the entities holding them are subject to exchange rate movements. This primarily relates to instruments denominated in Chinese yuan renminbi, U.S. dollar and Singapore dollar. The aggregate effect on net profit of a 10% depreciation in exchange rates is € (15.7) million (2019: € (13.2) million), with an equal but opposite effect of a 10% appreciation in exchange rates. The aggregate effect on equity of a 10% appreciation of the foreign currencies against the euro is € 53.6 million (2019: € 147.0 million). The aggregate effect on equity of a 10% depreciation of the foreign currencies against the euro is € (38.1) million (2019: € (126.7) million).

Sensitivity of revenues and profit to the translation of the revenues and results of foreign operations, with respect to exchange rate changes

The result is impacted by translating the result of foreign currency operations. The translation risk of converting the net result of foreign entities into euro mainly concerns the British pound, the Singapore dollar and the U.S. dollar. The sensitivity to these currencies is as follows, excluding the effect of discontinued operations.

	EUR/USD Δ \$10ct		EUR/GBP Δ £10ct		EUR/SGD Δ \$10ct	
	2020	2019	2020	2019	2020	2019
Impact on revenues	88.6	85.0	15.6	15.9	15.1	16.3
Impact on net profit from continuing operations	12.9	10.7	0.6	0.3	4.3	4.7

Market risk – interest rate risk

The risks with respect to the individual entities belonging to the Optical retail, Unquoted and Quoted minority interests segments are managed by these entities. There is no debt at other segments.

Fixed income investments that are part of the Liquid portfolio are subject to fair value interest rate risk. In view of the short average duration of this portfolio, this risk is limited.

As of December 31, 2020, taking into account interest rate swaps, 63% (2019: 68%) of the total debt of € 3,065.3 million (2019: € 2,764.0 million) was at fixed rates for an average period of 5.8 years (2019: 5.2 years).

The market value of the interest rate derivative financial instruments per the consolidated financial statements is shown below.

	Maturity	December 31, 2020			December 31, 2019		
		Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Cash flow hedge	< 1 year	-	(0.1)	20.9	-	(0.1)	7.0
Cash flow hedge	1-5 years	-	(2.0)	36.0	0.1	(0.1)	29.3
Cash flow hedge	> 5 years	-	(8.0)	49.9	-	(6.5)	52.5
		-	(10.1)	106.8	0.1	(6.7)	88.8
No hedge accounting	< 1 year	-	(0.1)	18.8	-	(0.2)	64.7
No hedge accounting	1-5 years	-	-	0.3	-	(0.5)	25.8
No hedge accounting	> 5 years	-	-	-	-	-	-
		-	(0.1)	19.1	-	(0.7)	90.5
Total interest rate derivative financial instruments		-	(10.2)	125.9	0.1	(7.4)	179.3

The weighted-average interest rate on total debt was 3.1% (2019: 3.4%).

If variable interest rates in 2019 or 2020 had decreased/increased by 25%, the impact on the consolidated statement of income for the year would have been insignificant.

An increase of 25% in interest rates underlying the calculation of the valuation of interest rate swaps would have had a pre-tax positive impact on equity of € 2.5 million (2019: € 7.3 million). An equal but opposite change would have had a pre-tax negative impact on equity of € 2.5 million (2019: € 7.5 million negative).

Market risk – price risk

At the end of 2020, the Company had investments in equity securities (included in marketable securities and deposits and other financial assets) amounting to € 157.2 million (2019: € 734.7 million), based on quoted market prices at the statement of financial position date. If at December 31, 2020, equity markets had fallen 10% overall, the portfolio value could have decreased by 10%, which would have resulted in a negative impact on other reserves of € 3.7 million (2019: € 58.3 million) and a negative impact on income of € 12.1 million (2019: € 15.2 million). A 10% increase would have had the equal but opposite effect.

The Company has not identified additional financial risk exposures in 2020 compared to the previous year, and its approach to financial risk management remained unchanged.

42. Capital risk management

The Company manages its capital to safeguard its ability to continue as a going concern and to provide an adequate return on its invested capital.

The capital structure at the end of the reporting periods is summarized in the table below:

	Dec. 31, 2020	Dec. 31, 2019
Equity	8,005.8	8,012.3
Non-current debt	2,310.6	2,059.5
Current debt	754.7	704.5
Cash and cash equivalents	(1,426.9)	(1,558.6)
Total capital employed	9,644.2	9,217.7

The figures in the table above do not include the cash and debt balances of GrandVision N.V., which were classified as held for sale at December 31, 2020 and 2019.

43. Related-party transactions

A related party is a person or entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company.

Employment benefits for the Executive Board, charged to the income statement, are as follows:

	2020	2019
<i>Members of the Executive Board</i>		
Short-term employee benefits	3.9	4.0
Post-employment benefits	0.7	0.8
Share-based compensation	0.6	1.5
	5.2	6.3

For details on share-based compensation plans refer to note 37.

The fixed 2020 remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million (2019: € 0.4 million) in total.

44. Capital and financial commitments, contingent liabilities

Contingent liabilities are either possible obligations that will probably not require a transfer of economic benefits, or present obligations that may, but probably will not, require a transfer of economic benefits. It is not appropriate to make provisions for contingent liabilities, but there is a chance that they will result in an obligation in the future.

Capital commitments

On December 31, 2020, capital commitments in respect of property, plant and equipment amounted to € 294.3 million (2019: € 395.9 million) and mainly relate to terminal construction activities at Vopak and the expansion of the production footprint of the prefab building concept of Van Wijnen.

Financial commitments

At year end, Safilo had contracts with licensors for the production and sale of branded sunglasses and frames. These contracts include guarantees for a minimum amount of production as well as commitments for advertising. These licensing commitments can be summarized as follows:

	Dec. 31, 2020	Dec. 31, 2019
No later than 1 year	76.3	115.6
Later than 1 year and no later than 5 years	270.9	330.9
Later than 5 years	37.8	87.0
	385.0	533.5

Contingent liabilities

The Company and its subsidiaries and controlled minority interests entered into various commitments to provide debt and equity financing. These commitments mainly relate to Vopak and the real estate segment. In addition, guarantees and commitments were provided by Vopak and Van Wijnen on behalf of their associates and joint ventures. The total estimated amount of these commitments not recognized in the statement of financial position comprises of:

	Dec. 31, 2020	Dec. 31, 2019
Commitments to provide debt or equity funding	76.8	174.6
Guarantees and securities provided	187.5	120.8
	264.3	295.4

The above commitments and guarantees relate for € 176.6 million to Vopak. The 2020 decrease in commitments related primarily to the completed project at the Pengerang Independent Terminal (PITSB) of Vopak in Malaysia as well as lower commitments for Vopak terminals within the Americas division. The increase in guarantees relates fully to the first consolidation of Van Wijnen in 2020.

The amount of guarantees and securities provided can potentially be called within one year.

The joint ventures and associates of Vopak are currently, and may from time to time become, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities (including tax authorities) that are incidental to their operations. For the contingent liabilities of the joint ventures and associates as at year-end related to legal cases, it is based on the current facts and circumstances not believed that they may have a material adverse effect on the financial position or profitability of Vopak. Due to inherent uncertainties, Vopak cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this report, however costs in complex litigation may be substantial.

Environmental obligations Vopak

Vopak is exposed to risks regarding environmental obligations arising from past activities. For example, a number of sites has to be decontaminated before being handed back at the end of the contractual period. Under current legislation, environmental plans and any other measures to be adopted have to be agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other legal obligations arise, a provision is formed based on the most reliable estimate possible of future expenses. Vopak management is of the opinion that the provisions are adequate, based on information currently available. However, given the degree of difficulty in making estimates, this does not guarantee that no additional costs will arise going forward.

Legal proceedings and other contingent liabilities

As a result of its day-to-day activities, Vopak is involved in a number of legal proceedings. Vopak management is of the opinion that for the legal cases and risks for which no provision has been recognized, it is not probable that the final outcome will result in a cash outflow, therefore no provisions have been recognized. In addition, Vopak can be held liable for any non-compliance with laws and regulations.

As part of divestments of terminals and assets, Vopak has provided certain customary representations and warranties in the relevant sales purchase agreements. These representations and warranties will generally terminate, depending on their specific features, a number of years after the date of the relevant transaction completion date. Based on the current facts and circumstances, Vopak management has determined that for the items for which no provision is currently recognized, the likelihood of a cash outflow relating to these items is considered to be remote.

45. Non-controlling interest

Non-controlling interest with respect to Vopak, Safilo and GrandVision are significant to the Company. For disclosures on GrandVision reference is made to note 3. The non-controlling interest in Vopak and Safilo can be detailed as follows:

	Vopak	Vopak	Safilo	Safilo	Total	Total
	2020	2019	2020	2019	2020	2019
Profit / (loss) allocated to the non-controlling interest during the year	185.6	328.3	(35.8)	(70.5)	149.8	257.8
Accumulated non-controlling interest at December 31	1,685.4	1,722.7	124.0	183.4	1,809.4	1,906.1

Set out below is the summarized financial information for Vopak and Safilo. These are the financial statements as reported by these companies including purchase price accounting adjustments made by the Company.

	Vopak		Safilo	
	2020	2019	2020	2019
Summarized balance sheet				
<i>As of December 31</i>				
<i>Current</i>				
Assets	386.1	590.3	521.6	531.6
Liabilities	(833.0)	(967.5)	(323.5)	(298.8)
	(446.9)	(377.2)	198.1	232.8
<i>Non-current</i>				
Assets	6,200.0	5,851.3	431.6	337.9
Liabilities	(2,559.2)	(2,210.8)	(419.1)	(201.2)
	3,640.8	3,640.5	12.5	136.7
<i>Net assets</i>	3,193.9	3,263.3	210.6	369.5
Summarized income statement				
<i>For the year</i>				
Revenue	1,250.0	1,529.1	780.3	964.7
Profit / (loss) before tax	403.5	662.1	(90.4)	(141.0)
Income tax expense	(72.9)	(58.3)	16.9	(0.6)
Profit / (loss) after income tax	330.6	603.8	(73.5)	(141.6)
Other comprehensive income	(132.2)	17.8	(27.0)	6.1
Total comprehensive income (CI)	198.4	621.6	(100.5)	(135.5)
CI allocated to non-controlling interest	17.9	37.1	2.8	(0.1)
Dividend paid to non-controlling interest	24.6	38.8	-	-
Summarized cash flow statement				
<i>For the year</i>				
Cash from operating activities	820.5	709.7	7.6	33.9
Interest paid net	(108.4)	(81.5)	(6.7)	(3.3)
Income tax (paid) / received	(54.9)	(71.2)	(0.0)	(1.8)
Net cash from operating activities	657.2	557.0	0.9	28.8
Net cash from investing activities	(584.5)	(256.1)	(133.2)	(21.3)
Net cash from financing activities	(99.1)	(282.2)	161.5	(122.9)
Increase/(decrease) in cash and cash equivalents	(26.4)	18.7	29.2	(115.4)
Cash and cash equivalents at beginning of year	94.5	77.5	64.2	178.2
Effect of exchange rate changes and reclassifications	0.2	(1.7)	(4.5)	1.4
Increase/(decrease) in cash and cash equivalents	(26.4)	18.7	29.2	(115.4)
Cash and cash equivalents at end of year	68.3	94.5	88.9	64.2

46. Summarized financial information on associates and joint ventures

The summarized financial information of the associates and joint ventures of Vopak is as follows.

Summarized statements of financial position on a 100% basis:

	Europe & Africa		Asia & Middle East		Liquid Natural Gas (LNG)		Americas & Other		Total	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Non-current assets	208.1	205.4	3,519.2	3,754.7	1,979.2	2,137.5	992.5	479.8	6,699.0	6,577.4
Cash and cash equivalents	10.4	11.0	427.6	693.0	108.3	119.6	9.7	14.1	556.0	837.7
Other current assets	21.3	22.2	389.6	404.1	66.5	53.3	25.6	11.5	503.0	491.1
Total assets	239.8	238.6	4,336.4	4,851.8	2,154.0	2,310.4	1,027.8	505.4	7,758.0	7,906.2
Financial non-current liabilities	151.1	153.7	1,734.2	2,009.0	1,098.4	1,267.5	324.8	21.5	3,308.5	3,451.7
Other non-current liabilities	14.1	13.9	326.4	176.3	238.4	260.7	-	0.8	578.9	451.7
Financial current liabilities	18.1	18.7	155.5	68.7	126.3	145.6	4.5	(0.4)	304.4	232.6
Other current liabilities	14.6	11.2	421.2	523.6	58.9	56.7	21.2	24.0	515.9	615.5
Total liabilities	197.9	197.5	2,637.3	2,777.6	1,522.0	1,730.5	350.5	45.9	4,707.7	4,751.5
Net assets	41.9	41.1	1,699.1	2,074.2	632.0	579.9	677.3	459.5	3,050.3	3,154.7
Vopak's share of net assets	19.5	19.1	655.4	747.5	315.0	289.4	245.4	139.5	1,235.3	1,195.5
Goodwill on acquisition	-	-	11.4	12.0	61.9	65.3	10.8	-	84.1	77.3
Vopak's carrying amount of net assets	19.5	19.1	666.8	759.5	376.9	354.7	256.2	139.5	1,319.4	1,272.8

Summarized statements of total comprehensive income on a 100% basis:

	Europe & Africa		Asia & Middle East		Liquid Natural Gas (LNG)		Americas & Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	49.5	53.5	859.6	926.3	398.6	346.6	78.3	47.4	1,386.0	1,373.8
Operating expenses	(17.2)	(24.6)	(192.7)	(227.3)	(93.7)	(75.3)	(51.8)	(26.4)	(355.4)	(353.6)
Depreciation, amortization and impairment	(12.8)	(13.1)	(214.4)	(200.3)	(95.6)	(85.8)	(1.9)	(0.5)	(324.7)	(299.7)
Operating profit (EBIT)	19.5	15.8	452.5	498.7	209.3	185.5	24.6	20.5	705.9	720.5
Net finance income / (expense)	(9.8)	(6.2)	(77.3)	(46.6)	(78.0)	(68.5)	2.4	3.1	(162.7)	(118.2)
Income tax	(1.5)	(2.1)	(90.9)	(115.2)	(40.6)	(35.0)	(0.1)	(0.3)	(133.1)	(152.6)
Net profit	8.2	7.5	284.3	336.9	90.7	82.0	26.9	23.3	410.1	449.7
Other comprehensive income	-	-	(21.0)	(61.2)	11.5	4.7	-	-	(9.5)	(56.5)
Total comprehensive income	8.2	7.5	263.3	275.7	102.2	86.7	26.9	23.3	400.6	393.2
Vopak's share of net profit	3.3	2.1	103.5	108.8	48.0	43.6	6.4	7.3	161.2	161.8
Vopak's share of OCI	-	-	(5.9)	(16.4)	5.8	2.3	-	-	(0.1)	(14.1)
Vopak's share of total comprehensive income	3.3	2.1	97.6	92.4	53.8	45.9	6.4	7.3	161.1	147.7

47. Events after the reporting period

Safilo - Realignment of industrial capacity (Ormoz)

On March 11, 2021, Safilo announced the closure of the Ormoz production site in Slovenia, expected at the end of the second quarter, as part of the plan for the realignment of the industrial capacity of the company with the current and future production needs. In conformity with this plan, in 2020 the company already proceeded with the closure of the Martignacco production site and the (ongoing) reorganization of the Longarone site. Currently, no reliable estimate of the costs associated with the closure of the Ormoz site can be made.

Initial public offering of Coolblue considered

In February, HAL confirmed that an initial public offering (IPO) of Coolblue shares on Euronext Amsterdam is being considered. At this stage it is expected that the IPO may take place in 2021. HAL currently has a 49% interest in Coolblue, which reported 2020 revenues of approximately € 2 billion and an EBITDA of € 114 million.

Acquisition Top Employers Institute

On February 11, HAL completed the acquisition, together with management, of 100% of the shares in BVG International B.V. ('Top Employers Institute'). Top Employers Institute is globally active in certification and benchmarking of human resources policies. Approximately 1,700 companies have been certified as Top Employer this year. Sales over 2020 were € 24 million and the company employs circa 125 FTE.

Acquisition Stolze and Prins Group

On January 4, 2021, HAL completed the acquisitions of 60% of the shares in GreenV B.V. ('Stolze') and 24% of the shares in PD Greenhouse Beheer B.V. ('Prins Group'). Stolze and Prins Group are both active in the greenhouse building sector. Stolze is active worldwide in providing technical systems for horticultural greenhouses. Sales over 2020 were approximately € 100 million and Stolze employs circa 120 FTE. Prins Group is active worldwide in building and producing greenhouses and integrated greenhouse projects. Sales over 2020 were approximately € 50 million and Prins Group employs circa 45 FTE.

Stock market value of ownership interests in quoted companies and the liquid portfolio

The stock market value of the ownership interests in quoted companies (including GrandVision N.V.) and the value of the liquid portfolio as of December 31, 2020, amounted to € 10,633 million, which may potentially be significantly impacted going forward. During the period from December 31, 2020, through March 26, 2021, the stock market value of the ownership interests in quoted companies and the liquid portfolio was positively impacted by changes in stock market prices for approximately € 520 million (€ 6.10 per Share).

List of Principal subsidiaries and minority interests

as of December 31, 2020

Name	Country of incorporation	Nature of business	Interest in common shares	Interest in preferred shares	Non-controlling interest
Subsidiaries					
HAL Holding N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL International Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Investments N.V.	Curaçao	Holding company	100.0%	0.0%	0.0%
HAL Real Estate Inc.	U.S.A.	Real estate	100.0%	0.0%	0.0%
HAL Investments B.V.	The Netherlands	Holding company	100.0%	0.0%	0.0%
Atlas Professionals B.V.	The Netherlands	Staffing	100.0%	0.0%	0.0%
Orthopedie Investments Europe B.V.	The Netherlands	Orthopedic devices	100.0%	100.0%	0.0%
Van Wijnen Holding B.V.	The Netherlands	Construction	100.0%	0.0%	0.0%
FD Mediagroep B.V.	The Netherlands	Media	99.0%	100.0%	1.0%
Broadview Holding B.V.	The Netherlands	Industrial	97.4%	0.0%	2.6%
Koninklijke Ahrend B.V.	The Netherlands	Office furniture	96.0%	100.0%	4.0%
Floramedia Group B.V.	The Netherlands	Communication	96.0%	100.0%	4.0%
Sports Timing Holding B.V.	The Netherlands	Timing equipment	95.5%	100.0%	4.5%
Timber and Building Supplies Holland N.V.	The Netherlands	Building materials	94.3%	0.0%	5.7%
AN Direct B.V.	The Netherlands	Hearing aids	90.0%	0.0%	10.0%
SB Real Estate	The Netherlands	Real estate	90.0%	0.0%	10.0%
Infomedics Holding B.V.	The Netherlands	Financial services	81.0%	0.0%	19.0%
GrandVision N.V.	The Netherlands	Optical retail	76.7%	0.0%	23.3%
Anthony Veder Group N.V.	Curaçao	Shipping	62.9%	0.0%	37.1%
Controlled minority interests					
Safilo Group S.p.A.	Italy	Optical products	49.84%	0.00%	50.16%
Koninklijke Vopak N.V.	The Netherlands	Tank terminals	48.15%	0.00%	51.85%

All the above entities are included in the consolidation. The proportion of the effective voting rights in the respective entity are virtually equal to the proportion of the ordinary shares held.

Non-controlled minority interests

Publicly traded

Koninklijke Boskalis Westminster N.V.	45.54%
SBM Offshore N.V.	21.91%

Other

Coolblue B.V.	49.00%
DMF Investment Management B.V.	25.00%

Information relating to estimated value of the subsidiaries and minority interests of HAL Holding N.V.

As of December 31, 2020

General

This section provides additional information about the investment portfolio of HAL Holding N.V. (the ‘Company’).

For the purpose of this section, book value includes goodwill and loans to the investee companies. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to unquoted investments, estimated value is based upon a number of assumptions. Values as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of the Company’s portfolio for this section is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis. With respect to Coolblue no estimated value was calculated in view of the potential Initial Public Offering of this investee company. In the net asset value, the 49% ownership interest in Coolblue was included at book value (€ 250 million as of December 31, 2020).

Quoted investments

Quoted investments are valued at the closing price on the statement of financial position date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, generally according to one of the following bases:

- Earnings multiple;
- Cost of a recent transaction.

Earnings multiple

Valuations using an earnings multiple are principally based on the following method:

The EBITA (earnings before interest, tax and amortization of intangible assets but including amortization of software) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt (excluding lease liabilities) and preferred shares of the investee company. EBITA is also adjusted for lease expenses in the context of IFRS 16. Two investments with an aggregate estimated value of € 727 million were valued based on a multiple of EBITDA. One investment with an estimated value of € 65 million was valued based on a multiple of sales.

The following factors may, among other things, be considered when selecting multiples:

- the multiple paid at the time of the investment;
- the multiples the Company generally would be prepared to pay for comparable investments;
- multiples of a meaningful sample of comparable quoted companies. When referring to multiples of comparable companies, a discount of at least 20% is taken into account for limited marketability, unless there is a strong possibility of a short-term realization.

Cost of a recent transaction

A recent transaction is defined as a significant transaction in the capital of the investee company which has occurred until 12 months prior to the valuation date. An assessment is made if it is still appropriate to use this value in view of the financial performance of the investee company post acquisition compared to the assumptions made during the acquisition process, developments in earnings multiples of comparable companies or any other material positive or adverse developments. After the twelve-month period the investments are, generally, valued based on an earnings multiple. It is possible that the multiple applied is lower than the multiple paid at the time of the acquisition.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has defaulted, or is expected to default, on its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation investments

<i>As of December 31, 2020</i>	Estimated		Difference
	value	Book value	
Quoted investments	9,670.3	4,885.1	4,785.2
Unquoted investments	1,987.7	1,627.8	359.9
	<u>11,658.0</u>	<u>6,512.9</u>	<u>5,145.1</u>

Estimated value less book value of the unquoted investments amounted to € 359.9 million at the end of 2020 (2019: € 332.0 million) or € 4.22 per Share (2019: € 3.98 per Share). The EBIT(D)A multiples applied vary from 7 to 8. With respect to Broadview Holding B.V. (excluding Formica which was mainly valued based on the EBITDA multiple paid at the time of the acquisition of 10, applied against current year EBITDA) and Timber and Building Supplies Holland N.V. a multiple of 7 of EBITA was applied, consistent with 2019. A change in this multiple by 1 has an effect on estimated value of these two companies of € 103 million (at 2020 earnings). The above resulted in a valuation of Formica of € 620 million (book value: € 597 million)
Realized multiples may be materially different.

Quoted investments

	December 31, 2020		
	Interest in common shares	Share price	Market value
<i>Share price in euro</i>			
GrandVision N.V.	76.72%	25.50	4,977.7
Koninklijke Vopak N.V.	48.15%	42.99	2,602.6
Koninklijke Boskalis Westminster N.V.	45.54%	22.54	1,337.2
Safilo Group S.p.A.	49.84%	0.80	109.5
SBM Offshore N.V.	21.91%	15.57	643.3
			<u>9,670.3</u>

No discount was applied to the above market prices.

Supplemental information

General

The consolidated financial statements of HAL Trust include the financial statements of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). This section provides supplemental information where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method. This was the accounting treatment until the application of IFRS 10, effective January 1, 2014, which requires consolidation of these entities. In all other respects, the accounting policies applied are consistent with those applied to the consolidated financial statements. The inclusion of this supplemental information is considered appropriate and useful as the control model of the Company with respect to the entities where its ownership interest exceeds 50% is materially different from the model with respect to Vopak and Safilo. Moreover, the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. The following supplemental information also preserves comparability with consolidated financial statements prior to 2014.

The following pro forma consolidated statements are included as supplemental information:

- Statement of Financial Position
- Statement of Income
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

The pro forma consolidated statements of financial position and income as well as the statement of changes in equity, include a bridge from the consolidated financial statements (including consolidation of Vopak and Safilo) to these pro forma statements.

A number of notes has been added to the above statements in order to provide additional information on the effect of the inclusion of Vopak and Safilo in the consolidated financial statements. These notes are based on the notes to the consolidated financial statements on pages 37 through 125. Certain notes are summarized for practical purposes.

Pro forma Consolidated Statement of Financial Position

As of December 31

Supplemental Information

<i>In millions of euro</i>	Notes	Consolidated 2020	Effect exclusion Vopak/Safilo	Pro forma 2020	Pro forma 2019
Non-current assets					
Property, plant and equipment	2	5,116.5	(3,927.7)	1,188.8	1,217.9
Right-of-use assets		991.6	(671.1)	320.5	347.6
Investment properties		42.0	-	42.0	34.0
Intangible assets	3	1,313.1	(459.9)	853.2	852.1
Investments in associates and joint arrangements	5	3,459.2	216.8	3,676.0	3,279.2
Other financial assets	6	243.7	(76.1)	167.6	598.7
Derivatives		9.1	(9.1)	-	0.1
Pension benefits	10	41.2	-	41.2	40.5
Deferred tax assets	9	95.9	(74.9)	21.0	24.0
<i>Total non-current assets</i>		11,312.3	(5,002.0)	6,310.3	6,394.1
Current assets					
Inventories	8	716.9	(197.3)	519.6	428.5
Receivables	7	836.6	(270.5)	566.1	560.6
Marketable securities and deposits		175.8	-	175.8	222.6
Other financial assets	6	20.0	-	20.0	11.1
Derivatives		6.5	(5.7)	0.8	0.6
Contract assets		79.3	-	79.3	-
Other current assets		424.0	(266.8)	157.2	122.3
Cash and cash equivalents		1,426.9	(157.2)	1,269.7	1,399.9
Assets held for sale		5,270.7	10.7	5,281.4	4,991.1
<i>Total current assets</i>		8,956.7	(886.8)	8,069.9	7,736.7
Total assets		20,269.0	(5,888.8)	14,380.2	14,130.8
Equity					
Equity attributable to owners of parent		8,005.8	(48.5)	7,957.3	7,960.3
Non-controlling interest		2,598.1	(1,809.4)	788.7	630.3
Total equity		10,603.9	(1,857.9)	8,746.0	8,590.6
Non-current liabilities					
Deferred tax liabilities	9	367.5	(205.7)	161.8	181.6
Pension benefits	10	131.0	(72.7)	58.3	55.2
Derivatives		15.4	(5.4)	10.0	7.1
Provisions	11	105.1	(53.5)	51.6	12.5
Contract liabilities		13.6	-	13.6	13.0
Lease liabilities		940.7	(702.0)	238.7	277.5
Debt and other financial liabilities	12	2,429.1	(1,856.9)	572.2	640.8
<i>Total non-current liabilities</i>		4,002.4	(2,896.2)	1,106.2	1,187.7
Current liabilities					
Provisions	11	58.2	(43.8)	14.4	20.2
Contract liabilities		169.8	(28.6)	141.2	53.5
Accrued expenses	13	571.8	(246.0)	325.8	256.8
Income tax payable		78.8	(40.7)	38.1	16.2
Accounts payable		894.4	(364.9)	529.5	419.1
Derivatives		21.6	(21.4)	0.2	0.3
Lease liabilities		112.4	(40.3)	72.1	66.4
Debt and other financial liabilities	12	778.3	(365.2)	413.1	236.8
Liabilities related to assets held for sale		2,977.4	16.2	2,993.6	3,283.2
<i>Total current liabilities</i>		5,662.7	(1,134.7)	4,528.0	4,352.5
Total equity and liabilities		20,269.0	(5,888.8)	14,380.2	14,130.8

Pro forma Consolidated Statement of Income

For the year ended December 31

Supplemental Information

<i>In millions of euro</i>	Notes	Consolidated 2020	Effect exclusion Vopak/ Safilo	Pro forma 2020	Pro forma 2019
Revenues	14	5,338.7	(1,951.3)	3,387.4	2,965.4
Income from marketable securities and deposits		(28.9)	-	(28.9)	5.5
Share of results from associates and joint ventures	15	164.2	(51.0)	113.2	235.3
Income from other financial assets		7.1	(2.7)	4.4	11.5
Income from real estate activities		2.3	-	2.3	(2.5)
Other income (net)		119.5	(33.1)	86.4	39.0
Total income		5,602.9	(2,038.1)	3,564.8	3,254.2
Usage of raw materials, consumables and other inventory		1,911.8	(253.0)	1,658.8	1,352.4
Employee expenses	16	1,387.8	(551.7)	836.1	735.4
Depreciation and impairment of property, plant, equipment and investment properties		421.3	(294.7)	126.6	110.7
Depreciation and impairment of right-of-use assets		120.6	(47.7)	72.9	57.7
Amortization and impairment of intangible assets	3	148.6	(53.4)	95.2	58.2
Other operating expenses	17	1,068.4	(540.1)	528.3	526.5
Total expenses		5,058.5	(1,740.6)	3,317.9	2,840.9
Operating profit		544.4	(297.5)	246.9	413.3
Financial expense		(216.0)	167.2	(48.8)	(43.3)
Other financial income		77.8	(76.0)	1.8	10.7
Profit before income tax		406.2	(206.3)	199.9	380.7
Income tax expense	18	(67.1)	57.0	(10.1)	(36.4)
Net profit from continuing operations		339.1	(149.3)	189.8	344.3
Net profit from discontinued operations		642.9	-	642.9	460.8
Net profit		982.0	(149.3)	832.7	805.1
Attributable to:					
Owners of parent		628.5	0.5	629.0	665.8
Non-controlling interest		353.5	(149.8)	203.7	139.3
		982.0	(149.3)	832.7	805.1
Average number of Shares outstanding (in thousands)		84,231	-	84,231	82,574
Earnings per Share for profit attributable to owners of parent during the period (in euro)					
- basic and diluted from continuing operations		2.10	0.01	2.11	3.99
- basic and diluted from discontinued operations		5.36	-	5.36	3.92
- basic and diluted		7.46	0.01	7.47	7.91
Dividend per Share(in euro)		4.70*	-	4.70*	5.80

* Proposed

Pro forma Consolidated Statement of Comprehensive Income

For the year ended December 31

Supplemental Information

<i>In millions of euro</i>	Pro forma 2020	Pro forma 2019
Net profit	832.7	805.1
Other comprehensive income (OCI)		
Items that will not be reclassified to statement of income in subsequent periods		
Change in fair value of financial assets through OCI	(89.6)	121.2
Actuarial results on post-employment benefit obligations	(10.4)	(32.1)
Income tax on actuarial results	2.3	7.4
Associates and joint ventures - share of OCI, net of tax	(4.8)	(1.8)
	(102.5)	94.7
Items that may be reclassified to statement of income in subsequent periods		
Change in fair value of financial assets through OCI	7.6	2.8
Income tax on change in fair value	(1.6)	2.4
Effective portion of hedging instruments	(1.8)	(6.4)
Income tax related to hedging instruments	0.8	2.3
Translation of foreign subsidiaries, net of hedges	(112.8)	20.7
Associates and joint ventures - share of OCI, net of tax	(154.8)	5.0
	(262.6)	26.8
Other comprehensive income for the year, net of tax	(365.1)	121.5
Total comprehensive income for the year, net of tax	467.6	926.6
Total comprehensive income for the year, attributable to:		
- Owners of parent*	286.4	792.5
- Non-controlling interest	181.2	134.1
	467.6	926.6

* For both reporting periods there are no differences in other comprehensive income attributable to the owner of parent between the consolidated and the pro forma consolidated statements of comprehensive income.

Pro forma Consolidated Statement of Changes in Equity

Supplemental Information

<i>In millions of euro</i>	Attributable to owners of parent				Non-controlling interest	Total equity
	Share capital	Retained earnings	Other reserves	Total		
Balance on January 1, 2019	1.6	7,311.7	62.9	7,376.2	570.5	7,946.7
Net profit for the year	-	665.8	-	665.8	139.3	805.1
Other comprehensive income for the year	-	(22.6)	149.3	126.7	(5.2)	121.5
Total comprehensive income for the year	-	643.2	149.3	792.5	134.1	926.6
Effect of acquisitions and disposals	-	-	-	-	(36.3)	(36.3)
Dividend paid to minority shareholders	-	-	-	-	(38.2)	(38.2)
Share-based compensation	-	6.1	-	6.1	0.2	6.3
Treasury shares	-	2.6	-	2.6	-	2.6
Dividend paid	0.1	(216.5)	-	(216.4)	-	(216.4)
Reclassification	-	2.1	(2.1)	-	-	-
Other	-	(0.7)	-	(0.7)	-	(0.7)
Transactions with the owners of parent recognized directly in equity	0.1	(206.4)	(2.1)	(208.4)	(74.3)	(282.7)
Balance on December 31, 2019	1.7	7,748.5	210.1	7,960.3	630.3	8,590.6
Net profit for the year	-	629.0	-	629.0	203.7	832.7
Other comprehensive income for the year	-	(8.9)	(333.7)	(342.6)	(22.5)	(365.1)
Total comprehensive income for the year	-	620.1	(333.7)	286.4	181.2	467.6
Reclassification*	-	114.2	(114.2)	-	-	-
Effect of acquisitions and disposals**	-	(50.7)	-	(50.7)	(5.5)	(56.2)
Dividend paid to minority shareholders	-	-	-	-	(17.7)	(17.7)
Share-based compensation	-	4.2	-	4.2	0.5	4.7
Treasury shares	-	(2.4)	-	(2.4)	-	(2.4)
Dividend paid	-	(241.9)	-	(241.9)	-	(241.9)
Other	-	1.4	-	1.4	(0.1)	1.3
Transactions with the owners of parent recognized directly in equity	-	(175.2)	(114.2)	(289.4)	(22.8)	(312.2)
Balance on December 31, 2020	1.7	8,193.4	(237.8)	7,957.3	788.7	8,746.0

* Reclassification resulting primarily from the reclassification of SBM Offshore N.V. from other financial assets to investments in associates and joint arrangements (refer to note 5)

** Transactions with non-controlling interests include € (51.1) million related to options entered into by Safilo Group S.p.A. with the minority shareholders in Blenders and Privé Revaux (refer to note 5)

The difference in equity attributable to owners of parent (€ 48.4 million) between the pro forma consolidated statement of financial position and the consolidated statement of financial position is due to the retrospective application of IFRS 10 to Vopak and Safilo.

Pro forma Consolidated Statement of Cash Flows

For the year ended December 31

Supplemental Information

<i>In millions of euro</i>	Notes	Pro forma 2020	Pro forma 2019
Cash flows from operating activities			
Profit before taxes from continuing operations		199.9	380.7
Profit before taxes from discontinued operations		696.9	540.0
Dividend from associates and joint ventures	5	110.4	122.9
Changes in working capital		226.7	81.0
Adjustments for non-cash items	19	214.1	409.6
Cash generated from operating activities	19	1,448.0	1,534.2
Other financial income received		14.1	6.6
Finance cost paid, including effect of hedging		(80.4)	(55.9)
Income taxes paid		(62.0)	(165.8)
<i>Net cash from operating activities</i>		1,319.7	1,319.1
Cash flows from investing activities			
Acquisition of associates and subsidiaries, net of cash acquired	4	(294.3)	(997.3)
Proceeds from divestiture of associates, joint arrangements and subsidiaries	4	171.8	70.9
Proceeds from sale of/(acquisition of) other intangibles		(65.8)	(67.4)
Purchase of property, plant, equipment and investment properties		(223.4)	(303.3)
Proceeds from sale of property, plant, equipment		40.5	19.8
Proceeds from/(acquisition of) other financial assets	6	(225.5)	(26.2)
Acquisition of marketable securities and deposits		(7.7)	(58.8)
Proceeds from marketable securities and deposits		23.8	116.4
<i>Net cash from/(used in) investing activities</i>		(580.6)	(1,245.9)
Cash flows from financing activities			
Proceeds from debt and other financial liabilities		606.8	403.4
Repayment of debt and other financial liabilities		(707.5)	(250.9)
Payments on lease liabilities		(441.1)	(462.9)
Net proceeds from/(repayments of) short-term financing		(64.9)	55.9
Other non-controlling interest transactions (including dividend paid)		(24.2)	(65.8)
Movement in treasury shares		(2.4)	2.6
Dividend paid		(241.9)	(216.4)
<i>Net cash from/(used in) financing activities</i>		(875.2)	(534.1)
Increase/(decrease) in cash and cash equivalents		(136.1)	(460.9)
Cash and cash equivalents at beginning of year		1,399.9	2,020.8
Cash and cash equivalents included in assets held for sale at beginning of year		162.9	-
Effect of exchange rate changes and reclassifications		(1.7)	2.9
Cash and cash equivalents retranslated at beginning of year		1,561.1	2,023.7
Net increase/(decrease) in cash and cash equivalents		(136.1)	(460.9)
Cash and cash equivalents at end of period		1,425.0	1,562.8
Cash and cash equivalents included in assets held for sale		155.3	162.9
Cash as included on the consolidated statement of financial position		1,269.7	1,399.9

Notes to the pro forma Consolidated Financial Statements

Supplemental Information

All amounts in millions of euro, unless stated otherwise

1. Segmentation

The consolidated financial statements are significantly affected by the consolidation of Vopak and Safilo. Accordingly, the segmented information on a basis whereby Vopak and Safilo are not consolidated is materially different. This section provides segmented information excluding the effect of the consolidation of Vopak and Safilo.

Operating income by segment

	2020	2019
Optical retail	777.3	697.5
Unquoted	228.3	232.5
Quoted minority interests	99.7	246.9
Real estate	(0.2)	(3.5)
Liquid portfolio	(28.9)	2.3
Total operating income	1,076.2	1,175.7
Reconciling items:		
- Discontinued operations (optical retail)	(777.3)	(697.5)
- Amortization and impairment of intangibles	(95.2)	(58.2)
- Other	43.2	(6.7)
Operating result as per the pro forma consolidated statement of income	246.9	413.3
Financial expense, net	(47.0)	(32.6)
Profit before tax as per the pro forma consolidated statement of income	199.9	380.7

The “other” reconciling items include corporate general and administrative expenses as well as non-recurring gains and losses (excluding those of Vopak, Safilo, Boskalis and SBM Offshore).

The composition of revenues by segment is as follows:

	2020	2019
Unquoted	3,387.4	2,965.4
Total continuing operations	3,387.4	2,965.4
Discontinued operations (optical retail)	3,481.0	4,039.3
	6,868.4	7,004.7

The composition of assets by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Optical retail (assets held for sale)	5,278.1	4,981.1
Unquoted	4,628.1	4,138.5
Quoted minority interests	3,293.1	3,417.6
Real estate	202.1	132.0
Liquid portfolio	869.1	1,376.0
Reconciling items	109.7	85.6
	14,380.2	14,130.8

Supplemental Information

The composition of investments in associates and joint ventures by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	324.6	318.6
Quoted minority interests	3,199.6	2,864.6
Real estate	151.8	96.0
Total continuing operations	3,676.0	3,279.2
Discontinued operations (optical retail)	0.9	1.0
	3,676.9	3,280.2

The composition of capital expenditures by segment is as follows:

	2020	2019
Unquoted	191.2	281.9
Real estate	0.4	34.5
Total continuing operations	191.6	316.4
Discontinued operations (optical retail)	157.1	297.5
	348.7	613.9

Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

The composition of liabilities by segment is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Optical retail (liabilities related to assets held for sale)	2,993.6	3,283.2
Unquoted	2,599.2	2,221.2
Real estate	2.0	1.6
Liquid portfolio	0.3	0.4
Reconciling items	39.1	33.8
	5,634.2	5,540.2

The composition of revenues by geographical area is as follows:

	2020	2019
Europe	2,866.4	2,516.2
USA & Canada	288.5	223.2
Asia	196.6	174.2
Other	35.9	51.8
Total continuing operations	3,387.4	2,965.4
Discontinued operations (optical retail)	3,481.0	4,039.3
	6,868.4	7,004.7

The composition of property, plant and equipment, investment properties, right-of-use assets, intangible assets and investment in associates and joint ventures by geographical area is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Europe	5,492.6	5,128.0
USA & Canada	318.8	325.0
Asia	258.4	265.5
Other	10.7	12.3
Total continuing operations	6,080.5	5,730.8
Discontinued operations (optical retail)	4,344.2	3,976.9
	10,424.7	9,707.7

2. Property, plant and equipment

The amount of property, plant and equipment as per the consolidated financial statements (€ 5,116.5 million) is significantly affected by the consolidation of Vopak and Safilo and in particular the tank storage terminals of Vopak (€ 3,500.8 million at the end of 2020).

The table on the next page provides information on property, plant and equipment excluding the assets of Vopak and Safilo.

Supplemental Information

	Land and buildings	Vessels	Equipment and other	Total
Cost value	936.3	694.4	1,928.4	3,559.1
Cost value - under construction	41.0	-	3.6	44.6
Accumulated depreciation and impairments	(515.5)	(188.4)	(1,382.3)	(2,086.2)
Balance on December 31, 2018	<u>461.8</u>	<u>506.0</u>	<u>549.7</u>	<u>1,517.5</u>
Initial application IFRS 16	-	-	(49.7)	(49.7)
Balance on January 1, 2019	<u>461.8</u>	<u>506.0</u>	<u>500.0</u>	<u>1,467.8</u>
Investments	80.0	48.8	140.0	268.8
Consolidation	100.8	-	172.3	273.1
Disposals	(4.9)	(12.0)	(4.6)	(21.5)
Depreciation and impairments continuing operations	(9.0)	(42.1)	(59.1)	(110.2)
Depreciation and impairments discontinued operations	(30.9)	-	(42.6)	(73.5)
Reclassification	5.3	-	(10.3)	(5.0)
Reclassification to held for sale*	(278.7)	(7.5)	(309.1)	(595.3)
Exchange differences	4.0	6.3	3.4	13.7
Balance on December 31, 2019	<u>328.4</u>	<u>499.5</u>	<u>390.0</u>	<u>1,217.9</u>
Cost value	500.8	714.3	1,045.4	2,260.5
Cost value - under construction	12.6	-	37.8	50.4
Accumulated depreciation and impairments	(185.0)	(214.8)	(693.2)	(1,093.0)
Balance on December 31, 2019	<u>328.4</u>	<u>499.5</u>	<u>390.0</u>	<u>1,217.9</u>
Investments	55.1	38.7	129.2	223.0
Consolidation	41.7	-	11.7	53.4
Disposals	(5.7)	(22.2)	(5.1)	(33.0)
Depreciation and impairments	(12.0)	(35.8)	(77.5)	(125.3)
Reclassification	(1.7)	-	(0.4)	(2.1)
Reclassification to held for sale*	(27.8)	(1.8)	(60.8)	(90.4)
Exchange differences	(15.7)	(24.7)	(14.3)	(54.7)
Balance on December 31, 2020	<u>362.3</u>	<u>453.7</u>	<u>372.8</u>	<u>1,188.8</u>
Cost value	545.5	630.9	1,104.8	2,281.2
Cost value - under construction	15.9	11.5	21.8	49.2
Accumulated depreciation and impairments	(199.1)	(188.7)	(753.8)	(1,141.6)
Balance on December 31, 2020	<u>362.3</u>	<u>453.7</u>	<u>372.8</u>	<u>1,188.8</u>

* Reclassifications to held for sale mainly relate to GrandVision N.V.

3. Intangible assets

The intangible assets are significantly affected by the consolidation of Vopak and Safilo. This section provides information on the intangible assets excluding those of Vopak and Safilo.

Movements for goodwill and other intangibles are as follows:

	Goodwill	Software	Trade- marks	Customer relationships	Other	Total
Cost value	2,206.2	330.4	341.9	345.7	347.3	3,571.5
Accumulated amortization and impairments	(726.1)	(199.7)	(203.2)	(74.4)	(92.3)	(1,295.7)
Balance on January 1, 2019	1,480.1	130.7	138.7	271.3	255.0	2,275.8
Initial application IFRS 16	32.6	-	-	-	(212.9)	(180.3)
Balance on January 1, 2019	1,512.7	130.7	138.7	271.3	42.1	2,095.5
Investments	242.5	65.6	-	1.6	0.9	310.6
Consolidation	-	12.3	125.7	136.4	83.7	358.1
Disposals	-	(0.6)	-	-	(0.1)	(0.7)
Amortization and impairments continuing operations	(12.0)	(15.3)	(9.9)	(17.6)	(3.4)	(58.2)
Amortization and impairments discontinued operations	(50.7)	(19.9)	(6.2)	(10.6)	(4.1)	(91.5)
Reclassification	1.2	8.5	-	33.3	(38.5)	4.5
Reclassification to held for sale*	(1,320.0)	(141.9)	(121.5)	(138.0)	(65.0)	(1,786.4)
Exchange differences and other	10.5	1.1	2.0	6.5	0.1	20.2
Balance on December 31, 2019	384.2	40.5	128.8	282.9	15.7	852.1
Cost value	510.3	122.0	154.5	331.2	44.6	1,162.6
Accumulated amortization and impairments	(126.1)	(81.5)	(25.7)	(48.3)	(28.9)	(310.5)
Balance on December 31, 2019	384.2	40.5	128.8	282.9	15.7	852.1
Investments	59.2	56.2	-	0.1	9.8	125.3
Consolidation	-	9.8	22.1	2.4	19.4	53.7
Purchase price accounting adjustments	2.7	-	-	-	-	2.7
Disposals	-	(0.3)	-	-	-	(0.3)
Amortization and impairments	(30.5)	(13.9)	(11.3)	(35.1)	(4.4)	(95.2)
Reclassification	0.1	0.8	-	0.7	(0.1)	1.5
Reclassification to held for sale*	12.4	(42.8)	2.6	2.1	(1.4)	(27.1)
Exchange differences and other	(33.3)	(3.8)	(10.6)	(10.8)	(1.0)	(59.5)
Balance on December 31, 2020	394.8	46.5	131.6	242.3	38.0	853.2
Cost value	539.1	140.3	164.2	322.6	72.3	1,238.5
Accumulated amortization and impairments	(144.3)	(93.8)	(32.6)	(80.3)	(34.3)	(385.3)
Balance on December 31, 2020	394.8	46.5	131.6	242.3	38.0	853.2

* Reclassifications to held for sale mainly relate to GrandVision N.V.

4. Acquisition, divestment and deconsolidation of subsidiaries

Below a summary is included of the acquisitions during 2020, excluding the acquisitions made by Vopak and Safilo.

	DOS	Van Wijnen	Other	Total
Cash paid	49.2	126.9	16.7	192.8
Fair value of net assets acquired	(19.8)	(102.6)	(11.8)	(134.2)
Goodwill	29.4	24.3	5.5	59.2
Badwill (in consolidated statement of income)	-	-	(0.6)	(0.6)

The reconciliation to the cash flow statement is as follows:

	Total
Cash paid for the above acquisitions	192.8
Cash acquired in the above acquisitions	(3.8)
Cash outflow due to acquisition of subsidiaries, net of cash acquired	189.0
Acquisition of associates and joint arrangements	105.3
Cash outflow due to acquisition of associates, joint arrangements and subsidiaries, net of cash acquired	294.3

The acquisition of associates and joint arrangements are further detailed in note 5.

In 2020 the Company divested its controlling interest in Flight Simulation Company (€ 69.1 million) and its shareholding in the associate Molgas (€ 46.0 million) and proportionately sold shares in the share buyback program of Vopak (€ 48.1 million). The total cash flow from divestitures amounted to € 171.8 million.

5. Investments in associates and joint arrangements

The amount of investments in associates and joint arrangements in the consolidated financial statements is significantly affected by the consolidation of Vopak. Vopak has a significant amount of associates and joint arrangements on its balance sheet (€ 1,319.4 million at the end of 2020). This section provides information about the investments in associates and joint arrangements excluding the investments in associates and joint arrangements of Vopak and Safilo.

The movement of investments accounted for using the equity method is as follows:

	Associates	Joint ventures	Total
Share of net assets	2,673.3	110.2	2,783.5
Goodwill	305.5	-	305.5
Initial application IFRS 16	(41.0)	-	(41.0)
Balance on January 1, 2019	<u>2,937.8</u>	<u>110.2</u>	<u>3,048.0</u>
Investments	104.1	24.0	128.1
Disposals	(13.0)	(0.5)	(13.5)
Share of results - real estate	-	(4.6)	(4.6)
Share of results - discontinued operations	-	(0.7)	(0.7)
Share of results - other	254.9	(4.0)	250.9
Share of other comprehensive income	3.2	-	3.2
Dividends	(98.6)	(24.3)	(122.9)
Impairments	(15.6)	-	(15.6)
Reclassification to held for sale	(0.3)	(0.8)	(1.1)
Exchange differences and other	5.1	2.3	7.4
Balance on December 31, 2019	<u>3,177.6</u>	<u>101.6</u>	<u>3,279.2</u>
Share of net assets	2,867.3	101.6	2,968.9
Goodwill	310.3	-	310.3
Balance on December 31, 2019	<u>3,177.6</u>	<u>101.6</u>	<u>3,279.2</u>
Investments	27.6	77.7	105.3
Consolidation	1.3	12.2	13.5
Disposals	(55.0)	(1.7)	(56.7)
Share of results - real estate	-	(1.2)	(1.2)
Share of results - discontinued operations	-	(1.0)	(1.0)
Share of results - other	112.7	0.5	113.2
Share of other comprehensive income	(159.5)	(0.1)	(159.6)
Dividends	(106.4)	(4.0)	(110.4)
Reclassification from other financial assets	578.5	(0.1)	578.4
Reclassification to held for sale	(17.8)	0.1	(17.7)
Exchange differences	0.0	(15.1)	(15.1)
Other	(51.9)	-	(51.9)
Balance on December 31, 2020	<u>3,507.1</u>	<u>168.9</u>	<u>3,676.0</u>
Share of net assets	3,187.5	168.9	3,356.4
Goodwill	319.6	-	319.6
Balance on December 31, 2020	<u>3,507.1</u>	<u>168.9</u>	<u>3,676.0</u>

The 2020 additions in joint ventures primarily relate to the real estate joint ventures in Seattle (United States of America). The amount invested in real estate joint ventures in the United States as of December 31, 2020, amounted to € 151.7 million.

The 2020 share of results from associates is substantially impacted by extraordinary charges at Boskalis. As a consequence of the global impact of the COVID-19 pandemic and strong decline in the oil price, a critical review of the business including assets and activities was conducted by Boskalis. This review has resulted in € 195 million of exceptional charges (€ 187 million post tax). These charges are virtually all non-cash of which € 184 million are impairments largely related to two joint ventures, a limited number of vessels and intangible assets (brand recognition). The share of the Company in these charges is € 81.3 million. The 2019 result was impacted by extraordinary gains at Vopak of € 213.2 million, net of tax. This mainly consisted of divestment gains of terminals in Amsterdam, Hamburg, Tallinn and Hainan. The share of the Company in these gains was € 102.7 million.

The 2020 reclassification into associates primarily relates to the reclassification of the shareholding in SBM Offshore N.V. from other financial assets, subsequent to the acquisition of additional shares in the open market (total 2020: € 125 million) through which the Company obtained significant influence. As at December 31, 2020, the Company holds a 21.91% interest in SBM Offshore. As part of the purchase price allocation procedures an amount of € 37.5 million was recognized as goodwill, which is part of the carrying value of the associate. Due to the reclassification of SBM Offshore from other financial assets (held at fair value through other comprehensive income) to investments in associates, a related revaluation reserve of € 113.2 million was released to retained earnings.

In the first half year of 2020, Safilo completed the acquisitions of Blenders and Privé Revaux. Reciprocal put and call options, which can be exercised in 2023, 2024 and 2025, were concluded with respect to the non-controlling interest of these companies and liabilities were recognized in respect of these options in the books of Safilo for the amount of € 103.8 million, as a reduction to equity (HAL share € 51.1 million, included in line “other”).

In 2020, Vopak completed a € 100 million share buy-back program. In connection with the share buy-back program, the Company proportionally sold part of its current shareholding in Vopak to maintain its interest at the level as of December 31, 2019. These transactions were performed at the same average price per share as the open market trades of Vopak.

The amounts recognized in the consolidated statement of financial position consist of:

	Dec. 31, 2020	Dec. 31, 2019
Publicly traded	3,199.6	2,864.6
Other	476.4	414.6
	<u>3,676.0</u>	<u>3,279.2</u>

The difference between the market value of the Company’s share in its publicly traded associates and the book value is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Market value	4,692.6	4,470.8
Book value	(3,199.6)	(2,864.6)
	<u>1,493.0</u>	<u>1,606.2</u>

6. Other financial assets

The table below provides information on other financial assets, excluding the assets of Vopak and Safilo.

	Dec. 31, 2020	Dec. 31, 2019
Other financial assets		
Investments in quoted equity securities	-	553.0
Loans to associates and joint ventures	129.7	20.8
Other loans	34.9	23.6
Other	23.0	12.4
	<u>187.6</u>	<u>609.8</u>

The increase in loans to associates and joint ventures primarily relates primarily to a € 90 million loan to Safilo to finance the acquisitions of Blenders and Privé Revaux (refer to note 4). The termination date of the loan is December 31, 2023. The loan bears interest at 6% during the first twelve months after utilization and 9% thereafter. The category “other” includes non-current deposits and receivables.

The maturity of other financial assets can be split as shown below.

	Dec. 31, 2020	Dec. 31, 2019
Non-current	167.6	598.7
Current	20.0	11.1
	<u>187.6</u>	<u>609.8</u>

Investments in quoted securities include:

	Dec. 31, 2020	Dec. 31, 2019
Equity interest in SBM Offshore N.V.	-	553.0
	<u>-</u>	<u>553.0</u>

Subsequent to the acquisition of additional shares in SBM Offshore N.V. in the open market through which the Company obtained significant influence, the investment was reclassified to investments in associates. Due to the reclassification of SBM Offshore N.V., a related revaluation reserve of € 113.2 million was released to retained earnings.

Amounts included in the cash flow statement comprise:

	2020	2019
Purchase of shares in SBM Offshore N.V.	(112.2)	(6.7)
Loans provided to associates	(105.1)	(20.0)
Repayment of loans to associates	10.8	-
Other	(19.0)	0.5
Changes in other financial assets in cash flow statement	<u>(225.5)</u>	<u>(26.2)</u>

7. Receivables

The amount of receivables in the consolidated financial statements (€ 836.6 million at the end of 2020) is significantly affected by the consolidation of Vopak and Safilo.

This section provides information on the receivables, excluding those of Vopak and Safilo.

	Dec. 31, 2020	Dec. 31, 2019
Trade receivables	615.0	611.5
Allowance for doubtful accounts	(48.9)	(50.9)
	<u>566.1</u>	<u>560.6</u>

The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Up to 3 months	107.4	106.2
Between 3 and 6 months	7.5	6.8
Between 6 and 9 months	3.2	4.6
Over 9 months	65.7	47.1
	<u>183.8</u>	<u>164.7</u>

8. Inventories

The amount of inventories in the consolidated financial statements (€ 716.9 million at the end of 2020) is significantly affected by the consolidation of Vopak and Safilo. This section provides information on the inventories, excluding those of Vopak and Safilo.

The composition of the inventories is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Raw materials	118.3	133.5
Work in progress	49.7	53.4
Finished goods	283.9	276.5
Project development (including land and building rights)	102.9	-
Stock in transit	10.5	11.8
Provision on inventory	(45.7)	(46.7)
	<u>519.6</u>	<u>428.5</u>

9. Deferred taxes

The movement in deferred tax assets and liabilities during the period are set out on the following page.

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	Carry- forward losses	PP&E	Leases	Intangibles	Inventories	Other	Offset	Total
Assets	64.5	10.1	-	6.6	7.1	53.4	(77.8)	63.9
Liabilities	-	(60.9)	-	(169.6)	(9.4)	(19.7)	77.8	(181.8)
Net book value on January 1, 2019	<u>64.5</u>	<u>(50.8)</u>	<u>-</u>	<u>(163.0)</u>	<u>(2.3)</u>	<u>33.7</u>	<u>-</u>	<u>(117.9)</u>
Initial application of IFRS 16 (equity impact)	-	-	32.9	-	-	-	-	32.9
Credited/(charged) to net income - continued operations	(0.2)	(5.9)	0.1	8.7	4.3	(2.9)	-	4.1
Credited/(charged) to net income - discontinued operations	10.5	1.7	(2.0)	12.3	0.3	(1.6)	-	21.2
Credited/(charged) to OCI	-	-	-	-	-	9.8	-	9.8
Acquisitions and purchase price accounting adjustments	8.0	(18.9)	-	(81.4)	(0.7)	3.8	-	(89.2)
Other movements	-	-	-	0.1	-	1.6	-	1.7
Reclassifications to held for sale	(58.7)	1.8	(11.8)	100.6	(4.9)	(45.7)	-	(18.7)
Reclassifications	0.3	-	(19.0)	18.6	0.6	(0.5)	-	-
Exchange differences	0.4	(0.8)	(0.1)	(1.5)	0.1	0.4	-	(1.5)
Net book value on December 31, 2019	<u>24.8</u>	<u>(72.9)</u>	<u>0.1</u>	<u>(105.6)</u>	<u>(2.6)</u>	<u>(1.4)</u>	<u>-</u>	<u>(157.6)</u>
Assets	24.8	0.1	40.8	1.2	6.4	17.0	(66.3)	24.0
Liabilities	-	(73.0)	(40.7)	(106.8)	(9.0)	(18.4)	66.3	(181.6)
Net book value on January 1, 2020	<u>24.8</u>	<u>(72.9)</u>	<u>0.1</u>	<u>(105.6)</u>	<u>(2.6)</u>	<u>(1.4)</u>	<u>-</u>	<u>(157.6)</u>
Credited/(charged) to net income - continued operations	0.2	22.1	0.4	2.8	(2.9)	4.9	-	27.5
Credited/(charged) to net income - discontinued operations	(13.8)	1.4	(1.8)	14.3	0.9	3.3	-	4.3
Credited/(charged) to OCI	-	-	-	-	-	1.5	-	1.5
Acquisitions and purchase price accounting adjustments	-	(5.3)	-	(8.2)	(0.6)	(0.7)	-	(14.8)
Reclassifications to held for sale	14.5	(1.3)	2.2	(18.0)	(0.5)	(2.4)	-	(5.5)
Reclassifications	(0.1)	(0.3)	(0.9)	3.0	0.1	(1.8)	-	-
Exchange differences	(2.6)	2.9	(1.1)	5.9	(0.4)	(0.9)	-	3.8
Net book value on December 31, 2020	<u>23.0</u>	<u>(53.4)</u>	<u>(1.1)</u>	<u>(105.8)</u>	<u>(6.0)</u>	<u>2.5</u>	<u>-</u>	<u>(140.8)</u>
Assets	23.0	5.8	37.0	1.1	5.6	24.5	(76.0)	21.0
Liabilities	-	(59.2)	(38.1)	(106.9)	(11.6)	(22.0)	76.0	(161.8)
Net book value on December 31, 2020	<u>23.0</u>	<u>(53.4)</u>	<u>(1.1)</u>	<u>(105.8)</u>	<u>(6.0)</u>	<u>2.5</u>	<u>-</u>	<u>(140.8)</u>

Unused tax losses, excluding those of Vopak and Safilo, for which deferred tax assets have not been recognized are as follows:

Expiration	2020	2019
2020	-	15.1
2021	17.7	21.3
2022	1.3	23.9
2023	4.9	14.4
2024	6.4	23.5
2025 and further years	106.1	88.8
No expiration date	346.1	293.8
Total continuing operations	482.5	480.8
Discontinued operations	255.0	334.1
	737.5	814.9
Amounts including Vopak and Safilo	1,116.8	1,164.9

10. Pension benefits

The pension obligations are significantly affected by the consolidation of Vopak. The present value of the funded obligations and the fair value of the plan assets as per the consolidated financial statements are € 463.6 million, respectively € 467.9 million whereas excluding Vopak these amounts are significantly lower. This section therefore provides additional information on the pension obligations, excluding those of Vopak and Safilo.

The amounts recognized on the pro forma statement of financial position comprise:

	Dec. 31, 2020	Dec. 31, 2019
Pension benefit assets	41.2	40.5
Pension benefit liabilities	(58.3)	(55.2)
	(17.1)	(14.7)

The net pension benefits consist of:

	Dec. 31, 2020	Dec. 31, 2019
Present value of funded obligations	(298.2)	(292.4)
Fair value of plan assets	350.7	340.4
Impact from asset ceiling	(22.1)	(14.2)
Surplus/(deficit) of funded obligations	30.4	33.8
Present value of unfunded obligations	(47.5)	(48.5)
Net asset/(liability) in the statement of financial position	(17.1)	(14.7)

The movement in the net liability is as follows:

	2020	2019
Balance on January 1	(14.7)	(61.8)
Pension charge defined benefit plans continuing operations	(3.5)	(2.3)
Pension charge defined benefit plans discontinued operations	(10.0)	(6.4)
Consolidation	(3.4)	(29.3)
Contributions	5.7	7.7
Remeasurement effects	(10.4)	(32.1)
Benefits paid for unfunded plans	3.5	3.7
Plan amendments, settlements and curtailments	-	(27.1)
Reclassification to held for sale*	14.4	136.1
Exchange differences and other	1.3	(3.2)
Balance on December 31	(17.1)	(14.7)

* The reclassification to held for sale mainly relates to GrandVision N.V.

The 2019 increase of € 29.3 million included in the line consolidation relates to the acquisition of Formica by Broadview Holding B.V. and acquisitions made by GrandVision N.V. (subsequently reclassified to held for sale). The 2019 plan amendments relate to the liquidation of a pension plan which did not have any participants. The net assets of the fund of € 27.1 million were transferred to the Company and did not result in any gain or loss on settlement.

The amounts recognized in the pro forma consolidated statement of income are as follows:

	2020	2019
Current service costs	3.2	2.2
Interest expense/(income)	-	(0.1)
Administrative costs	0.3	0.2
Total defined benefit costs	3.5	2.3
Other costs	29.5	23.5
Pension charges related to continuing operations	33.0	25.8
Pension charges related to discontinued operations	31.6	28.1
	64.6	53.9

Other costs mainly relate to defined contribution plans and multi-employer pension plans classified as defined contribution plans.

The principal, weighted-average assumptions used were:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate/return on assets	1.25%	1.69%
Future inflation rate	1.96%	2.20%
Future salary increases	1.14%	3.07%

The latest available mortality tables were used.

The discount rates used in the determination of defined benefit obligations and pension charges are based on high quality corporate bonds (AA-rated) with a duration matching the duration of the pension liabilities.

As of December 31, 2020, the plan assets consist of:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	92.9	51.0	-	143.9	41.0%
Debt instruments	9.7	145.8	0.1	155.6	44.4%
Cash and cash equivalents	24.4	-	-	24.4	7.0%
Other	4.3	-	22.5	26.8	7.6%
	131.3	196.8	22.6	350.7	100.0%

As of December 31, 2019, the plan assets consisted of:

	Level 1	Level 2	Level 3	Total	Total (%)
Equity instruments	93.9	46.0	-	139.9	41.2%
Debt instruments	24.5	140.6	0.1	165.2	48.5%
Cash and cash equivalents	22.2	-	-	22.2	6.5%
Other	13.0	-	0.1	13.1	3.8%
	153.6	186.6	0.2	340.4	100.0%

The sensitivity of the defined benefit obligation to changes in the principal, weighted-average assumptions is as follows:

	Impact on obligation		
	Change	Increase	Decrease
Discount rate/return on assets	1.00%	(52.9)	69.7
Future inflation rate	1.00%	50.2	(41.2)
Future salary increases	0.25%	1.8	(1.8)
Life expectancy	1 year	14.9	N/A

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The majority of the plans' obligations are to provide benefits for the lifetime of the members, so increases in life expectancy will result in an increase in the plans' liabilities.

11. Provisions

The provisions (current and non-current) as per the consolidated financial statements amount to € 163.3 million. This amount is significantly affected by the consolidation of Vopak and Safilo.

This section provides information on provisions excluding the amounts relating to Vopak and Safilo.

The composition and movement of the provisions is as follows:

	Environmental	Employee related	Onerous contracts	Other	Total
Balance on January 1, 2019	2.8	17.3	0.4	32.3	52.8
Addition	0.1	37.0	-	6.4	43.5
Consolidation	2.9	12.0	-	1.0	15.9
Utilization	(0.6)	(40.0)	(0.1)	(6.8)	(47.5)
Released	(0.1)	(1.3)	-	(2.3)	(3.7)
Net addition/(utilization) related to discontinued operations	-	7.5	-	7.2	14.7
Reclassification to held for sale	-	(14.1)	-	(28.1)	(42.2)
Exchange differences	-	(0.4)	-	-	(0.4)
Reclassifications and other movements	0.1	(1.6)	(0.1)	1.2	(0.4)
Balance on December 31, 2019	5.2	16.4	0.2	10.9	32.7
Current	3.1	9.3	0.1	7.7	20.2
Non-current	2.1	7.1	0.1	3.2	12.5
	5.2	16.4	0.2	10.9	32.7
Addition	0.3	1.0	0.2	12.4	13.9
Consolidation	1.7	2.4	38.9	15.8	58.8
Utilization	(0.6)	(1.0)	(0.1)	(12.7)	(14.4)
Released	-	(0.3)	(17.9)	(1.7)	(19.9)
Net addition/(utilization) related to discontinued operations	-	9.6	-	(0.2)	9.4
Reclassification to held for sale	-	(8.9)	-	4.5	(4.4)
Exchange differences	(0.2)	(0.1)	-	(0.2)	(0.5)
Reclassifications and other movements	(1.5)	(7.9)	0.3	(0.5)	(9.6)
Balance on December 31, 2020	4.9	11.2	21.6	28.3	66.0
Current	2.7	1.7	0.5	9.5	14.4
Non-current	2.2	9.5	21.1	18.8	51.6
	4.9	11.2	21.6	28.3	66.0

12. Debt and other financial liabilities

The amount of debt and other financial liabilities in the consolidated financial statements (€ 3,207.4 million) is significantly affected by the consolidation of Vopak and Safilo. The amount excluding Vopak and Safilo is significantly lower as set out below.

Debt and other financial liabilities excluding Vopak and Safilo consists of:

	Dec. 31, 2020	Dec. 31, 2019
Debt	932.3	807.2
Other financial liabilities	53.0	70.4
	<u>985.3</u>	<u>877.6</u>
	Dec. 31, 2020	Dec. 31, 2019
Non-current debt and other financial liabilities		
Mortgage loans	241.1	310.8
Private placements	247.8	233.5
Other loans	53.9	47.6
Total non-current debt	542.8	591.9
Non-current other financial liabilities	29.4	48.9
Total non-current debt and other financial liabilities	572.2	640.8
Current debt and other financial liabilities		
Bank overdrafts	264.1	25.6
Current portion of long-term debt	124.7	188.6
Other loans	0.7	1.1
Total current debt	389.5	215.3
Current other financial liabilities	23.6	21.5
Total current debt and other financial liabilities	413.1	236.8
Total debt and other financial liabilities	<u>985.3</u>	<u>877.6</u>

The summary of debt per currency is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Euro	709.0	549.0
U.S. dollar	218.1	251.6
Other currencies	5.2	6.6
	<u>932.3</u>	<u>807.2</u>

13. Accrued expenses

Accrued expenses in the consolidated financial statements amount to € 571.8 million at the end of 2020, which is significantly influenced by the consolidation of Vopak and Safilo. The accrued expenses excluding the amounts related to Vopak and Safilo consist of:

	Dec. 31, 2020	Dec. 31, 2019
Employee-related accruals	112.4	100.4
VAT and other tax liabilities	58.6	47.6
Other	154.8	108.8
Total accrued expenses	<u>325.8</u>	<u>256.8</u>

14. Revenues

Revenues included in the consolidated financial statements amount to € 5.3 billion of which € 1.9 billion is related to Vopak and Safilo.

The 2020 revenues excluding those of Vopak and Safilo can be disaggregated as follows:

2020	Europe	USA & Canada	Asia	Other	Total
Revenue from contracts with customers					
Sale of goods	2,026.4	276.6	184.9	29.6	2,517.5
Construction/development activities	415.9	-	-	-	415.9
Services	416.1	11.7	11.7	6.3	445.8
	<u>2,858.4</u>	<u>288.3</u>	<u>196.6</u>	<u>35.9</u>	<u>3,379.2</u>
Revenue from other sources	8.0	0.2	-	-	8.2
Total revenue from continuing operations	<u>2,866.4</u>	<u>288.5</u>	<u>196.6</u>	<u>35.9</u>	<u>3,387.4</u>
Revenue from discontinued operations	3,239.5	61.9	-	179.6	3,481.0
Total revenue	<u>6,105.9</u>	<u>350.4</u>	<u>196.6</u>	<u>215.5</u>	<u>6,868.4</u>

The 2019 revenues excluding those of Vopak and Safilo can be disaggregated as follows:

2019	Europe	USA & Canada	Asia	Other	Total
Revenue from contracts with customers					
Sale of goods	2,016.1	207.1	162.3	37.5	2,423.0
Construction/development activities	-	-	-	-	-
Services	497.9	15.9	11.9	14.2	539.9
	<u>2,514.0</u>	<u>223.0</u>	<u>174.2</u>	<u>51.7</u>	<u>2,962.9</u>
Revenue from other sources	2.2	0.2	-	0.1	2.5
Total revenue from continuing operations	<u>2,516.2</u>	<u>223.2</u>	<u>174.2</u>	<u>51.8</u>	<u>2,965.4</u>
Revenue from discontinued operations	3,679.7	80.7	5.2	273.7	4,039.3
Total revenue	<u>6,195.9</u>	<u>303.9</u>	<u>179.4</u>	<u>325.5</u>	<u>7,004.7</u>

15. Share of results from associates and joint ventures

Results from associates and joint ventures as per the consolidated financial statements is affected by the inclusion of the results of the joint ventures of Vopak.

The table below provides information on the share of results from associates and joint ventures excluding those of Vopak.

	2020	2019
Share of results*	113.2	250.9
Impairments	-	(15.6)
Continuing operations	113.2	235.3
Discontinued operations	(1.0)	(0.7)
	<u>112.2</u>	<u>234.6</u>

* Share of results from real estate joint ventures of € (1.2) million (2019: € (4.6) million) is presented under income from real estate activities in the consolidated statement of income

16. Employee expenses

The table below provides information on the employee expenses excluding the employee expenses of Vopak and Safilo.

	2020	2019
Wages and salaries	616.4	543.2
Social security costs	91.6	86.2
Pension costs	33.0	25.8
Other	95.1	80.2
Continuing operations	836.1	735.4
Discontinued operations	1,260.1	1,398.4
Total	2,096.2	2,133.8

The average number of persons employed by the Company and its subsidiaries, excluding Vopak and Safilo, during 2020 was 47,430 (2019: 47,689) on a full-time equivalent basis. Of these persons, 33,542 (2019: 34,143) were employed at a discontinued operation.

Reference is made to note 10 for details of the pension costs.

17. Other operating expenses

The table below provides information on the other operating expenses excluding the other operating expenses of Vopak and Safilo.

	2020	2019
Marketing and publicity	52.8	42.3
Staffing expenses Atlas Professionals	137.7	177.9
Information and communication technology	47.8	34.9
Housing	24.1	22.1
Royalty expenses	-	-
Other	265.9	249.3
Continuing operations	528.3	526.5
Discontinued operations	560.0	654.4
Total	1,088.3	1,180.9

Research and development costs expensed, excluding Vopak and Safilo, during 2020 was € 12.8 million (2019: € 12.7 million).

18. Income tax expense

Income taxes in the consolidated financial statements, and in particular the analysis of the effective tax rate, are significantly affected by the consolidation of Vopak and Safilo.

The tax charge excluding the consolidation of Vopak and Safilo can be detailed as follows:

	2020	2019
Current income taxes	37.6	40.5
Deferred income taxes	(27.5)	(4.1)
Income tax from continuing operations	10.1	36.4
Income tax from discontinued operations	54.0	79.2
	64.1	115.6

The table below provides an analysis of the effective tax rate excluding the consolidation of Vopak and Safilo.

	2020	2019
Profit before income tax from continuing operations	199.9	380.7
Less: after-tax share of results from associates and joint ventures	(113.2)	(235.3)
Less: non-taxable other income (sale of subsidiaries and associates)	(86.0)	(40.3)
Adjusted profit before income tax	0.7	105.1
Income tax expense	10.1	36.4

Due to the low adjusted profit before income tax the effective tax rate and the reconciliation with the statutory tax rate provide no meaningful information.

19. Cash flows from operating activities

The cash flows from operating activities can be detailed as follows:

		2020	2019
Profit before taxes from continuing operations		199.9	380.7
Profit before taxes from discontinued operations		696.9	540.0
Depreciation and impairments		126.6	184.2
Depreciation and impairments right-of-use assets		72.9	259.3
Amortization and impairments	3	95.2	149.7
Badwill recognized on acquisitions		(0.6)	(7.3)
(Profit)/loss on sale of property, plant and equipment and investment properties		(0.3)	1.7
(Profit)/loss of other financial assets and marketable securities		28.9	(5.5)
Results from associates and joint ventures, net of impairments	15	(111.0)	(230.0)
(Profit)/loss on assets and liabilities held for sale		(86.0)	(40.7)
Net financial expense		97.4	82.0
Other movements in provisions and pension benefits		(9.0)	16.2
Dividend from associates and joint ventures	5	110.4	122.9
Changes in working capital		226.7	81.0
Cash generated from operating activities		1,448.0	1,534.2

20. Share-based compensation

The amount of expenses and liabilities related to share-based compensation in the consolidated financial statements (€ 21.2 million and € 53.1 million, respectively) is also affected by the consolidation of Vopak and Safilo. The amounts excluding Vopak and Safilo are set out below.

Expenses related to share-based compensation consist of:

	2020	2019
<i>HAL Holding N.V.</i>		
Share Plan*	0.6	1.5
<i>Unquoted subsidiaries</i>		
Cash Plans**	11.9	1.3
Total from continuing operations	12.5	2.8
Discontinued operations	5.7	5.0
	<u>18.2</u>	<u>7.8</u>

* Equity-settled

** Cash-settled

Increases in equity for share-based compensation plans amounted to:

	2020	2019
<i>HAL Holding N.V.</i>		
Share Plan	0.6	1.5
Total from continuing operations	0.6	1.5
Discontinued operations	5.9	5.6
	<u>6.5</u>	<u>7.1</u>

Liabilities recognized in relation to cash-settled share-based compensation are comprised of:

	Dec. 31, 2020	Dec. 31, 2019
<i>Unquoted subsidiaries</i>		
Cash Plans	50.5	67.6
	<u>50.5</u>	<u>67.6</u>

The current part of this liability of € 23.6 million (2019: € 21.4) is included under current debt and the non-current part of € 26.9 million (2019: € 22.0 million) under non-current debt.

21. Financial risk management

The financial risk management of the Company is set out in note 41 to the consolidated financial statements. In this note it is set out that the financial risks of Vopak, Safilo and the companies belonging to the optical retail and unquoted segment are not managed by the Company but by these entities.

As the financial risks of Vopak and Safilo are, in aggregate, substantial, the tables below provide quantitative information with respect to the financial risks of the Company excluding the amounts relating to Vopak, Safilo and discontinued operations (GrandVision).

Credit risk

The maximum exposure to credit risk can be specified by segment as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	1,403.0	949.3
Quoted minority interests	93.5	-
Real estate	18.6	3.1
Liquid portfolio	748.4	1,223.9
	<u>2,263.5</u>	<u>2,176.3</u>

These financial assets can be further specified as follows:

	Dec. 31, 2020	Dec. 31, 2019
Loans	164.6	44.4
Trade receivables	566.1	560.6
Contract assets	79.3	-
Marketable securities and deposits	55.1	71.0
Derivative financial instruments	0.8	0.7
Other financial assets	23.0	12.4
Other current assets	104.9	87.3
Cash and cash equivalents	1,269.7	1,399.9
	<u>2,263.5</u>	<u>2,176.3</u>

At the end of 2020, cash and cash equivalents can be specified by segment as follows:

	Dec. 31, 2020	Dec. 31, 2019
Unquoted	575.2	246.5
Real estate	1.2	0.4
Liquid portfolio	693.3	1,153.0
	<u>1,269.7</u>	<u>1,399.9</u>

Liquidity risk

The following tables categorize the undiscounted cash flows of non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting periods to the contractual maturity date, excluding the amounts relating to Vopak, Safilo and discontinued operations. The financial guarantee contracts are contingent liabilities.

	December 31, 2020			
	< 1 year	1-2 years	3-5 years	> 5 years
<i>Non-derivative liabilities</i>				
Redemption of debt	389.5	75.3	336.0	131.5
Redemption of other financial liabilities	23.6	21.0	7.6	0.8
Interest payments	15.4	12.5	24.8	9.6
Payments on lease liabilities	72.1	106.2	68.1	77.5
Accounts payable	529.5	-	-	-
Financial guarantee contracts	83.6	13.4	6.5	0.5
Total undiscounted non-derivative financial liabilities	1,113.7	228.4	443.0	219.9
<i>Derivative liabilities</i>				
Net-settled derivative liabilities	0.2	-	2.0	8.0
Total undiscounted derivative liabilities	0.2	-	2.0	8.0
Total undiscounted financial liabilities	1,113.9	228.4	445.0	227.9
<hr/>				
	December 31, 2019			
	< 1 year	1-2 years	3-5 years	> 5 years
<i>Non-derivative liabilities</i>				
Redemption of debt	215.3	103.5	336.7	151.7
Redemption of other financial liabilities	21.5	5.6	43.3	-
Interest payments	20.4	16.7	32.8	12.7
Payments on lease liabilities	74.8	121.3	80.2	100.8
Accounts payable	419.1	-	-	-
Financial guarantee contracts	17.0	0.8	0.7	0.9
Total undiscounted non-derivative financial liabilities	768.1	247.9	493.7	266.1
<i>Derivative liabilities</i>				
Gross-settled derivative liabilities outflow	10.2	-	-	-
Gross-settled derivative liabilities inflow	(10.2)	-	-	-
Total gross-settled derivative liabilities	-	-	-	-
Net-settled derivative liabilities	0.6	0.1	0.1	6.5
Total undiscounted derivative liabilities	0.6	0.1	0.1	6.5
Total undiscounted financial liabilities	768.7	248.0	493.8	272.6

The total debt, excluding the debt of Vopak, Safilo and discontinued operations, as of December 31, 2020, amounted to € 932.3 million (2019: € 807.2 million). For 100% of the bank debt, the applicable covenants were complied with during 2019 and 2020. At the end of 2020, unused committed credit facilities were available to an amount of € 539.6 million (2019: € 419.5 million). These exclude the facilities of Vopak, Safilo and discontinued operations.

Market risk - currency risk

The table below shows the net assets per currency (taking into account debt and hedging instruments denominated in foreign currency), excluding the exposures of Vopak, Safilo and discontinued operations.

	Dec. 31, 2020	Dec. 31, 2019
U.S. dollar	454.3	459.5
Chinese yuan renminbi	105.9	120.2
Canadian dollar	89.8	124.3
U.K. pound sterling	82.1	58.2
Hong-Kong dollar	70.6	81.3
Taiwan dollar	40.2	40.9
Thai baht	39.1	39.5
Norwegian krone	16.0	23.1
Turkish lira	10.5	14.7
Other	55.9	62.1
Total continuing operations	964.4	1,023.8

An average change in value of these currencies by 10% would have a pre-tax effect on the pro forma consolidated equity of € 96.4 million. The comparative amounts in the table above have been adjusted to reflect the finalized purchase price allocation for the Formica Group.

The market value of the currency derivative financial instruments at December 31, 2020, per the consolidated financial statements is a net liability of € 11.1 million on a notional amount of € 1,611.0 million (2019: net asset € 9.2 million, notional amount € 1,679.9 million). These amounts are primarily comprised of derivatives of Vopak. The amount excluding Vopak and Safilo and discontinued operations is a net asset of € 0.8 million on a notional amount of € 65.3 million (2019: net asset € 0.6 million, notional amount € 92.2 million).

Market risk - interest rate risk

As of December 31, 2020, taking into account interest rate swaps, 32% of the total debt, excluding the bank debt of Vopak, Safilo and discontinued operations, of € 932.3 million (2019: 42% of € 807.2 million) was at fixed rates for an average period of 4.7 years (2019: 4.5 years). The weighted-average interest rate was 2.3% (2019: 2.5%).

22. Capital risk management

The table below summarizes the capital structure excluding the impact from the consolidation of Vopak and Safilo.

	Dec. 31, 2020	Dec. 31, 2019
Equity	7,957.3	7,960.3
Non-current debt	542.8	591.9
Current debt	389.5	215.3
Cash and cash equivalents	(1,269.7)	(1,399.9)
Total capital employed	7,619.9	7,367.6

The net asset value based on the market value of the ownership interests in quoted companies and the liquid portfolio and on the book value of the unquoted companies amounted to € 12,791

million on December 31, 2020 (2019: € 13,694 million). The net asset value consists of the sum of the shareholders' equity attributable to the owners of the parent (€ 7,957 million) and the difference between the market value of the ownership interests in quoted companies and their book value (as disclosed on pages 127 and 128), calculated based on equity accounting and excluding the difference due to purchase price accounting adjustments (€ 4,834 million).

23. Capital and financial commitments

Capital commitments

The capital commitments in respect of property, plant and equipment under construction, excluding those of Vopak and Safilo, amounted to € 94.6 million (2019: € 65.9 million).

Financial Statements (unconsolidated) HAL Trust

Unconsolidated Statement of Financial Position HAL Trust *(in millions of euro)*

<i>As of December 31</i>	2020	2019
Assets		
Shareholding in HAL Holding N.V.	69.3	69.3
Trust Property	69.3	69.3

Unconsolidated Statement of Comprehensive Income HAL Trust *(in millions of euro)*

<i>For the year ended December 31</i>	2020	2019
Dividend received from HAL Holding N.V.	484.0	433.3
Net Income	484.0	433.3

Unconsolidated Statement of Changes in Trust Property *(in millions of euro)*

Balance on January 1, 2020	69.3
Dividend received from HAL Holding N.V. (in cash and in shares)	484.0
Distributed to Unit Holders (in cash and in shares)	(484.0)
Balance on December 31, 2020	69.3

Unconsolidated Statement of Cash Flows HAL Trust *(in millions of euro)*

<i>For the year ended December 31</i>	2020	2019
Dividend received from HAL Holding N.V.	(241.9)	(216.5)
Distributed to Unit Holders	241.9	216.5
Net change	-	-

Notes to the unconsolidated financial statements *(in millions of euro)*

The shares in HAL Holding N.V. are accounted for at historical cost. As of December 31, 2020, HAL Trust owned 85,385,067 shares of HAL Holding N.V. (2019: 83,448,898)

Distribution of Dividends

It is proposed to the Shareholders' Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favor of the proposals to approve the Financial Statements for 2020 and to pay a dividend of € 4.70 per Share outstanding of which € 2.35 per Share shall be payable in Shares in the share capital of HAL Holding N.V. and € 2.35 per Share in cash.

It is proposed to direct the Trustee:

- to issue by way of stock dividend distribution to each HAL Trust Shareholder: such number of Shares as shall be based on the Conversion ratio, the number of Shares held by such HAL Trust Shareholder and the dividend per HAL Trust Share of € 2.35 payable in shares (refer to the explanatory notes to the agenda items 2(d) and 4 of the Notice to Trust Shareholders);
- to pay a cash dividend of € 2.35 per HAL Trust Share;
- and
- to convey to HAL Holding N.V. for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio.

Shareholders holding their shares through Euroclear Nederland will be paid via affiliated banks and security brokers. To the other Shareholders payment of the dividend due is made directly, in accordance with the conditions agreed upon with these Shareholders.

The text of Article VII, Section 7.1 of the Trust Deed reads:

Profits of the Trust. The profits of the Trust in respect of a Financial Year as they appear in the profit and loss account of the Trust as approved by an Ordinary Resolution as provided in Section 14.3 shall be applied as follows:

- (A) FIRST: out of the profits such dividend as may be determined by Ordinary Resolution shall be distributed to the Trust Shareholders in proportion to the number of Units represented by the Shares held by such Trust Shareholders
- (B) SECOND: the remaining part of the profits, if any, shall be retained as Trust Property.

Independent Auditor's Report

To the Trustee and Shareholders of HAL Trust

Report on the audit of the financial statements

Our opinion

In our opinion the accompanying consolidated financial statements and unconsolidated financial statements give a true and fair view of the consolidated financial position of HAL Trust (the 'Trust') and its subsidiaries (together: the 'Group') and the unconsolidated financial position of the Trust as of December 31, 2020, and of their consolidated and unconsolidated financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

What we have audited

The consolidated financial statements and the unconsolidated financial statements (collectively referred to as the 'financial statements') are included on pages 23 to 161.

The financial statements comprise:

- the consolidated and unconsolidated statements of financial position as of December 31, 2020;
- the consolidated statement of income for the year ended December 31, 2020;
- the consolidated and unconsolidated statements of comprehensive income for the year ended December 31, 2020;
- the consolidated statement of changes in equity and the unconsolidated statement of changes in trust property for the year ended December 31, 2020;
- the consolidated and unconsolidated statements of cash flows for the year ended December 31, 2020; and
- the notes to the consolidated and unconsolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Independence

We are independent of HAL Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Our audit approach

Overview and context

The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the "How we tailored our group audit scope" section of our report. We paid specific attention to the areas of focus driven by the operations of the Group, as set out on the following page.

The 2020 financial year was characterized by COVID-19; this relates to both the financial statements and the audit thereof. In the “Basis of preparation” section of the notes to the Consolidated Financial Statements the Group reflects on the impact of COVID-19 on its operations and the impact on the financial statements. As part of designing our audit, we considered the impact of COVID-19 as follows:

- in the determination of certain focus areas for the audit (both at a group and component team level), including but not limited to the valuation of assets and the accounting for government grants; and
- in the evaluation of internal control activities considering remote working.

The majority of the audits for the Group and its components were carried out remotely. This means that in the execution of our group audit, hardly any physical visits have been performed to the components. Instead we conducted most meetings and file reviews virtually. Meetings with local management and component teams were also mostly held virtually. The combination of the procedures executed by us was assessed to be sufficient to address the challenges presented by COVID-19 in the execution of our audit.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Executive Board of HAL Holding N.V. made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, including the impact of COVID-19.

In the “Basis of preparation” section on page 31 of the financial statements, the Executive Board of HAL Holding N.V. describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the higher inherent risks of material misstatement in the valuation of intangible assets in acquisitions, impairment testing of tank terminal assets and joint ventures and associates we continued to consider these to be key audit matters in 2020. A new key audit matter in the current year is the assessment of valuation of goodwill. We considered this a key audit matter because of the increasing amount of goodwill and the COVID-19 pandemic negatively impacted several entities across the Group, triggering impairments. Each of these key audit matters have been set out in the section “Key audit matters” of this report.

The classification, measurement, presentation and disclosure of the sale of GrandVision N.V. was a key audit matter in the prior year. This was because of the magnitude of the transaction, the assessment of when the sales process qualifies for recognition as “held for sale”, the non-routine element in the subsequent measurement of impacted assets and the judgement applied around required and voluntary disclosures for a proper understanding of the current and future impact of this transaction on the consolidated statements of financial position and of income of the Group. The prior year accounting treatment as held for sale is carried forward, as well as the disclosures, and no significant judgements were applied that required significant audit effort in the current year. Therefore, this topic is no longer considered to be a key audit matter.

Last year, we considered the recognition, measurement and disclosure of the impact of IFRS 16 Leases as a key audit matter as part of the first-year adoption of IFRS 16. As this was completed in 2019, we no longer consider this to be a key audit matter.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Board of HAL Holding N.V. that may represent a risk of material misstatement due to fraud. This was not considered to be a key audit matter. Another area of focus that was not considered to be a key audit matter was the risk of fraud in revenue recognition.

We ensured that the audit teams both at Group and at component levels included the appropriate skills and competencies which were needed for the audit. We included specialists in the areas of IT, taxes, valuation, forensics, pensions and share-based compensation in the audit teams.

The outline of our audit approach was as follows:

Materiality	<ul style="list-style-type: none">• Overall materiality: € 24.8 million which represents 5% of profit before tax (adjusted for specific non-recurring items and non-controlling interests).
Group scoping	<ul style="list-style-type: none">• We conducted our audit work at the Trust and HAL Holding N.V.'s corporate entities and 16 components, as described in the section "How we tailored our group audit scope".• Each of the 16 components was audited by a local component audit team with whom the group audit team has been in frequent contact. As a result of COVID-19, hardly any physical site visits were conducted by the group audit team. We fulfilled our oversight obligations through virtual site visits for 10 components including the individually, financially significant components Koninklijke Vopak N.V. ('Vopak'), Broadview Holding B.V. ('Broadview') and GrandVision N.V. ('GrandVision').• Audit coverage: 92% of consolidated revenue, 90% of consolidated total assets and 90% of consolidated profit before tax
Key audit matters	<ul style="list-style-type: none">• Valuation of intangible assets in acquisitions of subsidiaries• Impairment testing of tank terminal assets and joint ventures and associates• Assessment of valuation of goodwill

Materiality

The scope of our audit was influenced by our application of materiality which is further explained in the "Auditor's responsibilities for the audit of the financial statements" section of our report. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall group materiality	€ 24.8 million
How we determined it	5% of adjusted profit before tax
Rationale for the materiality benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the Group. We adjusted profit before tax from continuing and discontinued operations for the effect of the non-recurring items (from continuing operations and discontinued operations), non-controlling interests and the IFRS 5 effect for discontinued depreciation, amortization and impairments of GrandVision.
Component materiality	To each component in our audit scope, we, based on our judgment, allocated materiality that is less than our overall group materiality. The materiality allocated across components was in the range of € 0.2 million to € 20.0 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Executive Board and the Supervisory Board of HAL Holding N.V. that we would report to them misstatements identified during our audit above € 250,000 other than for Vopak, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. In relation to Vopak we agreed with the Executive Board and Supervisory Board of HAL Holding N.V. that we would report to them misstatements identified during our audit above € 1,000,000.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have communicated the key audit matters and a summary of the audit procedures we performed on those matters, to the Supervisory Board of HAL Holding N.V. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of intangible assets in acquisitions of subsidiaries</p> <p><i>See notes 8 and 9 of the consolidated financial statements for the disclosures of related accounting policies, judgments and estimates.</i></p> <p>During 2020 the Group entered into various acquisition agreements with several unrelated parties. The combined purchase consideration of these acquisitions totals to € 313.8 million in 2020.</p> <p>We considered this to be a key audit matter given that the valuation of intangible assets in acquisitions requires significant judgement by management in allocating the purchase consideration to assets acquired and liabilities assumed based on their respective fair values. This included, but was not limited to, assessing the fair value of intangible non-current assets acquired such as trademarks, customer relationships and order backlog totaling € 175.6 million. The remaining unallocated balance determined the value of goodwill, which totaled € 92.9 million.</p> <p>As part of the valuation process, management utilized valuation experts to assist in the determination of the purchase price allocation and valuation of identified assets.</p>	<p>Our audit procedures on acquisitions included an assessment of the purchase agreements, the process that management has undertaken to determine the allocation of purchase consideration including contingent adjustments, including but not limited to, understanding the scope of work, assessing the qualifications, competence and objectivity of the valuation experts engaged by the Group and evaluating the process and oversight performed by the Group's finance team on harmonizing the accounting policies.</p> <p>Furthermore, with the assistance of our valuation experts, we tested the fair value measurements prepared by management and their valuation experts, including evaluating the key valuation inputs and assumptions used. We corroborated and, where appropriate, benchmarked key data used in the valuation model, such as the pre-acquisition carrying values, discount rates, royalty rates and retention rates for the valuation of customer relationships and trademarks.</p> <p>Based on our procedures, we considered management's allocation of purchase consideration and fair value measurements to be appropriate. Further, we consider the related disclosures in notes 8 and 9 to the consolidated financial statements to be adequate.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Impairment testing of tank terminal assets and joint ventures and associates</p>	
<p><i>See notes 5, 10, 38 and 46 of the consolidated financial statements for the disclosures of related accounting policies, judgments and estimates.</i></p>	
<p>Vopak controls a number of tank storage terminals with a total carrying value of € 3,500.8 million as at 31 December 2020. Furthermore, Vopak has an interest in a number of joint ventures and associates, with a total carrying value of € 1,319.4 million as at December 31, 2020.</p>	<p>We evaluated management’s policies and procedures to identify triggering events for potential impairments of terminal assets, joint ventures and associates.</p>
<p>We considered this to be an area of focus as the determination as to whether or not these assets are carried at more than their recoverable amounts is subject to significant management judgement. Such judgement focuses predominantly on future cash flows, which are, amongst others, dependent on economic conditions, including the impact of COVID-19, the continued attractiveness of the terminal location for users along the major shipping routes and local market circumstances and is inherently surrounded by uncertainty.</p>	<p>For the terminal locations that triggered management’s impairment testing, we evaluated the impairment testing policies and procedures, we challenged management’s primary cash flow assumptions and corroborated them by comparison to commercial contracts, customer relationship management information, available market reports, historic trend analyses or market multiples from recent tank terminal sales transactions in the region, taking into account the impact of COVID-19 on current and future cash flows.</p>
<p>As described in note 38 of the consolidated financial statements, Vopak recognized an impairment of € 42.9 million and recognized an impairment reversal of € 12.8 million in 2020.</p>	<p>Valuation experts were involved to evaluate the weighted average cost of capital as applied by Vopak and the appropriateness of certain assumptions in the applied value in use calculations or, when applicable, the fair value less cost of disposal calculations.</p>
	<p>We further assessed whether the main assumptions and related uncertainties are appropriately reflected in the disclosures in the consolidated financial statements.</p>
	<p>Based on our procedures, we consider management’s key assumptions used in measuring the recoverable amount to be within a reasonable range of our own expectations and the related disclosures on key estimates, uncertainties and impairments in note 38 to the consolidated financial statements to be adequate.</p>
	<p>By nature, the assumptions applied in measuring the recoverable amount are subject to developments and change in later periods. This could potentially lead to (reversal of) impairments of individual tank terminal assets going forward.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of valuation of goodwill</p> <p><i>See notes 8 and 38 of the consolidated financial statements for the disclosures of related accounting policies, judgments and estimates.</i></p> <p>The goodwill on the consolidated statement of financial position of the Group totals to € 532.0 million. In assessing whether these amounts are recoverable, management generally applied the value-in-use method.</p> <p>We considered this to be an area of focus given the level of management judgement involved in assessing the recoverable amounts through either continued use or sale. The economic downturn as a result of the COVID-19 pandemic was considered as a potential triggering event for cash-generating units and individual assets in the Group. Assumptions around the future impact of COVID-19 are more uncertain and judgmental.</p> <p>In relation to discounted cash flow assumptions, the growth rates of revenue, anticipated margin improvements and discount rates are considered to be the most sensitive assumptions. Moreover, the scenario analysis made by management, reflecting the uncertainties of recoverability after COVID-19 is an important assumption as well.</p> <p>Management's impairment assessments resulted in the recognition of an impairment of goodwill of € 30.5 million (note 38).</p>	<p>Our audit procedures included, amongst others, an evaluation of the Group's policies and procedures applied in the triggering event based and annual impairment test of goodwill performed to identify potential impairments of goodwill.</p> <p>For management's calculations using the discounted cash flow method, we have evaluated and challenged component management's key cash flow assumptions, including but not limited to growth rates of revenue and anticipated gross margin developments including the COVID-19 implications to the business reflected in scenarios, and corroborated them by comparing to internal forecasts and long-term and strategic plans that were approved by component management and the respective local supervisory boards.</p> <p>We also performed historic trend analyses to assess the quality of the component's forecasting process and – with the assistance of our valuation experts – evaluated the discount rate applied for each cash-generating unit.</p> <p>Based on our procedures, we consider management's key assumptions used in measuring the recoverable amount to be within a reasonable range of our own expectations and the related disclosures on assumptions, uncertainties and impairments in note 38 to the consolidated financial statements to be adequate.</p>

How we tailored our group audit scope

HAL Trust holds 100% of the shares of HAL Holding N.V., a Curaçao based limited liability company, that manages the group of entities included in the financial statements. The financial information of HAL Holding N.V. and this group of entities are included in the financial statements of HAL Trust. As indicated on pages 179 through 182, the Executive Board and the Supervisory Board reside at the level of HAL Holding N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

We conducted audit work at HAL Trust, HAL Holding N.V.'s corporate entities and 16 of its components. A full scope audit was performed at three components as we determined these components to be individually financially significant to the Group. These three components are: Vopak (The Netherlands), Broadview (The Netherlands) and GrandVision (The Netherlands). Additionally, two components were selected for full scope audit procedures based on our scoping determinations. At the request of the Executive Board and the Supervisory Board of HAL Holding N.V., we undertook full scope audits at 10 additional components and performed specified audit procedures at 1 component. For HAL Trust, HAL Holding N.V. and HAL Holding N.V.'s corporate entities, the group engagement team performed the audit work. For all other components that are in scope of the Group audit, the group audit team used component auditors, who are familiar with the local laws and regulations, to perform this audit work.

In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor. Where the work was performed by component auditors, the group audit team determined the level of involvement it needed to have in the audit work at those components, to be able to conclude whether sufficient appropriate audit evidence had been obtained, to support our opinion on the financial statements as a whole. The group engagement team visited local management and the component auditors of Vopak (The Netherlands), Broadview (The Netherlands) and GrandVision (The Netherlands) given the significance of these components. Most of these visits were conducted virtually. For each of these components the group audit team reviewed all reports regarding the audit approach and audit findings of the component auditors, has held several meetings with and reviewed the selected working papers of the component auditors and assessed the sufficiency and appropriateness of the work performed by the component auditors.

The group audit team also attended the meetings of the component auditors with local management where the outcome of the component audit was discussed for Safilo Group S.p.A. (Italy), Timber and Building Supplies Holland N.V. (The Netherlands), Infomedics Groep B.V. (The Netherlands), FD Mediagroep B.V. (The Netherlands), Atlas Professionals B.V. (The Netherlands), Orthopedie Investments Europe B.V. (The Netherlands) and Van Wijnen Holding B.V. (The Netherlands). The group audit team reviewed all reports regarding the audit approach and audit findings of the component auditors.

In total, by performing these procedures, we achieved the following coverage on the financial line items:

Audit coverage per financial statements line item*

Revenue	92%
Total assets	90%
Profit before tax	90%

* The in scope percentages are the percentages of revenue, total assets and profit before tax covered by the component auditor's audit opinions on the investments of HAL Holding N.V. notwithstanding that the audits of the financial statements of those investments do not necessarily have all their subsidiaries in scope to support their full scope audit opinion to us

None of the remaining components represented more than 6% of total group assets or 8% of total group revenues. For those remaining components, the group audit team performed analytical procedures to corroborate the assessment that there were no significant risks of material misstatements within those components. In instances where the remaining component was a quoted entity, the group audit team also performed reconciliations to the audited financial statements.

By performing these procedures, sufficient and appropriate audit evidence has been obtained on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Other information

The Executive Board of HAL Holding N.V. is responsible for the other information, which comprises the Corporate Administration, the Highlights and Financial Calendar, the Report of the Executive Board of HAL Holding N.V., the Five-Year Summary Consolidated Statement of Financial Position, the Five-Year Summary Consolidated Statement of Income, the Financial Statements HAL Holding N.V., the Distribution of Profits, the HAL Trust Organization, the Description Corporate Governance HAL Holding N.V., the Information in respect of members of the Supervisory Board and the Notice to Trust Shareholders, and for the inclusion of the Report of the Trust Committee and the Report of the Supervisory Board of HAL Holding N.V..

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Executive Board of HAL Holding N.V. is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU-IFRS, and for such internal control as the Executive Board of HAL Holding N.V. determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board of HAL Holding N.V. is responsible for assessing the Trust'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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for supervising the procedures followed by the Executive Board of HAL Holding N.V. in the preparation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures of the Group and of the Trust, made by the Executive Board of HAL Holding N.V.
- Conclude on the appropriateness of the HAL Holding N.V. Executive Board's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the Group's consolidated financial statements.

We communicate with the Supervisory Board of HAL Holding N.V. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board of HAL Holding N.V. with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board of HAL Holding N.V., we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Gibbons.

Hamilton, Bermuda, March 30, 2021

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Five-Year Summary

Consolidated Statement of Financial Position

<i>In millions of euro</i>	2020*	2019*	2018*	2017*	2016*
Non-current assets					
Property, plant and equipment	1,188.8	1,217.9	1,517.5	1,327.5	1,301.5
Right of use assets	320.5	347.6	-	-	-
Investment properties	42.0	34.0	-	6.9	8.3
Intangible assets	853.2	852.1	2,275.8	2,176.1	2,014.2
Investments in associates and joint arrangements	3,676.0	3,279.2	3,089.0	2,949.1	2,854.1
Derivatives and other financial assets	167.6	598.8	504.8	667.4	653.8
Pension benefits	41.2	40.5	68.8	86.4	72.1
Deferred tax assets	21.0	24.0	63.9	40.0	39.3
<i>Total non-current assets</i>	<u>6,310.3</u>	<u>6,394.1</u>	<u>7,519.8</u>	<u>7,253.4</u>	<u>6,943.3</u>
Current assets					
Inventories	519.6	428.5	610.8	604.4	521.9
Receivables	566.1	560.6	616.2	529.2	521.0
Marketable securities and deposits	175.8	222.6	274.7	584.8	229.9
Derivatives and other financial assets	20.8	11.7	3.6	5.4	8.9
Other current assets	157.2	122.3	282.4	269.8	241.8
Contract assets	79.3	-	-	-	-
Cash and cash equivalents	1,269.7	1,399.9	2,020.8	1,998.8	2,728.6
Assets held for sale	5,281.4	4,991.1	55.7	3.2	-
<i>Total current assets</i>	<u>8,069.9</u>	<u>7,736.7</u>	<u>3,864.2</u>	<u>3,995.6</u>	<u>4,252.1</u>
Total assets	<u>14,380.2</u>	<u>14,130.8</u>	<u>11,384.0</u>	<u>11,249.0</u>	<u>11,195.4</u>
Equity attributable to owners of parent	7,957.3	7,960.3	7,471.2	7,572.6	7,599.4
Non-controlling interest	788.7	630.3	588.4	485.6	436.2
Non-current liabilities					
Deferred tax liabilities	161.8	181.6	181.8	182.2	161.6
Provisions	109.9	67.7	156.9	135.9	102.3
Contract liabilities	13.6	13.0	8.2	5.1	-
Lease liabilities	238.7	277.5	-	-	-
Debt and other financial liabilities	582.2	647.9	932.5	884.7	986.3
<i>Total non-current liabilities</i>	<u>1,106.2</u>	<u>1,187.7</u>	<u>1,279.4</u>	<u>1,207.9</u>	<u>1,250.2</u>
Current liabilities					
Provisions	14.4	20.2	26.5	27.9	36.3
Contract liabilities	141.2	53.5	140.8	126.9	-
Accrued expenses	325.8	256.8	548.3	504.4	607.1
Income tax payable	38.1	16.2	57.2	61.5	57.1
Accounts payable	529.5	419.1	537.5	468.5	470.9
Lease liabilities	72.1	66.4	-	-	-
Debt and other financial liabilities	413.3	237.1	697.8	793.7	738.2
Liabilities related to assets held for sale	2,993.6	3,283.2	36.9	-	-
<i>Total current liabilities</i>	<u>4,528.0</u>	<u>4,352.5</u>	<u>2,045.0</u>	<u>1,982.9</u>	<u>1,909.6</u>
Total equity and liabilities	<u>14,380.2</u>	<u>14,130.8</u>	<u>11,384.0</u>	<u>11,249.0</u>	<u>11,195.4</u>
Equity per share (in euro)	<u>93.27</u>	<u>95.45</u>	<u>91.45</u>	<u>94.61</u>	<u>96.80</u>
Net asset value per share at market value of quoted companies (in euro)	<u>149.93</u>	<u>164.20</u>	<u>137.57</u>	<u>151.45</u>	<u>162.46</u>

* Figures used are based on the ¹⁷³pro forma consolidated financial statements

Five-Year Summary Consolidated Statement of Income

<i>In millions of euro</i>	2020*	2019*	2018*	2017*	2016*
Revenues	3,387.4	2,965.4	2,401.8	5,609.5	5,497.5
Earnings from marketable securities and deposits	(28.9)	5.5	(7.7)	79.5	18.5
Share of results of associates and joint ventures	113.2	235.3	(54.4)	184.5	73.7
Income from other financial assets	4.4	11.5	6.7	7.5	10.2
Income from real estate activities	2.3	(2.5)	10.2	1.0	2.1
Other income	86.4	39.0	2.7	4.1	561.7
Total Income	3,564.8	3,254.2	2,359.3	5,886.1	6,163.7
Raw materials, consumables used and changes in inventories	1,658.8	1,352.4	1,131.2	1,901.2	1,864.9
Employee expenses	836.1	735.4	578.3	1,679.7	1,672.3
Depreciation and impairments property, plant and equipment and investment properties	126.6	110.7	89.1	196.9	189.8
Depreciation & impairment Right of Use assets	72.9	57.7	-	-	-
Amortization and impairments intangible assets	95.2	58.2	21.2	156.4	70.0
Other operating expenses	528.3	526.5	477.5	1,298.7	1,251.1
Total expenses	3,317.9	2,840.9	2,297.3	5,232.9	5,048.1
Operating profit	246.9	413.3	62.0	653.2	1,115.6
Financial income and (expense)	(47.0)	(32.6)	(28.7)	(43.8)	(31.8)
Profit before income tax	199.9	380.7	33.3	609.4	1,083.8
Income tax expense	(10.1)	(36.4)	(23.6)	(136.9)	(123.2)
Net profit from continuing operations	189.8	344.3	9.7	472.5	960.6
Net profit from discontinued operations	642.9	460.8	226.0	-	-
Net profit before non-controlling interest	832.7	805.1	235.7	472.5	960.6
Non-controlling interest	(203.7)	(139.3)	(81.0)	(81.3)	(89.9)
Net profit attributable to owners of parent	629.0	665.8	154.7	391.2	870.7
Earnings per Share (in euro)	7.47	7.91	1.87	4.84	10.98
Dividend per Share (in euro)	4.70**	5.80	5.30	6.20	7.10

* Figures used are based on the pro forma consolidated financial statements

**Proposed

Company Financial
Statements
HAL Holding N.V.

Company Statement of Financial Position HAL Holding N.V.(in millions of euro)

<i>As of December 31</i>	2020	2019
Non-current assets		
Financial assets	7,478.8	6,963.8
Current assets		
Other current assets	2.5	0.8
Cash and deposits	527.4	1,050.6
Total assets	<u>8,008.7</u>	<u>8,015.2</u>
Equity	8,005.8	8,012.3
Current liabilities		
Accrued expenses	2.9	2.9
Total equity and liabilities	<u>8,008.7</u>	<u>8,015.2</u>

Company Statement of Income HAL Holding N.V.(in millions of euro)

<i>For the year ended December 31</i>	2020	2019
Income from financial assets	639.7	678.2
General and administrative expenses	(9.5)	(10.4)
	<u>630.2</u>	<u>667.8</u>
Financial income/(expense)	(1.7)	(2.3)
Net income	<u>628.5</u>	<u>665.5</u>

Notes to the company financial statements HAL Holding N.V. (in millions of euro)

The company financial statements of HAL Holding N.V. have been prepared in accordance with book 2 of the Civil Code applicable for Curaçao. For details concerning the accounting principles in respect of the statement of financial position and statement of income, reference is made to the consolidated financial statements of HAL Trust (which are identical to the consolidated financial statements of HAL Holding N.V.) except for investments in subsidiaries which are carried at net asset values.

Financial assets

Balance on January 1, 2020	6,963.8
Income	639.7
Increase/(decrease) in loans, net	217.9
Exchange differences, valuation differences and equity adjustments	(342.6)
Balance on December 31, 2020	<u>7,478.8</u>

Equity

The movement for 2020 of Shareholders' equity is included on pages 29 and 75.

On December 31, 2020 and 2019, 85,385,067 and 83,448,898 Shares respectively were outstanding, with a nominal value of € 0.02 each, and all were held by HAL Trust.

The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year.

A 2019 dividend of € 483.8 million (excluding dividend on treasury shares) or € 5.80 per Share was distributed on July 24, 2020 (2019: € 433.0 million or € 5.30 per Share), of which € 241.9 million in cash and € 241.9 million in stock. The conversion ratio of 1:43.1 resulted in 1,936,169 new Shares being issued.

The Company owned 73,501 HAL Trust Shares as of December 31, 2020. These shares are to hedge the obligation to allot – under certain conditions – 20,000 shares HAL Trust to a member of the Executive Board and may also be used in the context of a share participation plan for management (not being members of the Executive Board).

Supervisory Directors

The 2020 fixed remuneration for the Supervisory Directors of HAL Holding N.V. was € 0.4 million in total (2019: € 0.4 million).

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2020 is as follows:

<i>In millions of euro</i>	2020
Net income according to the Statutory Statement of Income	628.5
Available for distribution to Shareholders	628.5
Proposed distribution	
In accordance with Article 31 (1), 0.03 euro for each of the 85,385,067 Shares	2.6
Available to the General Meeting of Shareholders in accordance with Article 31 (2)	625.9
Addition to the available reserves	(227.2)
Available for distribution	<u>401.3</u>
After approval of the dividend proposal of € 4.70 per Share by the General Meeting of Shareholders of HAL Holding N.V., the dividend shall be distributed to HAL Trust for 85,385,067 Shares at € 4.70 per Share	<u>401.3</u>

The above references to Articles refer to the Articles of Association of the Company.

The dividend shall be payable in Shares in the share capital of the Company for an amount of € 2.35 per Share and € 2.35 per Share in cash.

HAL Trust Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders. The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.

The Board consist of Messrs. D.C. Meerburg, *Chairman*, C. MacIntyre, H.E. Cooper M.P.M. de Raad and H. van Everdingen, *members*.

The Trustee is the legal owner of the assets of the Trust, which consist of Shares in HAL Holding N.V., Curaçao.

The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.

The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.

The Board of HAL Trust Committee Limited consists of Messrs. P.J. Kalff, *Chairman*, C. MacIntyre, H.E. Cooper, M. van der Vorm and A.A. van 't Hof, *members*.

This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs. P.J. Kalff, M. van der Vorm and A.A. van 't Hof.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. The objective of such regrouping is to replace HAL Holding N.V. with a company situated in another jurisdiction. To achieve this, HAL Holding N.V. may transfer its assets to that new company in exchange for a repurchase of shares. The Trust Committee also has the power to appoint another Trustee, if necessary. Finally, the Trust Committee has some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

A Curaçao public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of Curaçao as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards as adopted by the European Union.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of € 0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on May 18, 2011. The function of Trustee is exercised by HAL Trustee Limited. In addition, the trust deed grants certain powers to HAL Trust Committee Limited. For further information on HAL Trustee Ltd. and HAL Trust Committee Limited, see page 178. The Trust Shares are listed and traded on Euronext in Amsterdam.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held prior to the General Meeting of Shareholders of HAL Holding N.V.

The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meeting of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision-making process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Supervisory Board;
2. approval of the financial statements;
3. granting discharge to the members of the Executive Board and the Supervisory Board;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Supervisory Board;
5. remuneration of supervisory directors;
6. appointment of the external auditor;
7. decisions about the distribution of profits following payment of the primary dividend on shares, as set out in the articles of association, and after the taking of certain reserves by the Executive Board subject to the approval of the Supervisory Board;
8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's objectives, strategy and policy. The Executive Board is accountable to the Supervisory Board and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for the financing of the Company.

The number of members of the Executive Board is determined by the Supervisory Board. At present the Executive Board consists of three members. All members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition they can be suspended by the Supervisory Board.

With the approval of the Supervisory Board the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Supervisory Board, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Supervisory Board determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Supervisory Board who also decides on additional benefits. The members of the Executive Board do not participate in any option scheme and do not receive any personal loans or guarantees from the Company.

Supervisory Board

The Supervisory Board is responsible for the supervision of the policies of the Executive Board and the general affairs of the Company and its business. It also assists the Executive Board by providing advice. In discharging its role the Supervisory Board is guided by the interests of the

Company and its business and shall take into account the relevant interests of all those involved in the Company. The Supervisory Board is responsible for the quality of its own performance.

The Supervisory Board consists of at least five members. The Supervisory Board can determine that the Board consists of more members. At present the Board has six members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board. A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Supervisory Board has chosen a chairman and a vice chairman from among its members.

All tasks and duties of the Supervisory Board are exercised on a collegiate and full-board basis. The Supervisory Board has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Supervisory Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which may possibly jeopardize the independent exercise of the position of supervisory director.

The Supervisory Board has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the supervisory directors have sufficient expertise to carry out the tasks of the Supervisory Board taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Supervisory Board provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the Company.

The Executive Board and the Supervisory Board will provide all shareholders and other parties in the financial markets who find themselves in an equal position with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board sees to it that the Executive Board fulfils this responsibility.

The consolidated financial statements of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In addition HAL Holding N.V. publishes interim reports in accordance with the relevant provisions of the law and the listing requirements of Euronext in Amsterdam. All financial information is also published on the web site www.halholding.com. The financial statements are signed by the members of the

Executive Board and the Supervisory Board. The Supervisory Board discusses the financial statements with the external auditor prior to signing of the statements by the supervisory directors.

Reference is made to the Report of the Supervisory Board (page 7) and the report of the Executive Board (page 9). These reports explain the implications and the measures that have been taken as a consequence of the application of IFRS 10 which requires the Company to consolidate the financial statements of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). As explained in these reports, the Company has entered into Memoranda of Understanding with Vopak and Safilo with respect to confidentiality, the process of exchanging information and attendance rights to the Audit Committee meetings of Vopak and the Control, Sustainability and Risk Committee meetings of Safilo of an independent financial expert appointed by the Company. This independent financial expert reports to the Company if there are any matters which should be brought to the attention of the Company prior to the signing of the financial statements.

The assessment that the Company's financial statements do not contain material errors attributable to the financial statements of Vopak and/or Safilo is based on the external audit of these companies and the involvement of the independent financial expert referred to above. The Executive Board and the Supervisory Board felt that it was necessary to take the measures outlined above, in order to provide additional comfort to the Executive Board when discharging itself of its responsibility for financial statements of the Company and to the Supervisory Board when discharging itself of its responsibilities to supervise the Executive Board and to review and sign the annual financial statements.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Supervisory Board prepares a nomination for the appointment of the external auditor. HAL Holding N.V. has no internal audit function.

Material remuneration for instructions to the external auditor other than for auditing activities requires the approval of the Supervisory Board in respect of which the Board will consult with the Executive Board.

The external auditor is represented at the meetings of Trust Shareholders.

Information in respect of members of the Supervisory Board

M. van der Vorm (62) is a Dutch citizen. Mr. van der Vorm was appointed member of the Supervisory Board of HAL Holding N.V. in 2014. In 2016 he was appointed Chairman. His current term is from 2020-2025. Mr. van der Vorm was Chairman of the Executive Board of HAL Holding N.V. from 1993-2014.

M.P.M. de Raad (76) is a Dutch citizen. In 2006 he was appointed member of the Supervisory Board of HAL Holding N.V. Mr. De Raad will cease to be member of the Supervisory Board on May 27, 2021, in accordance with Article 20.3 of the Articles of Association (statutory age limit). Mr. de Raad was Chief Executive Officer of SHV Makro N.V. and member of the Executive Board of SHV Holdings N.V., Metro AG (Germany) and Royal Ahold N.V.

L.J. Hijmans van den Bergh (57) is a Dutch citizen. In 2013 he was appointed member of the Supervisory Board of HAL Holding N.V. In 2016 he was appointed vice-Chairman. His current term is from 2019-2024. Mr. Hijmans van den Bergh is a former partner of De Brauw Blackstone Westbroek N.V. and a former member of the Management Board of Royal Ahold N.V. He is chairman of the Supervisory Board of BE Semiconductor Industries N.V. as well as chairman of the boards of the Utrecht University Fund, the Netherlands Cancer Institute/Antoni van Leeuwenhoek Hospital and Fortino Capital Partners N.V. He is also board member of the Vereniging Aegon and adviser to De Brauw Blackstone Westbroek N.V.

G.J. Wijers (70) is a Dutch citizen. In 2014 he was appointed member of the Supervisory Board of HAL Holding N.V. His current term is from 2017-2022. He is a former Minister of Economic Affairs, former Senior Partner at the Boston Consulting Group and former CEO of Akzo Nobel N.V. He is chairman of the Supervisory Board of ING Groep N.V.

C.O. van der Vorm (50) is a Dutch citizen. In 2015 he was appointed member of the Supervisory Board of HAL Holding N.V. His current term is from 2015-2021. He is based in London and serves as a managing director of Southberg Holdings UK Ltd., which is active in agricultural operations in South America and Eastern Europe. It will be proposed to re-elect Mr. van der Vorm.

M.E. Harris (54) has the British and Dutch nationality. In 2020 she was appointed member of the Supervisory Board of HAL Holding N.V. Her current term is from 2020-2023. Mrs. Harris is a former partner of McKinsey & Co. She is currently non-executive director of ITV plc and RB Group plc as well as member of the remuneration committee of St Hilda's College, Oxford University.

HAL Trust

established in Bermuda

Notice to Trust Shareholders

A meeting of Trust Shareholders of HAL Trust, will be held on Wednesday, May 19, 2021, at 11:00 a.m.. The meeting will be held by audio webcast, no physical presence by Shareholders is allowed. The attendance criteria are set out below including the request to exercise voting rights via proxy prior to the meeting. The agenda of the meeting is as follows:

1. Opening
2. Instructions for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V., to be held on Thursday, May 27, 2021, with regard to the following items on the agenda:
 - (a) Report of the Executive Board of HAL Holding N.V.
 - (b) Report of the Supervisory Board of HAL Holding N.V.
 - (c) Approval of the 2020 financial statements of HAL Holding N.V.
 - (d) Dividend payment against the profits of 2020 in the amount of € 4.70 per Share as published in the Annual Report 2020, of which € 2.35 per Share shall be payable in Shares in the share capital of HAL Holding N.V., and € 2.35 per Share in cash and, with the approval of the Supervisory Board, to direct and authorize the Executive Board to effectuate such share issue and cash payments and to approve the share issue. If applicable, cash payments will be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled based on the Conversion ratio
 - (e) Election Supervisory Director. It is proposed to re-elect Mr. C.O. van der Vorm
 - (f) Discharge of the members of the Executive Board in respect of their duties of management during the financial year 2020
 - (g) Discharge of the members of the Supervisory Board in respect of their duties of supervision during the financial year 2020
3. Approval of the 2020 financial statements of HAL Trust
4. (i) Proposal to distribute a dividend against the profits of 2020 of € 4.70 per Share of which € 2.35 per Share shall be payable in HAL Trust Shares, and € 2.35 per Share in cash subject to (ii) below:
 - (ii) to direct the Trustee:
 - (a) to issue by way of stock dividend distribution to each HAL Trust Shareholder such number of HAL Trust Shares as shall be based on the Conversion ratio, the number of HAL Trust Shares held by such HAL Trust Shareholder and the dividend per Share of € 2.35 payable in Shares; and
 - (b) to convey to HAL Holding N.V., prior to June 18, 2021, for what amount cash payments are to be made to the Trustee representing the value of fractions of HAL Trust Shares (if any) to which the respective HAL Trust Shareholders will be entitled on the basis of the Conversion ratio.
5. Report of the Trust Committee
6. Other business
7. Closing

In connection with COVID-19, we invite Shareholders to attend the above meeting by audio webcast.

We require shareholders who want to exercise their voting rights, to exercise these by using an e-voting system (www.abnamro.com/evoting) prior to the meeting (see below). Shareholders whose holding of shares is registered in the shareholders' register and who want to exercise their voting rights are required to exercise these by a written proxy and voting instruction (see below). Shareholders will be able to follow the proceedings of the meeting by an audio webcast. The opportunity is offered to submit questions relating to the agenda items of the above meeting by email (agm@hhnv.com) before May 10, 2021.

At registration, each Shareholder will receive a link and password for the audio webcast.

Shareholders who wish to be represented via electronic proxy at the meeting must notify this not later than May 10, 2021, via their intermediary where their shares are administered or directly via

www.abnamro.com/evoting. If you intend to instruct your Intermediaries for any of the above, please be aware that their deadlines could be a number of days before those mentioned above. Please check with the individual Intermediaries as to their cut-off dates. Furthermore, please be aware that some Intermediaries do not accommodate electronic proxies. In this case you may contact ABN AMRO Bank N.V (+31 20 3442000 or corporate.broking@nl.abnamro.com). Shareholders whose holding of shares is registered in the shareholders' register and who wish to be represented at the meeting should contact the Company at 5 avenue des Citronniers, 98000 Monaco (agm@hhnv.com) and provide a written proxy and voting instructions prior to May 10, 2021.

This notice is enclosed with the 2020 Annual Report which is presented to you in accordance with Section 14.4 of the trust deed of HAL Trust.

HAL Trustee Ltd.
Hamilton, Bermuda, April 2, 2021

Explanatory notes to agenda items 2.d and 4

It is proposed to distribute a dividend of € 4.70 per HAL Trust Share against the profits of 2020 and that this dividend will be paid in HAL Trust Shares for € 2.35 per HAL Trust Share and in cash for € 2.35 per HAL Trust Share. The Conversion ratio for the dividend in HAL Trust Shares will be determined on the basis of the volume weighted average share price during the period May 24, 2021, through June 11, 2021, (the 'Conversion ratio'), and will be announced on June 11, 2021, after the close of business of Euronext in Amsterdam. The value of the stock dividend, at the above volume weighted average share price, will be virtually the same as the value of the cash dividend. The number of shares acquired after conversion will be rounded down whereby any fraction of a Share will be settled in cash. The newly issued Shares will carry dividend rights for 2021 and subsequent years. Dividend rights will not be traded on Euronext in Amsterdam. The distribution of dividend in Shares is free of charge for Shareholders.

The time-table is as follows:

<u>2021</u>	
May 21	Ex-dividend date
May 24	Dividend record date
June 11 (after close of trading)	Determination and publication Conversion ratio
June 18	Delivery of Shares and payment of cash dividend

