

# Financial Statements 2020

This financial statement is part of Heijmans' annual report 2020.  
The complete English version of the annual report will be published  
a number of weeks after the publication of the Dutch annual report.

In case of differences between the Dutch and the English annual report (financial  
statements), the first shall prevail.

Please note that in the tables the European currency notation has been used.

Publication date: 19 February 2021.



# Financial statements 2020

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# 1. Consolidated statement of profit or loss

x € 1.000

		2020	2019
6.2	Revenue	1.746.468	1.600.235
	Cost of sales	-1.547.144	-1.425.337
<b>Gross profit</b>		<b>199.324</b>	<b>174.898</b>
6.3	Other operating income	3.081	3.807
	Selling expenses	-40.012	-38.753
6.4	Administrative expenses	-105.720	-109.744
6.5	Other operating expenses	-1.021	-1.030
<b>Operating result</b>		<b>55.652</b>	<b>29.178</b>
6.6	Finance income	1.397	1.472
6.6	Finance expense	-6.251	-6.163
6.12	Results of joint ventures and associates	-10.760	10.368
<b>Result before tax</b>		<b>40.038</b>	<b>34.855</b>
6.7	Income tax	110	-4.799
<b>Result after tax</b>		<b>40.148</b>	<b>30.056</b>
The entire result after tax is attributable to the shareholders of the parent company			
<b>Earnings per share (in €)</b>			
6.20	Earnings per ordinary share after tax	1,85	1,40
6.20	Earnings per ordinary share after tax and dilution effects	1,85	1,40
	Dividend distributed per ordinary share in the financial year	0,00	0,00

## 2a. Consolidated statement of comprehensive income

x € 1.000

	2020	2019
<b>1. Result after tax</b>	<b>40.148</b>	<b>30.056</b>
Other comprehensive income that after initial recognition is possibly reclassified to the statement of profit or loss:		
Effective portion of changes in the cash flow hedges for joint ventures	666	-452
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined-benefit plans	1.884	-2.238
Tax effect on changes in actuarial results on defined-benefit plans	-471	556
Tax effect relating to defined benefit pension plans in connection with rate change	2.921	901
<b>Other comprehensive income (after tax)</b>	<b>5.000</b>	<b>-1.233</b>
<b>Comprehensive income</b>	<b>45.148</b>	<b>28.823</b>

The entire comprehensive income is fully attributable to the shareholders of the parent company.

## 2b. Consolidated statement of changes in equity

x € 1.000

	2020	2019
<b>Balance at 31 December in the previous year</b>	177.964	149.097
Result after tax	40.148	30.056
Other comprehensive income	5.000	-1.233
<b>Comprehensive income for the reporting period:</b>	<b>45.148</b>	<b>28.823</b>
Transactions with owners of the group:		
Bonus Investment Share Matching Plan	47	44
Share issue	3.250	
<b>Balance at 31 December</b>	<b>226.409</b>	<b>177.964</b>

See section 8 of the company financial statements for the breakdown of equity into the separate reserves and the movements concerned.

# 3. Consolidated statement of financial position

x € 1.000

<b>ASSETS</b>		<b>31 december 2020</b>	<b>31 december 2019</b>
<b>Non-current assets</b>			
6.9	Property, plant and equipment	45.206	41.966
6.10	Right-of-use assets	81.596	85.059
6.11	Goodwill	68.390	68.390
6.11	Other intangible assets	6.220	7.241
6.12	Joint ventures and associates	73.272	64.254
6.13	Loans granted to joint ventures	23.380	31.296
6.14	Deferred tax assets	34.705	31.991
		<b>332.769</b>	<b>330.197</b>
<b>Current assets</b>			
6.15	Strategic land holdings	126.415	110.028
6.15	Other inventories	88.972	94.543
6.16	Work in progress assets	66.240	68.802
6.8	Income tax assets	200	0
6.17	Trade and other receivables	140.979	185.453
6.18	Cash and cash equivalents	175.063	109.372
		<b>597.869</b>	<b>568.198</b>
<b>Total assets</b>		<b>930.638</b>	<b>898.395</b>

x € 1.000

EQUITY AND LIABILITIES		31 december 2020	31 december 2019
<b>Equity</b>			
2b	Issued capital	6.580	6.423
2b	Share premium	245.773	242.680
2b	Reserves	-11.432	-13.379
2b	Retained earnings from prior financial years	-54.660	-87.816
1	Result for the year after tax	40.148	30.056
		<b>226.409</b>	<b>177.964</b>
<b>Non-current liabilities</b>			
6.21	Interest-bearing loans and other non-current financing liabilities <sup>1</sup>	53.663	49.947
6.10	Lease liabilities	61.425	65.403
6.22	Employee benefits	15.791	16.514
6.23	Provisions	26.387	22.779
6.14	Deferred tax liabilities		
		<b>157.266</b>	<b>154.643</b>
<b>Current liabilities</b>			
6.21	Interest-bearing loans and other current financing liabilities <sup>1</sup>	3.103	3.300
6.10	Lease liabilities	19.698	21.199
6.24	Trade and other payables	326.375	359.314
6.16	Work in progress credit	170.297	153.660
6.8	Income tax liabilities	108	334
6.22	Employee benefits	575	1.657
6.23	Provisions	26.807	26.324
		<b>546.963</b>	<b>565.788</b>
<b>Total equity and liabilities</b>		<b>930.638</b>	<b>898.395</b>

<sup>1</sup> Interest-bearing loans include cumulative financing preference shares B totalling €41.8 million, of which €3.1 million is included in current liabilities (2019: €45.1 million which €3.3 million in current liabilities).



## 4. Consolidated statement of cash flows - indirect method

x € 1.000

		2020	2019
<b>Operating result</b>		<b>55.652</b>	<b>29.178</b>
<b>Adjustments for:</b>			
6.3	Gain on sale of non-current assets and property investments	-1.316	-1.835
6.9	Depreciation of property, plant and equipment	9.195	9.241
6.10	Depreciation of right-of-use assets	23.883	22.487
6.11	Amortisation of intangible assets	1.021	1.030
6.15	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	2.499	5.400
	Change in working capital and long-term provisions	40.713	-17.016
	<b>Operating result after adjustments</b>	<b>131.647</b>	<b>48.485</b>
	Interest paid	-4.420	-7.888
	Interest received	1.397	1.472
	Income tax paid	-479	0
<b>Cash flow from operating activities</b>		<b>128.145</b>	<b>42.069</b>
6.9	Investments in property, plant, and equipment	-16.368	-11.008
6.9	Sale of property, plant and equipment	1.289	5.599
6.11	Disposal of intangible assets	0	2.000
	Disposals of interest in joint ventures and associates	5.504	0
	Acquisition/expansion of interest in joint ventures and associates <sup>1</sup>	-18.072	0
6.12	Capital contributions to joint ventures and associates	-26.158	-1.582
	Capital repayments from joint ventures and associates	10.582	8.411
	Dividends received from joint ventures and associates	1.253	9.629
	Loans granted to joint ventures and associates	-2.603	-10.814
	Loans repaid by joint ventures and associates	11.252	2.154
<b>Cash flow from investing activities</b>		<b>-33.321</b>	<b>4.389</b>
6.10	Principal portion of lease payments	-25.897	-20.986
6.21	Interest-bearing loans drawn down	86	1.022
6.21	Interest-bearing loans repaid	-3.322	-6.054
<b>Cash flow from financing activities</b>		<b>-29.133</b>	<b>-26.018</b>
<b>Net cash flow in the period</b>		<b>65.691</b>	<b>20.440</b>
6.18	Cash and cash equivalents at 1 January	109.372	88.932
<b>6.18</b>	<b>Cash and cash equivalents at 31 December</b>	<b>175.063</b>	<b>109.372</b>

<sup>1</sup> Relates to the cash-out from entering into the AsphaltNu joint venture (€6 million) and the expansion of the 50% interest in a property development joint venture with land holdings to 100% (€12 million).

# 5. Accounting policies

Heijmans N.V. (referred to as the "Company") has its registered office in the Netherlands. The Company's consolidated financial statements for the 2020 financial year include the Company and its subsidiaries (collectively referred to as the 'Group') and the Group's investments in associates and interests in jointly controlled entities. The Group carries on construction and development activities in the Netherlands. The address of its headquarters is Graafsebaan 65, Rosmalen.

The Executive Board prepared the financial statements on 19 February 2021. These will be submitted for adoption by the General Meeting of Shareholders on 14 April 2021.

## (1) Statement of Compliance

The consolidated financial statements for 2020 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

## (2) Basis of preparation

The financial statements are presented in thousands of euros. The financial statements are based on historical cost, unless otherwise stated.

The preparation of the financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.29, Management estimates and judgements.

The estimates and underlying assumptions are continually reassessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are

recognised in the reporting period and future periods if the revision also affects future periods.

The accounting policies described below have been consistently applied to all periods presented in these consolidated financial statements and to all entities in the Group.

## (3) Implications of new standards

The amendments to IFRS 3, IFRS 7, IFRS 9, IAS 1 and IAS 8 and the Amendments to References to the Conceptual Framework in IFRS standards adopted by the EU and applicable to reporting periods commencing on or after 1 January 2020 do not have any material effect on the consolidated financial statements.

There are no new standards that are not yet mandatory which have a material effect upon the consolidated financial statements.

## (4) Accounting policies used for consolidation

### (4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control. Control exists if the Group:

- a) has power over the entity;
- b) is exposed or has rights to variable returns because of its involvement with the entity; and
- c) can use its power over the entity to affect the size of these returns.

Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations are recognised according to the acquisition method, as from the date on which control is transferred to the Group. The transaction cost of an acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a

favourable purchase is recognised directly in profit or loss. Transaction costs are recognised when these are incurred, unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account balances. Such amounts are generally recognised in the statement of profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured. Instead, the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss. In a step acquisition of an interest that does not qualify as a company, the existing interest is not remeasured to fair value.

#### **(4b) Joint ventures and associates (equity method)**

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed contractually that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.

An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases. Joint ventures and associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in a joint venture or associate, the value of the interest is written down to nil. No further losses are then recognised except insofar as the Group has made a commitment or intends to recognise the losses.

#### **(4c) Joint operations (proportional consolidation)**

Joint operations are arrangements over which the Group

exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation) and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportional consolidation.

#### **(4d) Elimination of transactions on consolidation**

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Unrealised income from transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

#### **(5) Transactions in foreign currency**

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances, as well as assets acquired and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the reporting date. Foreign currency differences resulting from translation are recognised in the statement of profit or loss.

#### **(6) Revenue from contracts with customers**

Revenue is recognised if the Group has entered into a contract with a customer in which the performance obligations can be identified and the terms of the transaction are clear and where the contract is of undeniable economic importance. It must also be probable that the customer will pay. Revenue is recognised on each individual contract. Revenue from portfolios of contracts with similar features is recognised on a portfolio basis if the result is not materially different from the revenue measured on an individual basis.

If a contract involves several performance obligations, revenue is separately attributed to the performance obligations concerned based on relatively stand-alone

selling prices. Revenue is recognised at the time when the customer takes control of the fulfilled performances. Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the attributable costs of the contract (see also 24d concerning onerous contracts).

#### **(6a) Sales of goods - mainly land**

Revenue from the sale of goods - mainly land - is recognised at the agreed consideration or attributed consideration where the transfer of title to the land forms part of a combined purchase/construction contract in the case of residential projects. The revenue from the land is recognised at the time of legal conveyance.

#### **(6b) Work in progress - projects**

The revenue relating to work in progress is recognised in the statement of profit or loss when control is transferred to the client. Since the Group executes projects on land owned by the client, the client obtains control by accession according to progress made in completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs to the extent that the costs incurred are representative of the progress made in the transfer of goods/services to the client. Inefficiencies are disregarded in determining the stage of completion.

#### **(6c) Services**

Revenue from the provision of services - mainly servicing and maintenance activities - is recognised in the statement of profit or loss in proportion to the work performed, since the client receives the benefits from and has use of the services at the same rate. The stage of completion is determined from assessments of the work already carried out.

#### **(7) Other operating income**

Gains on the sale of assets and entities disposed of and gains on the contribution of assets to newly established joint arrangements are accounted for as other operating income. On contribution of assets to joint arrangements, any gains are eliminated in proportion to the Group's interest in the arrangement.

#### **(8) Costs**

##### **(8a) Cost of sales**

The cost of sales is made up of the carrying amount of goods sold and the costs allocated to the fulfilled performance obligations, including the expected losses on projects that are recognised immediately in the statement of profit or loss in accordance with 24d.

##### **(8b) Selling expenses**

Selling expenses are the costs of sales activities that are not charged to projects.

##### **(8c) Administrative expenses**

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

##### **(8d) Finance income and expense**

Net financing costs comprise interest payable on borrowings and lease commitments, dividends on cumulative financing shares B and interest receivable on funds invested.

Financing expenses that can be directly allocated to the acquisition, construction or production of a qualifying asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of the lease payments is recognised in the statement of profit or loss and is calculated using the effective interest method.

## (9) Income tax

Deferred tax assets and liabilities are recognised in respect of available tax loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised for non-deductible goodwill, assets and liabilities whose initial recognition does not affect accounting or taxable profit, or differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case, the relevant portion of the income tax is recognised in other comprehensive income.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the reporting date, as well as adjustments to tax payable in respect of previous years.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

## (10) Property, plant and equipment

### (10a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting policy 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

### (10b) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the statement of profit or loss when these are incurred.

### (10c) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3 - 10 years
- Machines: 5 - 10 years
- Installations: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

### (10d) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of

the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located.

## (11) Right-of-use assets

On the commencement date (the date on which the asset concerned becomes available for use), the Group recognises a corresponding right-of-use asset. The right-of-use asset is measured at cost less depreciation and impairment, adjusted for any revaluation of the lease liability. Cost is made up of the recognised amount of the lease liability, initial direct costs and lease instalments paid prior to the commencement date, less lease incentives received. Unless the Group is reasonably certain that it will acquire ownership of the underlying asset at the end of the lease period, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the following two dates: the end of the period of use or the end of the lease period. Improvements made to leased assets are depreciated over a period that is shorter than or the same as the period used for the leased asset concerned. Right-of-use assets are subject to impairment testing.

Non-lease components, specifically amounts for maintenance and fuel that are included in the lease instalments, are not recognised if these amounts are readily determined and are material. In practice, this applies to the non-lease payments for cars. For the other leases, use is made of the practical expedient of treating the non-lease components in the same manner as lease components.

The Group makes use of the practical expedient of not recognising short-term leases (with a lease period of less than 12 months and no purchase option) and the same applies to leases where the new value of the underlying asset is low (less than €5,000). The lease instalments for such leases are accounted for in the operating expenses over the period concerned.

The lease period relates to the non-cancellable period of the lease together with the periods covered by a renewal option if it is reasonably certain that the Group will exercise this option and periods covered by a termination option if it is reasonably certain that the Group will not exercise this option.

## (12) Intangible assets

### (12a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see accounting policy 20).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

### (12b) Other intangible assets

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairments.

### (12c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the reporting date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting policy 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5 - 20 years
- Order book: 4 years
- Sand quarry concession: 5 - 15 years
- Brand: 5 - 10 years

### (12d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

## (13) Financial instruments

A financial instrument is a contract that leads to a financial asset or financial liability for the Group.

### (13a) Financial assets

The Group's main financial assets are:

- Loans granted (see accounting policy 14)
- Trade and other receivables (see accounting policy 17)
- Cash and cash equivalents (see accounting policy 18)

Financial assets are classified as assets that are:

- a. carried at amortised cost after initial recognition, or
- b. carried at fair value with gains and losses included in the other components of comprehensive income, or
- c. carried at fair value with gains and losses accounted for in profit or loss.

This classification is based on the Group's business model for the management of the financial assets and the features of the contractual cash flows from the financial asset. The financial assets are to be carried at amortised cost (a) if both of the following conditions are satisfied:

- i. the financial asset is held as part of a business model aimed at holding financial assets for the purpose of receiving contractual cash flows, and
- ii. the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount.

Both conditions are satisfied in the case of the above financial assets. The financial assets are carried at amortised cost. On initial recognition, the amount of financial assets carried at amortised cost is measured using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset matures, is settled, is revised or is subject to impairment.

Financial assets are recognised less a provision for expected credit losses. The amount of this provision is measured as the amount of the expected credit losses over the coming 12 months, based on the credit rating of the client. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, the simplified approach permitted by IFRS 9, involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses, has been used.

### (13b) Financial liabilities

The Group has the following financial liabilities:

- Cumulative financing preference shares (see accounting policy 22a)
- Interest-bearing loans (see accounting policy 22b)
- Trade and other payables (see accounting policy 25)

These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Swapping of debt instruments involving the same lender on substantially different terms is treated as a settlement of the original financial liability and recognition of a new financial liability. The same applies when the terms of an existing financial liability are substantially altered.

The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

### (13c) Netting of financial assets and liabilities

Financial assets and financial liabilities are netted off and presented as a net amount in the statement of financial position if

- the Group has a legally enforceable right to net the amounts off, and
- the Group intends to settle the liability on a net basis or to realise the asset simultaneously with the settlement of the liability.

## (14) Loans granted

Loans granted form part of the financial assets (see accounting policy 13). Loans granted that do not meet both conditions cited in accounting policy 13 are carried at fair value with gains and losses accounted for in profit or loss. Loans granted that meet both conditions referred to are measured at amortised cost using the effective interest method, less impairments.

## (15) Inventories

### (15a) Strategic land holdings

The strategic land holdings represent the reported land holdings that are managed centrally in the Company's strategic land portfolio. These holdings are acquired and held for future property development. The interest and development costs for land holdings that are under development are capitalised. The land holdings are measured at the lower of cost and net realisable value.

### (15b) Other inventories

Other inventories includes unsold residential property in preparation and under construction (including planning and building consents), raw materials and consumables finished products (including land and premises for sale).

Inventories is measured at cost, or at net realisable value if lower. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition. The cost of inventories includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses. For fungible inventories the first-in, first-out (FIFO) principle applies.

Land and premises for sale concerns land and premises that have been technically delivered as developed but which on the reporting date were not sold to third parties. The inventories of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-downs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

### **(16) Work in progress assets**

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. In practical terms, the item is made up of the revenue (see also accounting policy 6) in proportion to the progress in fulfilling the performance obligation less invoiced instalments. Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also 24d). Work in progress assets are measured taking account of expected credit losses in a way similar to the method used for trade and other receivables (see accounting policy 17).

### **(17) Trade and other receivables**

Trade and other receivables form part of the financial assets (see accounting policy 13). Trade and other receivables are carried at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, use is made of the simplified approach involving consistent recognition of an allowance at an amount equal to lifetime expected credit losses. Amounts still to be invoiced on concluded projects are recognised under trade and other receivables.

### **(18) Cash and cash equivalents**

Cash and cash equivalents form part of the financial assets (see accounting policy 13). Cash and cash equivalents comprise cash and bank balances and other call deposits. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

### **(19) Assets held for sale and discontinued operations**

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as held for sale (or held for distribution), after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting policies. The assets or group of assets to be disposed of are generally measured at the carrying amount or the fair value less sale costs, if lower. Any impairment loss on a group of assets held for sale is first allocated to goodwill and then pro rata to the remaining assets and liabilities, subject to the restriction that impairment losses are not allocated to inventories, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting policies. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit or loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit or loss are restated as if the operation had been discontinued from the beginning of the comparative period.



## (20) Impairments

The carrying amounts of the Group's non-financial assets, excluding work in progress assets (see accounting policy 16), inventories (see accounting policy 15) and deferred tax assets (see accounting policy 9), are reviewed each reporting date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets with an unlimited useful life, and intangible assets that are not yet ready for use, the recoverable amount is estimated at the reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

### (20a) Determination of recoverable amount

The recoverable amount of an asset is equal to the higher of its net selling price and its value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

### (20b) Reversal of impairments

Impairment losses in respect of goodwill are never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

## (21) Share capital

### (21a) Costs of issuing ordinary shares

Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

### (21b) Repurchase of own shares

If shares representing capital that is recognised as equity in the statement of financial position are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

### (21c) Dividend

Dividends are recognised as a liability in the period in which these are declared.

## (22) Interest-bearing liabilities

Interest-bearing loans form part of the financial liabilities (see accounting policy 13), except for lease liabilities (see accounting policy 22c).

### (22a) Financing preference share capital

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit or loss.

### (22b) Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

### (22c) Lease liabilities

On the commencement date of the lease, the Group measures the liability at the net present value of the fixed lease payments that have not yet been made as at that date. These include lease payments (including in-substance fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or rate and amounts expected to be payable under residual value guarantees. The lease payments also include the purchase option price if it is reasonably certain that the Group will exercise this option. The lease payments also include the penalties for termination of the lease if the lease period reflects the exercise by the

Group of an option to terminate the lease. Variable lease payments not depending on an index or rate are expensed in the period in which the event or circumstance giving rise to these payments occurs.

In calculating the net present value of the lease payments, the Group makes use of the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the liability is increased in respect of interest and reduced by the lease payments made. The Group re-measures the liability in the event of a change in the lease agreement, an adjustment of the lease period, a review of an in-substance fixed lease payment or a change in the assessment thereof or use is made of a purchase option.

## **(23) Employee benefits**

### **(23a) Defined-contribution plans**

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

### **(23b) Defined-benefit plans**

The Group's net obligation in respect of defined-benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in the statement of profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit or loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future

refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

### **(23c) Long-term employee benefits**

The Group's net liability in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as long-service payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

### **(23d) Severance payments**

Severance payments are recognised as an expense if the Group has shown that it is committed to terminating the employment contract of an employee or group of employees before the normal retirement date, by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

## **(24) Provisions**

A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

### **(24a) Warranties**

A provision for warranties is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period.

### **(24b) Restructuring**

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

**(24c) Environment**

A provision for restoration of contaminated land is formed in accordance with the Group's environmental policy and applicable legal requirements.

**(24d) Onerous contracts**

A provision for onerous contracts is recognised if the economic benefits (i.e. the probable revenues) that the Group expects to receive from a contract are lower than the costs of meeting the contractual obligations, unless the net costs of terminating the contract are lower. For contracts concerning the execution of works, these costs are the costs attributable to the outstanding performance obligations. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

**(25) Trade and other payables**

Trade and other payables form part of the financial liabilities (see accounting policy 13). Trade and other payables are recognised at amortised cost.

**(26) Work in progress credit**

Work in progress liabilities relates to work yet to be performed for clients on projects for which the Group has received a consideration from the client (or the client owes an amount). In practical terms, the item comprises the invoiced instalments less the revenue in proportion to the progress in fulfilling the performance obligation (see also accounting policy 6). Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for in the statement of financial position in provisions (see also accounting policy 24d).

**(27) Statement of cash flows**

The statement of cash flows is prepared using the indirect method. The liquidity item in the statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand.

**(28) Segment reporting**

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Building & Technology and Infra.



# 6. Notes related to the consolidated financial statements

x € 1.000

## 6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Building & Technology and Infra, in line with the management conducted by the Executive Board. The segments are managed primarily on the basis of operating results. The segment figures include data that can be allocated to a segment either directly or on reasonable grounds.

### Condensed statement of profit or loss by business segment

2020 Business segments	Property Development	Building & Technology	Infra	Other/ Eliminations	Total
<b>Revenue</b>					
Third parties	481.935	625.103	639.304	126	1.746.468
Intercompany	-	295.393	22.395	-317.788	0
<b>Total revenue</b>	<b>481.935</b>	<b>920.496</b>	<b>661.699</b>	<b>-317.662</b>	<b>1.746.468</b>
<b>Operating result</b>	<b>20.570</b>	<b>29.564</b>	<b>18.013</b>	<b>-12.495</b>	<b>55.652</b>
Finance income					1.397
Finance expense					-6.251
Results of joint ventures and associates	4.781	-16.681	544	596	-10.760
<b>Result before tax</b>					<b>40.038</b>
Income tax					110
<b>Result after tax</b>					<b>40.148</b>

2019 Business segments	Property Development	Building & Technology	Infra	Other/ Eliminations	Total
<b>Revenue</b>					
Third parties	459.131	533.123	607.370	611	1.600.235
Intercompany	-	283.994	11.254	-295.248	0
<b>Total revenue</b>	<b>459.131</b>	<b>817.117</b>	<b>618.624</b>	<b>-294.637</b>	<b>1.600.235</b>
<b>Operating result</b>	<b>16.386</b>	<b>22.290</b>	<b>6.048</b>	<b>-15.546</b>	<b>29.178</b>
Finance income					1.472
Finance expense					-6.163
Results of joint ventures and associates	2.942	-2.213	7.910	1.729	10.368
<b>Result before tax</b>					<b>34.855</b>
Income tax					-4.799
<b>Result after tax</b>					<b>30.056</b>

x € 1.000

Condensed statement of financial position and analysis by business segment

2020 Business segments	Property Development	Building & Technologu	Infra	Other	Eliminations	Total
Assets	361.297	348.685	310.857	356.055	-481.373	895.521
Not allocated						35.117
<b>Total assets</b>	<b>361.297</b>	<b>348.685</b>	<b>310.857</b>	<b>356.055</b>	<b>-481.373</b>	<b>930.638</b>
Liabilities	275.905	306.412	258.372	236.845	-477.289	600.245
Not allocated						103.984
<b>Total liabilities</b>	<b>275.905</b>	<b>306.412</b>	<b>258.372</b>	<b>236.845</b>	<b>-477.289</b>	<b>704.229</b>
<b>Equity</b>						<b>226.409</b>
<b>Total equity and liabilities</b>						<b>930.638</b>
<b>Property, plant and equipment</b>						
Depreciation	28	646	4.462	4.059	-	9.195
Investments	-	1.406	11.535	3.427	-	16.368
<b>Right-of-use assets</b>						
Depreciation	1.060	8.360	13.004	1.459	-	23.883
<b>Intangible assets</b>						
Amortisation	-	1.021		-	-	1.021
<b>Joint ventures and associates</b>						
Carrying amount	49.885		21.355	2.032	-	73.272

x € 1.000

2019 Business segments	Property Development	Building & Technology	Infra	Other	Eliminations	Total
Assets	385.348	348.907	273.049	257.433	-399.782	864.955
Not allocated						33.440
<b>Total assets</b>	<b>385.348</b>	<b>348.907</b>	<b>273.049</b>	<b>257.433</b>	<b>-399.782</b>	<b>898.395</b>
Liabilities	320.449	315.712	240.453	140.536	-399.781	617.369
Not allocated						103.062
<b>Total liabilities</b>	<b>320.449</b>	<b>315.712</b>	<b>240.453</b>	<b>140.536</b>	<b>-399.781</b>	<b>720.431</b>
<b>Equity</b>						<b>177.964</b>
<b>Total equity and liabilities</b>						<b>898.395</b>
<b>Property, plant and equipment</b>						
Depreciation	92	283	4.148	4.718	-	9.241
Investments	-	1.260	6.876	2.872	-	11.008
<b>Right-of-use assets</b>						
Depreciation	810	7.788	12.453	1.436	-	22.487
<b>Intangible assets</b>						
Amortisation	-	1.021	9	-	-	1.030
<b>Joint ventures and associates</b>						
Carrying amount	57.499	-	4.073	2.682	-	64.254

Transactions between business segments are conducted on arm's length terms that are comparable to those for transactions with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest-bearing loans and other financing commitments.

By the nature of its operations, the Infra segment is highly dependent on public sector contracts.

Revenue in 2020 and in 2019 was generated entirely in the Netherlands.

The non-current assets (PP&E) are chiefly located in the Netherlands.

x € 1.000

### Underlying EBITDA by business segment

2020 In € million	Property Development	Building & Technology	Infra	Other	Total
<b>Underlying EBITDA</b>	<b>29,7</b>	<b>24,7</b>	<b>36,7</b>	<b>-5,9</b>	<b>85,2</b>
EBITDA of joint ventures	-5,8	16,2	-0,2	-0,4	9,8
Write-down on property assets	-2,2	-0,2			-2,4
Restructuring costs		-1,1	-2,0	-0,4	-3,5
Result on contribution of assets to joint arrangement			1,0	-0,3	0,7
Total exceptional items	-8,0	14,9	-1,2	-1,1	4,6
<b>EBITDA</b>	<b>21,7</b>	<b>39,6</b>	<b>35,5</b>	<b>-7,0</b>	<b>89,8</b>
Depreciation and amortisation	-1,1	-10,0	-17,5	-5,5	-34,1
<b>Operating result</b>	<b>20,6</b>	<b>29,6</b>	<b>18,0</b>	<b>-12,5</b>	<b>55,7</b>

Write-downs on property assets related to the net effect of write-downs on certain land holdings and the profit on sale of a property.

2019 In € million	Property Development	Building & Technology	Infra	Other	Total
<b>Underlying EBITDA</b>	<b>26,5</b>	<b>29,6</b>	<b>29,8</b>	<b>-7,6</b>	<b>78,3</b>
EBITDA of joint ventures	-3,7	3,0	-7,5	0,3	-7,9
Write-down on property assets	-5,4	0,0			-5,4
Restructuring costs	-0,1	-1,2	-1,2	-0,5	-3,0
Soil remediation				-1,4	-1,4
Settlement sold subsidiaries			1,5	-0,1	1,4
Total exceptional items	-9,2	1,8	-7,2	-1,7	-16,3
<b>EBITDA</b>	<b>17,3</b>	<b>31,4</b>	<b>22,6</b>	<b>-9,3</b>	<b>62,0</b>
Depreciation and amortisation	-0,9	-9,1	-16,6	-6,2	-32,8
<b>Operating result</b>	<b>16,4</b>	<b>22,3</b>	<b>6,0</b>	<b>-15,5</b>	<b>29,2</b>

By underlying EBITDA, the Group is referring to earnings before interest, tax, depreciation and amortisation (equal to the operating result before depreciation/amortisation) including EBITDA of joint ventures and adjusted for any property write-down, restructuring costs, gains and losses on the sale of subsidiaries, any impairment losses on goodwill, release of pension indexation provisions and other non-operating results considered exceptional by the Group that are relevant in the above statement. The underlying EBITDA is also used as the basis of calculation for covenant reporting to the bank consortium.



x € 1.000

## 6.2 Revenue

The disaggregation of revenue into categories that reflect the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors runs along the lines of the segment information by sector:

Revenue	2020	2019
Property Development	481.935	459.131
Building & Technology	920.496	817.117
Infra	661.699	618.624
Eliminations	-317.662	-294.637
	<b>1.746.468</b>	<b>1.600.235</b>

Property Development revenue mainly relates to revenue from residential and investment property projects developed by Heijmans for private buyers, of €296 million (approx. €283 million in 2019), and for property investors and housing associations together, of approximately €186 million (approx. €176 million in 2019), in general involving the delivery of both the land and the buildings. Projects for private buyers are usually not started until at least 70% has been sold. Invoicing of private buyers is according to the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen - Owner-Occupied Housing Guarantee Fund) that is linked to predefined stages. The first installment is invoiced when title to the land is transferred. Construction work on projects for property investors and housing associations does not start before the sale has been completed. The invoicing schedule is agreed with each client and, as in the case of private buyers, is generally linked to the completion of stages, the first installment being invoiced upon conveyance of the land. The revenue from the land is recognised at the time of legal conveyance whereas the revenue from the buildings is recognised during the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of housing and non-residential buildings and related installation work on behalf of clients in the private sector and the public or semi-public sector, amounting to approximately €657 million (approx. €596 million in 2019). Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service activities on clients' buildings and installations. Revenue from these activities, of approximately €263 million (approx. €221 million in 2019), is recognised as and when this service and maintenance work takes place. A major client for the construction of residential property is Heijmans Property Development, representing internal sales that are eliminated. Construction only commences when orders have been confirmed.

The revenue generated by Infra mainly relates to the construction of roads and other civil engineering works on behalf of public authorities, of approximately €609 million (approx. €576 million in 2019). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service and maintenance activities on pieces of infrastructure. Revenue from these activities, of approximately €47 million (approx. €39 million in 2019), is recognised as and when this service work takes place. Supplies of asphalt are also made to third parties, the revenue from which, of approximately €6 million (€4 million in 2019), is recognised at the time of delivery.

x € 1.000

In 2020, revenue totalling €154 million (2019: €142 million) was recognised and this amount was included in work in progress liabilities as at 1 January.

In 2020, revenue totalling €2 million (2019: €1 million) was recognised relating to performance obligations fulfilled in earlier periods.

The amount of the transaction price that has been attributed to performance obligations that have not been fulfilled (in whole or in part) is approximately €1.9 billion (2019: €1.9 billion). Of this, approximately 56% will be fulfilled in 2021, 22% in the period 2022 and 2023 and 22% in 2024 and beyond (2019: approximately 54% in 2020, 25% in the period 2021 and 2022 and 21% in 2023 and beyond). The disclosed amounts concern contracted revenue and do not include any revenue that is not highly probable. Revenue generated by contracts for which the unit price but not the volumes has been agreed have been included in the disclosed amounts. The Group has not made use of the practical possibility of not disclosing performance obligations forming part of a contract with an originally expected completion date of 12 months or less.

The Group has not adjusted revenue for significant financing components partly because the period between fulfilment of the performance obligations and payment by the client is less than one year.

### 6.3 Other operating income

Other operating income	2020	2019
Gain on sale of non-current assets	1.316	1.835
Miscellaneous	1.765	1.972
	<b>3.081</b>	<b>3.807</b>

The gain on the sale of non-current assets relates to the sale of plant and equipment. This also relates to the gains of €1.1 million realised on the contribution of asphalt plants and other assets to the newly established joint venture AsfaltNu, in which the Group has a 50% interest. Miscellaneous includes fees for managing sold subsidiaries where the Group is, temporarily or permanently, still performing administrative activities.

x € 1.000

## 6.4 Staff costs, depreciation, and research and development expenses

Staff costs included in the statement of profit or loss are broken down as follows:

Staff costs	2020	2019
Wages and salaries	-312.427	-297.140
Compulsory social insurance contributions	-46.331	-44.550
Defined-contribution plans	-34.874	-31.649
Defined-benefit plans and long-service payments	-1.027	-1.425
	<b>-394.659</b>	<b>-374.764</b>

The statement of profit or loss includes an amount of approximately €3 million (2019 €3 million) relating to reorganisation provisions.

The number of employees at year-end 2019 was 4,833 (2019: 4,775).

The staff costs are included in the cost of sales and administrative expenses.

Depreciation and amortisation recognised in the statement of profit or loss is broken down as follows:

Depreciation	2020	2019
Depreciation of property, plant and equipment	-9.195	-9.241
Depreciation of right-of-use assets	-23.883	-22.487
Amortisation of intangible assets	-1.021	-1.030
	<b>-34.099</b>	<b>-32.758</b>

Depreciation of property, plant and equipment and right-of-use assets is included in the cost of sales and administrative expenses.

Amortisation of intangible assets is recognised under other operating expenses.

The costs for research and development recognised in the statement of profit or loss are:

Research & development costs	2020	2019
	<b>-10.381</b>	<b>-5.831</b>

Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the figures stated above.

Research and development expenses increased as a result of the strategic deployment of innovation.

x € 1.000

## 6.5 Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	2020	2019
Amortisation of intangible assets	-1.021	-1.030
<b>Other operating expenses</b>	<b>-1.021</b>	<b>-1.030</b>

The amortisation of intangible assets mainly concerns the amortisation of the customer base.

## 6.6 Finance income and expense

The net financing income and expense is broken down as follows:

Finance income and expense	2020	2019
Interest income	1.397	1.472
<b>Finance income</b>	<b>1.397</b>	<b>1.472</b>
Interest expense	-5.359	-5.501
Interest expense on lease liabilities	-2.488	-2.357
Capitalised financing costs	1.596	1.695
<b>Finance expense</b>	<b>-6.251</b>	<b>-6.163</b>
<b>Net financing income and expense</b>	<b>-4.854</b>	<b>-4.691</b>

The net finance expense for 2020 amounts to €4.9 million, which is €0.2 million higher than the €4.7 million for 2019. Although the syndicated loan facility was not utilised at all during the year, commitment fees still applied. For a summary of the interest rates, see note 6.21.

The interest and development costs for land holdings that are under development are capitalised. The applicable interest rate that is used for capitalisation is 3.0% for 2020 (2019: 3.0%). No interest has been capitalised on projects under construction.

x € 1.000

## 6.7 Income tax

Recognised in profit or loss	2020	2019
<b>Current tax charges or credits</b>		
Current financial year	-17	0
Prior financial years	-137	0
	-154	0
<b>Deferred tax charges or credits</b>		
Relating to temporary differences	-2.161	-207
Relating to tax loss carryforwards	2.425	-4.592
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	0	0
	264	-4.799
<b>Total tax charge in the statement of profit or loss</b>	<b>110</b>	<b>-4.799</b>

The tax charges by country are as follows:

	2020	2019
Netherlands	242	-5087
Belgium	-17	-
Germany	-115	288
	110	-4.799

x € 1.000

Analysis of the effective tax rate	2020		2019	
	%	€	%	€
<b>Result before tax</b>		<b>40.038</b>		<b>34.855</b>
Based on local tax rate	25,0%	-10.010	25,0%	-8.714
Non-deductible interest	1,9%	-773	2,3%	-813
Non-deductible expenses, other	0,9%	-377	1,2%	-435
Non-taxable revenue in results of investees	7,1%	-2.857	-5,1%	1.773
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	0,3%	-111	1,1%	-374
Effect of changes in the tax rate	-2,7%	1.089	-3,6%	1.251
Effect of recognising previously unrecognised losses	-33,4%	13.390	-7,5%	2.597
Effect of foreign tax rates/ miscellaneous	0,6%	-241	0,2%	-84
<b>Overall tax burden</b>	<b>-0,3%</b>	<b>110</b>	<b>13,8%</b>	<b>-4.799</b>

The effective tax rate for 2020 is 0.3% negative (2019: 13.8%).

The main differences between the effective tax rate and the local tax rate in the Netherlands concern the non-deductible interest expense relating to the cumulative preference financing shares B, the general restrictions on the deductibility of expenses in the various jurisdictions, the tax exempt results from investees and the non-recognition of current-year losses (chiefly outside the Netherlands) coupled with the recognition of previously unrecognised losses of the Dutch tax group.

## 6.8 Income tax receivables and payables

Geographical segment	31 december 2020		31 december 2019	
	Receivables	Payables	Receivables	Payables
Netherlands	200	0	0	0
Belgium	0	0	0	225
Germany	-	108	-	109
	<b>200</b>	<b>108</b>	<b>0</b>	<b>334</b>

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of applicable loss relief rules.

x € 1.000

## 6.9 Property, plant and equipment

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
<b>Cost</b>					
<b>Balance at 1 January 2019</b>	<b>54.330</b>	<b>74.558</b>	<b>43.423</b>	<b>1.924</b>	<b>174.235</b>
Investments	2.127	5.363	3.050	468	11.008
Disposals	-1.993	-6.979	-2.697	0	-11.669
Reclassifications	0	131	405	-536	0
<b>Balance at 31 December 2019</b>	<b>54.464</b>	<b>73.073</b>	<b>44.181</b>	<b>1.856</b>	<b>173.574</b>
<b>Balance at 1 January 2020</b>	<b>54.464</b>	<b>73.073</b>	<b>44.181</b>	<b>1.856</b>	<b>173.574</b>
Investments	2.420	7.772	2.937	3.239	16.368
Disposals	-934	-22.641	-2.362	0	-25.937
Reclassifications	20	-206	108	-357	-435
<b>Balance at 31 December 2020</b>	<b>55.970</b>	<b>57.998</b>	<b>44.864</b>	<b>4.738</b>	<b>163.570</b>
<b>Depreciation and impairment losses</b>					
<b>Balance at 1 January 2019</b>	<b>38.327</b>	<b>59.804</b>	<b>32.142</b>	<b>0</b>	<b>130.273</b>
Depreciation	1.775	3.318	4.148	0	9.241
Disposals	-482	-6.323	-1.101	0	-7.906
<b>Balance at 31 December 2019</b>	<b>39.620</b>	<b>56.799</b>	<b>35.189</b>	<b>0</b>	<b>131.608</b>
<b>Balance at 1 January 2020</b>	<b>39.620</b>	<b>56.799</b>	<b>35.189</b>	<b>0</b>	<b>131.608</b>
Depreciation	1.789	3.636	3.770	0	9.195
Disposals	0	-19.895	-2.073	0	-21.968
Reclassifications	-7	-512	48	0	-471
<b>Balance at 31 December 2020</b>	<b>41.402</b>	<b>40.028</b>	<b>36.934</b>	<b>0</b>	<b>118.364</b>
<b>Carrying amount</b>					
At 1 January 2019	16.003	14.754	11.281	1.924	43.962
At 31 December 2019	14.844	16.274	8.992	1.856	41.966
At 1 January 2020	14.844	16.274	8.992	1.856	41.966
<b>At 31 December 2020</b>	<b>14.568</b>	<b>17.970</b>	<b>7.930</b>	<b>4.738</b>	<b>45.206</b>

x € 1.000

As at year end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €1.3 million (2019: €2.2 million).

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised as other capital assets, rather than as a separate item in the statement of financial position. The carrying amount of investment property was €0.2 million at year end 2020 (2019: €0.4 million).

## 6.10 Leases

The movements in right-of-use assets were as follows:

	Changes in lease period and other changes				31 December
2020	1 January 2020	Depreciation	Additions	changes	2020
Office buildings	53.304	-8.637	553	-245	44.975
Vehicle fleet	24.887	-10.608	13.360	-158	27.481
Other equipment	6.868	-4.638	7.425	-515	9.140
<b>Total</b>	<b>85.059</b>	<b>-23.883</b>	<b>21.338</b>	<b>-918</b>	<b>81.596</b>

	Changes in lease period and other changes				31 December
2019	1 January 2019	Depreciation	Additions	changes	2019
Office buildings	53.198	-8.885	1.337	7.654	53.304
Vehicle fleet	22.239	-9.901	12.729	-180	24.887
Other equipment	5.226	-3.701	5.156	187	6.868
<b>Total</b>	<b>80.663</b>	<b>-22.487</b>	<b>19.222</b>	<b>7.661</b>	<b>85.059</b>

The amounts in the column headed 'Changes in lease period and other changes' are connected with lease renewals and rent increases.



x € 1.000

The movement in the lease liabilities was as follows:

2020	1 January 2020	Additions	Lease payments	Interest	Changes in lease period and other changes	31 December 2020
Office buildings	54.649	553	-12.375	1.494	-446	43.875
Vehicle fleet	25.191	13.360	-10.955	694	-330	27.960
Other equipment	6.762	7.425	-5.055	300	-144	9.288
<b>Total</b>	<b>86.602</b>	<b>21.338</b>	<b>-28.385</b>	<b>2.488</b>	<b>-920</b>	<b>81.123</b>

2019	1 January 2019	Additions	Repayments	Interest	Changes in lease period and other changes	31 December 2019
Office buildings	53.458	1.337	-9.267	1.467	7.654	54.649
Vehicle fleet	22.059	12.729	-10.215	618	0	25.191
Other equipment	4.964	5.156	-3.861	272	231	6.762
<b>Totaal</b>	<b>80.481</b>	<b>19.222</b>	<b>-23.343</b>	<b>2.357</b>	<b>7.885</b>	<b>86.602</b>

The maturity of the lease liabilities (based on due dates of the lease instalments) per category of underlying asset can be analysed as follows:

31 december 2020	Total lease instalments payable	< 1 year	1-5 years	> 5 year
Office buildings	49.043	6.737	26.476	15.830
Vehicle fleet	29.078	10.487	18.460	131
Other equipment	10.009	3.898	5.454	657
<b>Total</b>	<b>88.130</b>	<b>21.122</b>	<b>50.390</b>	<b>16.618</b>

31 december 2019	Total lease instalments payable	< 1 year	1-5 years	> 5 year
Office buildings	62.518	9.587	30.856	22.075
Vehicle fleet	26.207	9.501	16.620	86
Other equipment	7.161	3.921	3.056	184
<b>Total</b>	<b>95.886</b>	<b>23.009</b>	<b>50.532</b>	<b>22.345</b>

x € 1.000

The interest expense on the lease liabilities in 2020 amounted to €2.5 million (2019: €2.4 million).

The cost in 2020 of short-term leases for which right-of-use assets have not been recognised amounted to €98 million (2019: €98 million). This largely concerns short-term equipment rental on projects.

The cost in 2020 relating to variable lease payments not included in the amount of the lease liabilities was €1 million (2019: €1 million).

The total cash outflow relating to leases amounted to €126 million in 2020 (2019: €122 million). This includes the aforementioned short-term rental of equipment on projects.

The weighted average incremental borrowing rate that has been used in determining the amount of the liability in 2020 is 3% (2019: 3%). As at year-end 2020, this figure was also 3%.

## 6.11 Intangible assets

Intangible assets consist of goodwill and other identifiable intangible assets.

	Goodwill	Identifiable intangible assets	Total
<b>Cost</b>			
<b>Balance at 1 January 2019</b>	<b>156.971</b>	<b>48.004</b>	<b>204.975</b>
Disposals		-2.001	-2.001
Balance at 31 December 2019	156.971	46.003	202.974
Balance at 1 January 2020	156.971	46.003	202.974
<b>Balance at 31 December 2020</b>	<b>156.971</b>	<b>46.003</b>	<b>202.974</b>

x € 1.000

Impairment losses and amortisation	Goodwill	Identifiable intangible assets	Total
<b>Balance at 1 January 2019</b>	<b>88.581</b>	<b>37.732</b>	<b>126.313</b>
Amortisation	-	1.030	1.030
Balance at 31 December 2019	88.581	38.762	127.343
Balance at 1 January 2020	88.581	38.762	127.343
Amortisation	-	1.021	1.021
<b>Balance at 31 December 2020</b>	<b>88.581</b>	<b>39.783</b>	<b>128.364</b>

Carrying amount	Goodwill	Identifiable intangible assets	Total
At 1 January 2019	68.390	10.272	78.662
At 31 December 2019	68.390	7.241	75.631
At 1 January 2020	68.390	7.241	75.631
<b>At 31 December 2020</b>	<b>68.390</b>	<b>6.220</b>	<b>74.610</b>

The composition of the carrying amount for goodwill and other intangible assets at year-end 2020 is as follows:

Acquisition	2020		2019	
	Goodwill	Identifiable intangible assets	Goodwill	Identifiable intangible assets
IBC (NI-2001)	21.207	-	21.207	-
Burgers Ergon (NI-2007)	31.107	6.220	31.107	7.241
Other	16.076	-	16.076	-
<b>Carrying amount at 31 December</b>	<b>68.390</b>	<b>6.220</b>	<b>68.390</b>	<b>7.241</b>

Other mainly refers to the Infra as cash-generating unit (€13 million).

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 6 years.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under other operating expenses.

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the recoverable amount, reference is made to the accounting policies.

x € 1.000

The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation amounts to 10.3% (2019: 11.4%), corresponding to a discount rate after tax of 7.8% (2019: 8.8%). The WACC figure used has been arrived at in the same way as it was prior to IFRS 16. The cash flows are unaffected by IFRS 16. In calculating the carrying amount of the cash-generating unit, IFRS 16 has likewise been disregarded.

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of 5 years. Cash flows after 5 years are extrapolated using a growth rate of 0% (2019: 1.5%).

The recoverable amount calculated for the impairment test depends among other things on the growth rate used and the period over which the cash flows are realised. Other important variables are the expected revenue growth, probable margins and working capital requirements.

The expected cash flows are discounted using a pre-tax WACC of 10.3%. If the pre-tax WACC were 1 percentage point higher, this would not result in an impairment. Cash flows beyond 5 years are extrapolated without growth percentages. Changes that can reasonably be expected in key variables, including possible uncertainties arising from Covid-19 and the nitrogen problem, do not result in an impairment.

In 2020, the cash-flow generating unit to which the goodwill and other intangible assets of Burgers Ergon and the IBC goodwill were allocated was changed from the Non-Residential business unit to the Building & Technology segment. Previously, segmentation was according to Non-Residential and Residential. These two segments were combined to Building & Technology as from the beginning of 2018. The goodwill and other intangible assets referred to are monitored at segment level. The increasing integration of these business segments as from 2020 means that long-term cash flow projections are now only made at Building & Technology level. The cash-flow generating unit has accordingly been changed to Building & Technology for the goodwill impairment test.

x € 1.000

## 6.12 Joint ventures and associates

The interests in joint ventures and investments in associates included in the statement of financial position breaks down as follows:

	2020	2019
Joint ventures	69.263	60.069
Associates	4.009	4.185
	<b>73.272</b>	<b>64.254</b>

### Joint ventures

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, including equity is shown below.

	2020	2019
Interest in the capital of Property Development joint ventures	49.885	57.500
Interest in the capital of other joint ventures	12.342	-2.330
	<b>62.227</b>	55.170
Negative asset values recognised in other provisions	7.036	4.899
	<b>69.263</b>	60.069

The amounts presented below are the Group's shares in the results of joint ventures:

	2020	2019
Share of the net result of Property Development joint ventures	4.781	2.952
Share of the net result of other joint ventures	-15.921	6.917
	<b>-11.140</b>	9.869

Much of the loss was project losses in joint ventures. These losses were largely made up by capital contributions.

The property development joint ventures in which the Group participates achieved revenue of €42 million in 2020 (2019: €36 million). In total, they have inventories of €83 million (2019: €98 million), mainly in the form of a land holding. The aforementioned amounts relate to the Group's share.

'Other joint ventures' include projects carried out on a consortium basis and in addition an asphalt joint venture (AsfaltNu).

In a number of joint ventures, there are limits on the payout of dividends, often depending on the preference specified for repayment of the debts of the joint ventures concerned.

x € 1.000

The group has undertaken commitments to joint ventures totalling €1 million (2019: €3 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.21, 6.26, 6.27 and 6.28, the Group has no commitments or contingent liabilities relating to joint ventures.

### Associates

The amounts shown below concern the interests of the Group in the equity and results of associates:

	2020	2019
Interests in the equity of associates	4.009	4.185
Interests in the net results of associates	380	499

### 6.13 Verstrekte leningen aan joint ventures

	2020	2019
Loans granted to joint ventures	22.661	30.986
Other long-term lending	719	310
<b>Balance at 31 December</b>	<b>23.380</b>	<b>31.296</b>

An amount of €0 million (2019: €3 million) of the loans granted falls due within 1 year, €1 million between 1 and 5 years (2019: €7 million) and €22 million maturing after more than 5 years, including those with indefinite maturity (2019: €21 million). The weighted average interest rate is approximately 2.2% (2019: 2.6%). The loans are repayable and are secured by pledged assets and by cash flows from projects being carried on by the joint ventures concerned. An appraisal has been made of the expected credit losses on the loans granted. There were no implications for the carrying amounts.

x € 1.000

## 6.14 Deferred tax assets and liabilities

The net amount of the deferred tax assets and liabilities relating to temporary differences between the carrying amounts for tax purposes and for reporting purposes of items in the statement of financial position, together with recognised tax-loss carryforwards, can be broken down as follows:

	Receivables 31 december		Payables 31 december		Net amount 31 december	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	493	267		0	493	267
Right-of-use assets	21.014	19.376	20.399	19.036	615	340
Intangible assets	-	-	1.543	1.594	-1.543	-1.594
Employee benefits	3.377	3.370		0	3.377	3.370
Provisions	45	315	-	-	45	315
Recognised tax-loss carryforwards	31.718	29.293	-	-	31.718	29.293
<b>Deferred tax assets and liabilities</b>	<b>56.647</b>	<b>52.621</b>	<b>21.942</b>	<b>20.630</b>	<b>34.705</b>	<b>31.991</b>
Set-off of deferred tax assets and liabilities	-21.942	-20.630	-21.942	-20.630	-	-
<b>Net deferred tax assets and liabilities</b>	<b>34.705</b>	<b>31.991</b>	<b>0</b>	<b>0</b>	<b>34.705</b>	<b>31.991</b>

The movement in the statement of financial position of the deferred tax assets and liabilities in 2020 breaks down as follows:

	Net amount at 31 December 2019	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2020
Property, plant and equipment	267	226	-	493
Right-of-use assets/lease liabilities	340	275		615
Intangible assets	-1.594	51	-	-1.543
Employee benefits	3.370	-2.443	2.450	3.377
Other items	315	-270	-	45
Recognised tax-loss carryforwards	29.293	2.425	-	31.718
<b>Total</b>	<b>31.991</b>	<b>264</b>	<b>2.450</b>	<b>34.705</b>

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2019 breaks down as follows:

	Net amount at 31 December 2018	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2019
Property, plant and equipment	-146	413	-	267
Right-of-use assets/lease liabilities	0	340		340
Intangible assets	-1.829	235	-	-1.594
Employee benefits	2.973	-1.060	1.457	3.370
Other items	445	-130	-	315
Recognised tax-loss carryforwards	33.890	-4.597	-	29.293
<b>Total</b>	<b>35.333</b>	<b>-4.799</b>	<b>1.457</b>	<b>31.991</b>

### Measurement of deferred tax assets

At year-end 2020, the recognised loss carry forward was €32 million (2019: €29 million), which relates to the loss carryforward of the Dutch tax group. The utilisation of tax loss carryforwards is expected to change and it will become possible to carry forward all losses indefinitely. In future, it will be possible to set off losses indefinitely against up to 50% of taxable profits over €1 million. As the legislative process for these rules on the future treatment of tax losses was not considered finalised as at 31 December 2020, they have not been reflected in the losses recognised as at 31 December 2020. Under the new loss relief rules, it has only been possible from the financial year 2022 to utilise 50% of profits above €1 million against past losses and this is having a short-term adverse impact on the cash outflow related to corporate income tax. Against this, from the financial year 2022 it will be possible under the new loss relief rules to carry forward all losses against future profits indefinitely and in the long term this will have a net positive effect on the cash outflow related to corporate income tax.

Under the existing rules, the Dutch tax group's currently recognised tax losses from prior years are subject to a loss carryforward period of 9 years. A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available that can be utilised towards realising the deferred asset. The losses in 2016 and prior years relate to a relatively small number of large, problem projects. Measures have been taken to prevent such losses in future. Most of the activities perform according to plan. The forecasts are based on the order book, the 2021 business plan, and the long-term forecast. These also underlie the measurement of the recoverable amount of goodwill (impairment tests). For the long-term forecast, the average EBIT margin of the Dutch tax group is assumed to grow to approximately 3% of revenue (2019: approx. 3%). The remaining period of 9 years in which the tax losses can be utilised extends beyond the current forecast period of 3 years: 2021–2023 (2019: 3 years). A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2021 business plan and the long-term forecasts, which are the Group's best estimates. The medium-term planning reflects possible uncertainties arising from Covid-19 and the nitrogen problem.



x € 1.000

Based on the projected results for the years 2021-2023 and the current and future tax rate of 25%, there will be sufficient taxable profits over the next few years to enable the tax asset recognised as at 31 December 2020 to be realised.

Part of the impact of the change in tax in the Netherlands rates has been accounted for in the income statement and part through other comprehensive income, depending on the way in which specific items were recognised in previous years.

### Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries, joint operations or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

The majority of the deferred tax liabilities have a term of more than one year.

### Tax losses not recognised in the statement of financial position

At year-end 2020, the tax-deductible losses of the Heijmans NV tax group amounted to €163.4 million (2019: €220.5 million). €2.4 million relates to 2014, €43.1 million to 2015, and €117.9 million to 2016. Out of the total, €35.9 million (2019: €88.8 million) has not been recognised. At year-end 2020, the other tax losses not recognised in the statement of financial position amounted to €42.1 million (2019: €41.6 million). These relate primarily to one German and two Belgian subsidiaries that conduct no operations.

## 6.15 Inventories

	31 december 2020	31 december 2019
Strategic land holdings	126.415	110.028
Residential property in preparation and under construction	72.271	84.620
Raw materials and consumables	8.868	8.735
Finished products	7.833	1.188
<b>Total</b>	<b>215.387</b>	<b>204.571</b>
Carrying amount of inventories pledged as security	58.537	66.494

x € 1.000

### Strategic land holdings

The strategic land holdings are measured at cost or net realisable value if lower. The net realisable value of these holdings may be either the direct realisable value or the indirect realisable value. The net realisable value depends on the expected manner and time horizon of realisation and in most cases, therefore, is measured using an indirect realisable value method. The indirect realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, the expected cash flows usually being discounted to net present value using a discount rate of 5% unless a different rate has been agreed, for example on the basis of favourable financing arrangements available within a joint undertaking. In fixing the discount rate, account is taken of the expected capital structure, operational risks and specific circumstances affecting Heijmans or the project concerned.

Determining the indirect realisable value involves the use of judgements and estimates. The strategic land holdings are affected by several elements of uncertainty, such as demographic changes, location and details and implementation of development plans and administrative decisions, with as local a focus as possible. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. The Group makes a comprehensive internal assessment of the value of its land holdings twice a year.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without planning permission than for those with. Moreover, this risk keeps increasing the longer the expected delay is before the start of development.

The net realisable value of the strategic land holdings was calculated in 2020 and compared with the carrying amount. This led to a write-down of €2.5 million (2019: write-downs totalling €5.4 million). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of homes completed.

In principle, the strategic land holdings and the residential property in preparation and under construction have terms of more than 12 months after the reporting date (mostly 2 to 10 years). The other items in principle have a term of less than 12 months.

For more information on the pledging of land holdings in connection with the financing agreements, refer to note 6.21.

x € 1.000

## 6.16 Work in progress

	31 december 2020	31 december 2019
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	2.902.903	2.729.460
less: Invoiced instalments	-3.006.960	-2.830.930
<b>Balance of work in progress</b>	<b>-104.057</b>	<b>-101.470</b>
Work in progress assets (positive balance of work in progress)	66.240	68.802
Work in progress liabilities (negative balance of work in progress)	-170.297	-153.660
<b>Balance of work in progress</b>	<b>-104.057</b>	<b>-84.858</b>

As at year-end 2019, the work in progress liabilities included a proportion of the guarantee obligations (see note 6.23 Provisions). The 2019 figure has been restated for comparative purposes.

A periodical assessment of the carrying amount of work in progress is made for each project by the project owner and the management of the unit concerned. This assessment is essentially performed on the basis of the figures in the project files, the project accounts and the knowledge and experience of those involved. Inherent in this process and the project-related activities is that estimates have to be made and that the Group is involved in negotiations and discussions concerning the financial progress of projects, such as contract savings or extras, claims, incentives and penalties, completion dates and the quality standard of the work. It may turn out at a later stage that actual results differ from the estimates. This will be so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the reporting date. For further details on a number of specific projects, refer to note 6.29 Management estimates and judgements.

The degree of uncertainty surrounding these estimates becomes greater the more, for example:

- types of contract and associated specific agreements involve increased risks for the Group. In a DC contract, for example, the Group assumes the design risk (as well as construction). DBMO contracts also include responsibility for maintenance and operation;
- projects are still at the design stage. It is possible for substantial changes to occur in the process of turning a provisional design into the final design, leading to adjustments both up and down compared with the initial projection. Projects are also fraught with opportunities and risks during execution. For example, there may be extra work, claims or unforeseen circumstances with a potential cost to the Group.

x € 1.000

Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

Bonuses are recognised as revenue from work in progress if the project is far enough advanced and it is highly probable that the performance indicators specified will be met (and it is highly probable that no significant reversal will occur), and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is highly probable that the bonus will be received (and it is highly probable that no significant reversal will occur).

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. As at year-end 2020, this item amounted to €66 million (2019: €69 million). Amounts in respect of expected credit losses have not been deducted.

Work in progress liabilities concerns the obligation to carry out work on projects for clients for which the Group has received a consideration from the client (or the client owes that amount). This means that in practice the invoiced instalments run ahead of the project revenue, so on balance the work is funded in advance by the client. As at year-end 2020, this item amounted to €170 million (2019: €154 million). The increase is mainly due to the fact that the level of this advance funding was relatively high on a number of projects as at year-end 2020.

Work in progress assets and liabilities generally have a term of less than 12 months.

Work in progress assets and liabilities do not include any items of a material nature relating to marginal costs for securing or fulfilling a contract.

x € 1.000

## 6.17 Trade and other receivables

	31 december 2020	31 december 2019
Trade receivables	103.130	138.861
Amounts still to be invoiced on concluded projects	5.956	12.715
Receivables from joint operations	10.011	13.111
Prepayments	8.342	4.260
Other receivables	13.540	16.506
<b>Total trade and other receivables</b>	<b>140.979</b>	<b>185.453</b>

Trade and other receivables are presented after deduction of impairment losses. No impairment losses have been deducted from the amounts still to be invoiced on concluded projects. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2020, a provision of €4.2 million was formed for impairment of trade receivables (2019: €2.7 million). For an analysis of the movements in this provision, see note 6.25 'Financial risks and risk management'.

Trade and other receivables are mainly short-term.

## 6.18 Cash and cash equivalents

	31 december 2020	31 december 2019
Bank balances	173.129	106.674
Cash in hand	0	0
Funds in blocked accounts	1.934	2.698
<b>Total cash and cash equivalents</b>	<b>175.063</b>	<b>109.372</b>

Of the total cash and cash equivalents, €21 million (2019: €35 million) is held by joint ventures. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

x € 1.000

## 6.19 Equity

<b>Paid-up and called-up share capital</b>		
In thousands of ordinary shares	<b>2020</b>	<b>2019</b>
Outstanding at 1 January	21.409	21.409
Shares issued in May 2020	524	-
<b>Outstanding at 31 December</b>	<b>21.933</b>	<b>21.409</b>

Refer to statement 2b for disclosures on the changes in equity, and to the Company financial statements for disclosures on the authorised share capital, the statutory reserve for investees, the hedging reserve, the appropriation of results and other figures.

## 6.20 Earnings per share

### Basic earnings per ordinary share

The basic earnings per share in 2020 amounted to €1.85 (2019: €1.40). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and the weighted average number of ordinary shares that were outstanding during 2020.

	<b>2020</b>	<b>2019</b>
<b>Result attributable to holders of ordinary shares (all operations)</b>		
<b>Result attributable to holders of ordinary shares after tax</b>	<b>40.148</b>	<b>30.056</b>

<b>Weighted average number of ordinary shares</b>		
In thousands of shares	<b>2020</b>	<b>2019</b>
Ordinary shares outstanding on 1 January	21.409	21.409
Effect of share issue in May 2020	306	
<b>Weighted average number of ordinary shares at 31 December</b>	<b>21.715</b>	<b>21.409</b>

x € 1.000

### Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2020 is based on the weighted average number of ordinary shares during the year, which was 21,715 thousand. In the calculation of the dilution effect, the dilution is related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.28).

## 6.21 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is shown below.

31 december 2020	Non-current portion	Current portion	Total
Cumulative financing preference shares B	38.748	3.100	41.848
Syndicated bank financing	-	-	-
Project financing	12.035	-	12.035
Other non-current liabilities	2.880	-	2.880
Current account overdrafts with credit institutions	-	3	3
<b>Total liabilities</b>	<b>53.663</b>	<b>3.103</b>	<b>56.766</b>

31 december 2019	Non-current portion	Current portion	Total
Cumulative financing preference shares B	41.800	3.300	45.100
Syndicated bank financing	-	-	-
Project financing	5.197	-	5.197
Other non-current liabilities	2.950	-	2.950
Current account overdrafts with credit institutions	-	-	0
<b>Total liabilities</b>	<b>49.947</b>	<b>3.300</b>	<b>53.247</b>

x € 1.000

**Cumulative financing preference shares B**

As at year-end 2020, there were 4,510,000 cumulative financing preference shares B in issue with a nominal value of €0.21 per share, excluding €9.07 share premium per share. This share capital, totalling €41.8 million, has been issued to Beleggingsfonds De Zonnewijser and Nationale-Nederlanden Levensverzekering Maatschappij N.V. The Group has the right to repurchase or cancel these preference shares before their maturity date in case of an interest rate change or at any other time subject to payment of compensation. Under the agreement with the holders of the cumulative preference shares, the annual coupon rate is reviewed every five years. With effect from 1 January 2019, the rate is 7.21%. The coupon payment becomes payable each year 14 days after the AGM.

Repayment of the cumulative financing preference shares B only becomes applicable in the following cases:

- As and when Heijmans resumes dividend payments on ordinary shares, half of the amount that is paid on ordinary shares will be repaid on the cumulative preference shares B by way of repayment of share premium.
- As in recent years, Heijmans will ask the AGM each year to authorise the Heijmans Executive Board to issue shares up to a maximum of 10% of the outstanding ordinary share capital. Using this mandate, Heijmans will pay out the dividend coupon owed in the form of ordinary shares at market price, with the resultant cash saving used to repay the outstanding capital of the cumulative preference shares B. This repayment element will therefore not reduce the capital base and will have no net cash impact. For example, if shares were issued at the 2020 closing share price of €9.33, this would result in the issue of 1.5% (rounded) of the share capital in 2020.
- As soon as the solvency ratio in terms of the capital base exceeds 30%, as reported in the annual report for each future year, and Heijmans elects to pay a dividend in respect of the relevant year, an extra repayment will be made in the form of a repayment of the share premium originally paid in on the cumulative preference shares B equal to the amount of the dividend payable for the preceding year.

In the event that the total repayments result in a reduction of the outstanding share capital of the cumulative preference shares B to less than €22,550,000, there will be an automatic reduction of 100 basis points in the coupon rate, i.e. to 6.21%. In the event of the above-mentioned repayments, on 30 June each year, the voting rights conferred by the cumulative preference shares B will be adjusted to reflect the pro rata impact on capital ratios.

Based on the above and provided the AGM approves the dividend proposal and share issue mandate, it is expected that the amount of the cumulative preference shares B will decline by €11.1 million, with €3.0 million being repaid in the form of ordinary shares and €8.1 million from 50% of the proposed dividend of €0.73 per share.

**Syndicated bank financing**

The syndicated bank facility amounted to €121.4 million as at year-end 2020. This amount is fully committed up to 30 June 2023 and is made up of an overdraft facility of €25 million with ING and a revolving credit facility of €96.4 million with ABN AMRO, ING and Rabobank. The facility was extended for another year in 2020, without any changes to the amount or the other terms and conditions. The facility was not used at all during 2020.

The amount of the interest margin depends on the performance agreements, and lies in the range 1.65% to 3%. Based on the average debt/equity ratio, the rate for the whole of 2020 was 2.25%, and this rate is also expected to apply for the year ahead.

Collateral has been provided for the facility. This is predominantly in the form of pledging of trade receivables and bank balances as well as a first mortgage on land holdings recognised at a combined carrying amount of approximately €48 million.



x € 1.000

The syndicated facility is subject to financial covenants. If these covenants are not met, the facility is in default. A solvency ratio of 22.5% as at year-end 2020 and subsequent years is required. This ratio is measured only once a year and the effects in the statement of financial position resulting from IFRS 15 and from IFRS 16 (together approximately 4 percentage points) have to be eliminated for the purposes of the calculation. The solvency ratio calculation involves dividing the capital base by total assets, the capital base being made up of equity plus the cumulative financing preference shares B.

An interest cover ratio also applies, calculated at the end of each quarter, the minimum value being 4. In addition, a leverage ratio is to be calculated twice a year (30 June and 31 December), which must not exceed 3, and a maximum average leverage ratio of 1.0 calculated quarterly. Satisfying the covenants is actively monitored within Heijmans. Based on the 2021 business plan, together with the actual quarterly figures in 2020, the Group expects to be able to continue operating comfortably within the covenants in the year ahead, the key parameters here being the development in EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, behind which lie seasonal effects and fluctuations due to specific projects. The working capital requirement is generally higher during the course of the year than at year-end, and this can lead to an increase in net debt by as much as €25-27 million. The cash position together with the syndicated loan, which was not drawn on at all in 2020, is available to fund fluctuations in working capital.

The interest cover ratio is calculated as EBITDA divided by net interest expense. The leverage ratio is obtained by dividing net debt by EBITDA (earnings before interest, tax, depreciation and amortisation). The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. The main adjustments compared with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and a decrease in respect of the outstanding amount of the cumulative financing preference shares B and certain specific project financing arrangements where there is no recourse against Heijmans. The main adjustments compared with the accounting EBITDA concern the capitalised interest, results relating to business units that have been sold off, fair value adjustments, restructuring costs, EBITDA results from joint ventures and the depreciation of right-of-use assets. The main adjustments to the reported net interest expense concern the exclusion of interest expense on non-recourse project financing, cumulative financing preference shares B and interest expense on the lease liabilities. Heijmans operated within the agreed covenants throughout the year.

Reconciliation between the underlying results, EBITDA, net debt and net interest expense as reported and in accordance with the definitions agreed with the bank consortium, and the calculation of the 2020 ratios, is presented below.

x € 1.000

Amounts x €1 million	note	2020	2019
Interest-bearing debt	6.21	56,8	53,2
Lease liabilities (IFRS 16 Leases)	3.	81,1	86,6
Cash and cash equivalents	6.18	-175,1	-109,4
<b>Net debt</b>		<b>-37,2</b>	<b>30,4</b>
<i>Adjustments for:</i>			
IFRS 16 Leases		-81,1	-86,6
Net debt of joint ventures		33,6	51,3
Non-recourse net debt for project financing		-40,3	-79,6
Cumulative financing preference shares B	6.21	-41,8	-45,1
Other		1,9	2,7
<b>Covenant net debt (A)</b>		<b>-164,9</b>	<b>-126,9</b>
<i>Adjustments for:</i>			
Reported EBITDA	6.1	89,8	62,0
EBITDA of joint ventures	6.1	-9,8	7,9
Exceptional items	6.1	5,2	8,4
<b>Underlying EBITDA</b>		<b>85,2</b>	<b>78,3</b>
<i>Adjustments for:</i>			
Correcties IFRS 15		-1,1	-0,6
Correcties IFRS 16		-25,4	-23,9
Capitalised interest	6.6	1,6	1,7
EBITDA for project with non-recourse financing		-1,4	-1,4
Other		0,1	-1,6
<b>Covenant EBITDA (B) - Interest Cover</b>		<b>59,0</b>	<b>52,5</b>
<i>Adjustments for:</i>			
EBITDA attributable to disposals		-	-
<b>Covenant EBITDA (C) - leverage Ratio</b>		<b>59,0</b>	<b>52,5</b>
<i>Adjustments for:</i>			
<b>Net interest expense</b>		<b>4,9</b>	<b>4,7</b>
<i>Adjustments for:</i>			
Capitalised interest		1,6	1,7
Joint venture net interest expense		0,6	0,7
Adjustment for IFRS 16 Leases		-2,5	-2,4
Non-recourse project financing interest expense		-2,3	-2,5
Interest on cumulative financing preference shares B	6.21	-3,1	-3,3
Other		-0,3	-0,3
<b>Net covenant interest expense (D)</b>		<b>-1,1</b>	<b>-1,4</b>
<i>Adjustments for:</i>			
Equity	2.	226,4	178,0
Cumulative financing preference shares B	6.21	41,9	45,1
Reported capital base		268,3	223,1
<i>Adjustments for:</i>			
IFRS 15 adjustments		1,0	0,9
<b>Capital base covenants (E)</b>		<b>269,3</b>	<b>224,0</b>
<i>Adjustments for:</i>			
Total assets		930,6	898,4
<i>Adjustments for:</i>			
IFRS 16 Leases		-81,6	-86,6
IFRS 15 adjustments		-29,9	-36,3
<b>Total assets covenants (F)</b>		<b>819,1</b>	<b>775,5</b>
<i>Adjustments for:</i>			
<b>Leverage ratio (A/C) &lt;3</b>		<b>-2,8</b>	<b>-2,4</b>
<i>Adjustments for:</i>			
<b>Interest cover ratio (B/D) &gt;4 (if interest charges are negative, not applicable)</b>		<b>n.v.t.</b>	<b>n.v.t.</b>
<i>Adjustments for:</i>			
<b>Average leverage ratio &lt;1</b>		<b>-2,0</b>	<b>-0,9</b>
<i>Adjustments for:</i>			
<b>Solvency ratio (E/F) &gt;22,5%</b>		<b>32,9%</b>	<b>28,9%</b>

x € 1.000

### Project financing

Project financing arrangements have been entered into in connection with specific real estate and other projects. This item includes the financing of a joint venture producing asphalt. The project financing repayment schedules are usually related to the progress on projects. Project financing generally expires no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. Heijmans N.V. has guaranteed the repayment of principal and/or payment of interest up to an amount of €5,3 million (2019: €5,2 million) of the total project financing.

### Other liabilities

The other liabilities concern financing arrangements provided by related parties in a number of specific land holdings. As security for these financing arrangements, amounting to €2.9 million (2019: €3,0 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

Average interest rate	2020	2019
Cumulative financing preference shares B	7,2%	7,2%
Syndicated bank financing*	-	2,5%
Project financing	0,1%	0,9%
Other bank financing	-	3,4%
Other non-current liabilities	2,5%	3,5%

\* The disclosed percentage is exclusive of amortised refinancing costs and fees.

### Movements in interest-bearing liabilities

The movements in the interest-bearing liabilities were as follows:

	Net amount at 31 December 2019	Borrowed	Contributed to joint arrangement	Redeemed	Net amount at 31 December 2020
Cumulative financing preference shares B	45.100	-	-	-3.252	41.848
Syndicated bank financing	0	-	-	-	0
Project financing	5.197	83	6.755	-	12.035
Other non-current liabilities	2.950	-	-	-70	2.880
Current account overdrafts with credit institutions	0	3	-	-	3
<b>Total</b>	<b>53.247</b>	<b>86</b>	<b>6.755</b>	<b>-3.322</b>	<b>56.766</b>

	Net amount at 31 December 2018	Borrowed	Redeemed	Net amount at 31 December 2019
Cumulative financing preference shares B	45.100	-	-	45.100
Syndicated bank financing	0	-	-	0
Project financing	4.245	952	-	5.197
Other non-current liabilities	7.769	-	-4.819	2.950
Current account overdrafts with credit institutions	1.165	-	-1.165	0
<b>Total</b>	<b>58.279</b>	<b>952</b>	<b>-5.984</b>	<b>53.247</b>

x € 1.000

## 6.22 Employee benefits

### Movement in the liability for defined-benefit plans and long-service payments

	Liability		Fair value of assets		Net liabilities relating to defined-benefit rights and long-service payments	
	2020	2019	2020	2019	2020	2019
<b>Balance at 1 January</b>	<b>256.635</b>	<b>414.574</b>	<b>238.464</b>	<b>397.512</b>	<b>18.171</b>	<b>17.062</b>
<i>Recognised in profit or loss</i>						
Service cost	298	272	-	-	298	272
Interest expense/income	2.143	6.327	1.991	6.055	152	272
Settlements and curtailments	-	-	-	-	-	-
Actuarial result on long-service payment liabilities	529	551	-	-	529	551
Administrative and other expenses	-	-	-48	-330	48	330
<i>Recognised in other comprehensive income</i>						
Actuarial result, experience	-5.793	-2.044	-	-	-5.793	-2.044
Actuarial result, life expectancy	-	-	-	-	-	-
Actuarial result, indexing	-2.056	-	-	-	-2.056	-
Actuarial result, discount rate	20.019	74.894	-	-	20.019	74.894
Actuarial result, return on investments	-	-	14.054	70.612	-14.054	-70.612
<i>Contributions and benefits</i>						
Employer contributions	-	-	948	2.554	-948	-2.554
Pension and long-service payments	-9.732	-13.995	-9.732	-13.995	-	-
Settlements	-13.557	-223.944	-13.557	-223.944	-	0
<b>Total at 31 December</b>	<b>248.486</b>	<b>256.635</b>	<b>232.120</b>	<b>238.464</b>	<b>16.366</b>	<b>18.171</b>

The pension and long-service payments in 2021 will amount to approximately €10 million. Over the next few years, this amount should not change significantly.

x € 1.000

The total liability arising from defined benefit-pension plans and long-service payments is recognised in the statement of financial position as follows:

	31 december 2020	31 december 2019
Non-current employee benefits	15.791	16.514
Current employee benefits	575	1.657
	<b>16.366</b>	<b>18.171</b>

### Liability for defined-benefit plans in the Netherlands

#### *Stichting Pensioenfonds Heijmans N.V.*

Stichting Pensioenfonds Heijmans NV has been a closed pension fund since 1 January 2012. Since that date, pension rights have been accrued with a pension provider based on contributions calculated on that portion of salary that exceeds the maximum salary threshold of the industry-wide pension fund.

The pension accrual of employees who became members of the supplementary plan before the end of 2012 remained guaranteed by Stichting Pensioenfonds Heijmans N.V. On 1 October 2019, the collective liabilities towards the pension scheme members were transferred to an insurer and the pension fund was wound up. Consequently, the Group no longer bears this liability and the pension scheme no longer qualifies as a defined-benefit plan. The transfer did not affect the result at all.

#### *Insured plans*

As at year-end 2020, the Group has some 15 insured pension plans in the form of guarantee contracts. The Group is only required to meet the costs of indexation, not to fund increased liabilities due to adverse changes in life expectancy, so the pension plan risk is largely borne by the insurers. Responsibility for holding sufficient funds to pay out all benefits rests with the insurers. Regulatory responsibility lies with DNB. The amount of the additional contribution required to meet annual increases is calculated on the basis of the assumptions contained in the insurance contract. The average term of the pension liabilities is approximately 16 years.

For three insured plans, there is no longer any obligation to make inflation increases. These plans ceased to be included in the pension liabilities as at year-end 2020, and were accounted for as settled in 2020, without any impact on the result. The Group does, however, continue to have a limited risk exposure with respect to these three plans in the event of value transfers (however, these risks are not expected to be material and so have not been recognised).

#### *Industry-wide pension funds*

The majority of the pensions have been placed with industry-wide pension funds, the main ones being the Pension Fund for the Construction Industry (Bouwnijverheid) and the Pension Fund for the Engineering, Mechanical and Electrical Contracting Sector (Metaal en Techniek). Both these funds operate average pay plans with annual increases. The funding ratio set by the policy of the Construction Industry pension fund was 105.7% at year-end 2020 (year-end 2019: 112.4%). The policy funding ratio for the Engineering, Mechanical and Electrical Contracting Sector stood at 91.2% at year-end 2020 (year-end 2019: 97.6 %).

x € 1.000

These funding ratios have been calculated on the basis of the actuarial assumptions used by the various industry-wide pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.

Since their funding ratios have a marginal effect on the contribution adjustments, these plans qualify as defined-benefit pension plans. Despite this, they are treated as defined-contribution plans because the administration of the industry pension funds is not designed to supply the required information.

With regard to these plans, the Group is only required to pay the predetermined contributions. The Group has no obligation to make up any deficit, other than through future contribution adjustments. The Group has no claim to any surplus in the funds.

### Long-service payments

The long-service payments are a month's salary, or a portion thereof, for employment periods of 25 and 40 years.

Income and expense items recognised in connection with defined-benefit plans and long-service payments	2020	2019
Service cost	-298	-272
Interest expense	-2.143	-6.327
Expected return on assets	1.991	6.055
	<b>-450</b>	<b>-544</b>
Administrative and other expenses	-48	-330
Settlements and curtailments	-	-
Actuarial result on long-service payment liabilities	-529	-551
<b>Total expense and income for defined-benefit plans and long-service payments</b>	<b>-1.027</b>	<b>-1.425</b>

The principal actuarial assumptions as at year-end are:

	31 december 2020	31 december 2019
Discount rate	0,35%	0,85%
Expected return on plan assets	0,35%	0,85%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future annual increase	0-0,85%	0-1,00%
Staff turnover	7,0-16,0%	7,0-16,0%
Life expectancy	Projection table AG 2020 0/0	Projection table AG 2018 0/0

x € 1.000

The discount rate is based on high-quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

The future annual increase is based on the increase that is expected to be granted by the industry-wide pension fund for the Construction Industry (Bouwnijverheid)..

Financing liability for defined-benefit plans and long-service payments	31 december 2020	31 december 2019
Fully funded defined-benefit plans	243.003	251.307
Long-service payments (unfunded)	5.483	5.328
<b>Liability for defined-benefit plans and long-service payments at 31 December</b>	<b>248.486</b>	<b>256.635</b>

Breakdown of plan assets as a percentage of the total	31 december 2020	31 december 2019
Equities	0%	0%
Fixed-income securities	0%	0%
Liquid assets	0%	0%
Other/insured plans	100%	100%

Reasonably possible changes in one of the relevant actuarial assumptions on the reporting date, with the other assumptions remaining unchanged, could potentially affect the liabilities associated with the vested pension rights to the extent shown below.

x €1 million	2020		2019	
	Stijging	Daling	Stijging	Daling
Change of 0.5%-points in the discount rate	-19,5	22,2	-19,7	22,4
Change of 0.25%-points in wage and price inflation and rate of annual increase	10,7	-3,8	10,9	-3,9
Change of 1 year in life expectancy	12,8	-12,8	12,2	-12,2

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities and not to the fair value of the investments. For a plan in the form of an insurance contract, the guarantee provided by the insurer means that the effects of these changes are largely mitigated by an equal effect on the plan assets.

x € 1.000

The Group expects to contribute approximately €1 million to its defined pension plans in 2021 and approximately €35 million to defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2021, depending on changes in the above-mentioned actuarial assumptions and other factors.

## 6.23 Provisions

### General

Provisions for such things as losses on work in progress, warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of resources will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	31 december 2019	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2020
Work in progress losses	19.516	-891	17.772	-20.811	15.586
Warranty obligations	18.882	-414	9.158	-3.757	23.869
Restructuring costs	1.003	-573	3.451	-1.655	2.226
Environmental risks	2.951	0	0	-326	2.625
Provision for loss-making interests	4.899	0	18.334	-16.197	7.036
Other provisions	1.852	0	978	-978	1.852
<b>Total provisions</b>	<b>49.103</b>	<b>-1.878</b>	<b>49.693</b>	<b>-43.724</b>	<b>53.194</b>

As at year-end 2019, a proportion of the guarantee obligations (€15 million) were included as part of work in progress liabilities in the statement of financial position. The 2019 figure has been restated for comparative purposes.

Ageing of provisions	31 december 2020	31 december 2019
Non-current portion	26.387	22.779
Current portion	26.807	26.324
<b>Total</b>	<b>53.194</b>	<b>49.103</b>

### Work in progress losses

If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions in the statement of financial position. The projects to which these losses relate will be completed within two years.



x € 1.000

#### **Provision for warranty obligations**

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

#### **Provision for restructuring costs**

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2021.

#### **Provision for environmental risks**

This item represents possible site reinstatement costs. The costs have been estimated by site, based on government regulations concerning the clean-up method and soil investigation. The periods within which restoration needs to take place vary by site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

#### **Provision for loss-making interests**

The provision for loss-making interests relates to joint ventures in which the Group's share is negative.

#### **Other provisions**

The other provisions as at year-end 2020 were largely made up of a provision for year-two sick pay.

x € 1.000

## 6.24 Trade and other payables

Trade and other payables	31 december 2020	31 december 2019
Suppliers and subcontractors	165.120	189.689
Invoices due for work in progress	20.220	17.365
Invoices due for work completed	31.968	33.405
Pension obligations	2.068	2.452
Staff costs payable	20.257	19.873
VAT payable	47.108	49.480
Wage tax and social security contributions payable	15.083	13.686
Administrative expenses and costs of sales payable	7.119	8.979
Interest payable	4.394	4.701
Payables to partnerships	8.393	14.285
Other liabilities	4.645	5.399
<b>Total trade and other payables</b>	<b>326.375</b>	<b>359.314</b>

The trade and other payables are predominantly of a short-term nature.

x € 1.000

## 6.25 Financial risks and risk management

### General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks. This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks and the policy and procedures for measuring and managing them, as well as the management of capital. The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

### Credit risk

Credit risk is the risk that the Group will be exposed to financial loss if a party against which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners.

The credit risk associated with residential property development is limited, as future residents can only take possession of the new home once they have met all their obligations and there is pre-financing during the construction stage. Creditworthiness is assessed in transactions involving the development of commercial property, construction contracts and infrastructure projects, with additional collateral possibly being requested. Additional forms of security are particularly important in the case of turnkey projects (paid for on completion), although normally there is pre-financing of transactions in the 'business to business' segment as well. Especially within Infra and non-residential construction, Heijmans carries out many assignments for public authorities, for which the credit risk is considered extremely limited. In these areas of the business, Heijmans will be part of consortiums working on various large-scale, integrated projects. The more specific the expertise of a consortium partner, the greater the importance that is attached to the creditworthiness of that partner. In such cases, a poor credit rating is grounds for not entering into partnership, since financial guarantees are not worth anything if essential know-how is lost.

The assessment of creditworthiness is part of the standard procedure, and involves using company-specific reports produced by rating agencies. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk.

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. The credit risk is further mitigated by concentrating the cash as far as possible in cash pools, the cumulative balance of which is predominantly negative over the year.

x € 1.000

Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower

The carrying amount of the financial assets exposed to credit risk can be analysed as follows:

	31 december 2020	31 december 2019
Loans granted to joint ventures	23.380	31.296
Cash and cash equivalents	175.063	109.372
Work in progress assets	66.240	68.802
Trade and other receivables	140.979	185.453
<b>Total</b>	<b>405.662</b>	<b>394.923</b>

Loans granted are mainly loans granted by the Group to joint arrangements in which it participates.

Age analysis of outstanding trade receivables without impairment, from due date:

	31 december 2020	31 december 2019
< 30 days	6.509	9.737
30-60 days	1.497	575
60-90 days	2.142	193
> 90 days - ≤ 1 year	195	2.331
> 1 year	4.291	4.173
<b>Total</b>	<b>14.635</b>	<b>17.009</b>

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables at year-end 2020 was €103 million (2019: €139 million).

The due dates of the other financial assets have not been exceeded.

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

x € 1.000

	2020	2019
Balance at 1 January	2.741	3.211
Additions	1.769	271
Withdrawals	-21	-236
Release	-262	-505
<b>Balance at 31 December</b>	<b>4.226</b>	<b>2.741</b>

### Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. See also note 6.21, Interest-bearing loans. The liquidity-risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, in both normal and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

Weekly 3-month rolling and monthly 12-month rolling liquidity forecasts are among the tools used to determine whether the Group has sufficient liquidity available. In addition, the availability of credit, including in the form of headroom available from credit insurers or providers of guarantees, is continuously monitored by regularly making projections of the score in relation to financial covenants and engaging in an active dialogue with all financial stakeholders. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term, Heijmans has access to the following facilities:

- €42 million in cumulative financing preference shares B;
- (year-end 2020) €121 million committed syndicated bank financing, €25 million of which is in the form of a committed overdraft facility linked to a cash pool;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question; and
- leases.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to guarantee facilities with various institutions. These facilities are uncommitted. Every month, a projection is made of the use of the available bank guarantee facilities, based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on these projections, Heijmans believes that the present size of the facilities is adequate.

At year-end 2020, the bank guarantee facilities totalled €303 million (2019: €293 million) provided by a total of 10 parties. As at year-end 2020, almost €1 million in guarantees was outstanding relating to the international activities that were disposed of in 2017, with the rest exclusively concerning guarantees for projects associated with operations in the Netherlands.

x € 1.000

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

<b>31 december 2020</b>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>&lt; 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt; 5 year</b>
Cumulative financing preference shares B	-41.848	-56.913	-3.017	-	-3.017	-9.031	-41.848
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-12.035	-12.055	-1	-1	-2	-6.762	-5.289
Other non-current liabilities	-2.880	-3.298	-72	-	-72	-3.154	-
Current account overdrafts with credit institutions	-3	-3	-3	-	-	-	-
Trade and other payables	-326.375	-326.375	-326.375	-	-	-	-
<b>Total</b>	<b>-383.141</b>	<b>-398.644</b>	<b>-329.468</b>	<b>-1</b>	<b>-3.091</b>	<b>-18.947</b>	<b>-47.137</b>

<b>31 december 2019</b>	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>&lt; 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt; 5 year</b>
Cumulative financing preference shares B	-45.100	-61.360	-3.252	-	-3.252	-9.756	-45.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-5.197	-5.266	-4	-4	-8	-25	-5.225
Other non-current liabilities	-2.950	-3.370	-72	-	-72	-216	-3.010
Current account overdrafts with credit institutions	0	0	0	-	-	-	-
Trade and other payables	-359.314	-359.314	-359.314	-	-	-	-
<b>Total</b>	<b>-412.561</b>	<b>-429.310</b>	<b>-362.642</b>	<b>-4</b>	<b>-3.332</b>	<b>-9.997</b>	<b>-53.335</b>

For the cumulative financing preference shares B, the nominal value has been taken into account on the maturity date and on the dividend review date. The cumulative financing preference shares B do not have a repayment obligation. In the liquidity analysis, the nominal value of the loan has been included in the period > 5 years. The above table does not include the €11.1 million expected decline resulting from the conversion and repayment in 2021. See note 6.21 for a further explanation of this decline and the agreements regarding repayment.

### Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.

To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken. Transactions of this nature are carried out within established guidelines. As at year-end 2020, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2019: none).

x € 1.000

### Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials.

### Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the Group's results. The interest rate on the cumulative financing preference shares B is reviewed every 5 years and fixed for 5 years. For the majority of the project financing arrangements, fixed interest rates are preferred, giving greater certainty with respect to results on the various projects. Where the syndicated loan is used, financing is at a floating rate. Since this involves financing of working capital, which is generally not required at the end of the year, Heijmans currently sees no benefits for fixing interest rates for longer periods. The present negative Euribor rate is another factor here. This policy is subject to constant evaluation.

If the interest rate for 2020 had been 2 percentage points higher on average, the result before tax based on the average level of debt (including the credit balance at the bank) would have been approximately €2.3 million higher (2019: approx. the same). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been €1.7 million higher (2019: nil).

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

	Note	31 december 2020					
		Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Loans granted	6.13	23.380	11.951	643	600	-	10.186
Cash and cash equivalents	6.18	175.063	175.063	-	-	-	-
Cumulative financing preference shares B	6.21	-41.848	-	-	-	-41.848	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-12.035	-6.753	-	-	-	-5.282
Other non-current liabilities	6.21	-2.880	-	-	-	-2.880	-
Current account overdrafts with credit institutions	6.21	-3	-3	-	-	-	-
<b>Total</b>		<b>141.677</b>	<b>180.258</b>	<b>643</b>	<b>600</b>	<b>-44.728</b>	<b>4.904</b>

x € 1.000

	Toelichting	Totaal	31 december 2019				
			0-6 maanden	6-12 maanden	1-2 jaar	2-5 jaar	> 5 jaar
Loans granted	6.13	31.296	22.317	0	0	2.587	6.392
Cash and cash equivalents	6.18	109.372	109.372	-	-	-	-
Cumulative financing preference shares B	6.21	-45.100	-	-	-	-45.100	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-5.197	-5.197	-	-	-	-
Other non-current liabilities	6.21	-2.950	-	-70	-	-	-2.880
Current account overdrafts with credit institutions	6.21	-	-	-	-	-	-
<b>Total</b>		<b>87.421</b>	<b>126.492</b>	<b>-70</b>	<b>0</b>	<b>-42.513</b>	<b>3.512</b>

As at the closing date, 91% (2019: 90%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 9% (2019: 10%) at a floating rate. Due to seasonal effects, the average debt during the year is higher than the debt at the reporting date. The portion of the gross debt subject to a floating interest rate is also higher during the year. The gross floating rate interest debt is offset by items such as cash and cash equivalents which are also subject to floating rate interest, which was negative throughout the reporting period.

The average weighted term to maturity of the project financing is 4.9 years (2019: 0.2 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The carrying amount of the loans is therefore not affected by changes in interest rates.

### Currency risk

The currency risk on sales, purchases and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

### Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.

Level 2: input that is not a quoted market price at level 1 but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).

Level 3: input for the asset or liability not based on data available in a market (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.



x € 1.000

			31 december 2020		31 december 2019	
			Carrying amount	Fair value	Carrying amount	Fair value
Note	Level	Loans and receivables				
6.13	2	Loans granted	23.380	24.359	31.296	32.807
6.17	*	Trade and other receivables	140.979	140.979	185.453	185.453
6.18	*	Cash and cash equivalents	175.063	175.063	109.372	109.372
6.21	*	Current account overdrafts with credit institutions	-3	-3	-	-
6.21	2	Cumulative financing preference shares B	-41.848	-45.275	-45.100	-45.100
6.21	2	Syndicated bank financing	-	-	-	-
6.21	2	Project financing	-12.035	-11.582	-5.197	-5.197
6.21	2	Other non-current liabilities	-2.880	-3.030	-2.950	-3.074
6.24	*	Trade and other payables	-326.375	-326.375	-359.314	-359.314
			<b>-43.719</b>	<b>-45.864</b>	<b>-86.440</b>	<b>-85.053</b>

\* The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2020, plus the relevant risk mark-up. Because of the agreed change in the interest rate on the cumulative financing preference shares B coming into effect on 1 January 2019, the fair value has been taken as equal to the carrying amount for 2019.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount.

### Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound long-term capital structure is based on operating with sufficient headroom within the limits of the covenants, in particular the leverage ratio. This means net interest-bearing debt after deduction of cumulative financing preference shares B plus non-recourse finance divided by EBITDA not exceeding 3.0, an average leverage ratio not exceeding 1.0 and an interest cover ratio of at least 4.0 (see also note 6.21 for a description of the financial ratios in the conditions agreed with the banks).

x € 1.000

## 6.26 Investment commitments

	31 december 2020	31 december 2019
<b>Contractual commitments for:</b>		
- acquisition of property, plant and equipment	1.262	2.199
- acquisition of land	8.027	16.897
	<b>9.289</b>	<b>19.096</b>

There are no Group guarantees for the capital expenditure commitments (2019: none).

In general, the contractual commitments to purchase land will materialise in 1 to 10 years.

No investment commitments have been entered into by joint operations in which Heijmans participates (2019: €1 million). The amount presented is Heijmans' share of the commitments undertaken by the joint operations.

The joint ventures in which Heijmans participates have undertaken investment commitments of €25 million (2019: €9 million), this amount being Heijmans' portion. This mainly concerns the acquisition of land for the construction of housing projects shortly after acquisition.

x € 1.000

## 6.27 Contingent liabilities

### General

Contingent liabilities are potential liabilities resulting from events prior to the reporting date. The liabilities are potential because the outflow of economic resources depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, Group guarantees and other contingent liabilities.

Bank and Group guarantees	31 december 2020	31 december 2019
<b>Bank guarantees relating to:</b>		
Execution of projects	116.307	131.200
Tenders	4.411	250
Other	3.675	11.246
	<b>124.393</b>	<b>142.696</b>
<b>Group guarantees relating to:</b>		
Execution of projects	316.661	320.956
Contingent liabilities	0	0
Credit and bank guarantee facilities	20.658	23.788
	<b>337.319</b>	<b>344.744</b>
<b>Total</b>	<b>461.712</b>	<b>487.440</b>

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities applying to subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures, which amounts to €21 million (2019: €24 million). The Group does not expect to incur credit losses on this.

The Group guarantees issued for divested operations (Leadbitter) are not included in the above table. They amount to €39 million (2019: €42 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

### Other contingent liabilities

The other contingent liabilities with a significant cash impact as at year-end 2020 amount to €29 million (2019: €28 million) and those with a limited cash impact €62 million (2019: €87 million), making a total of €91 million (2019: €115 million). Of the total amount, €5 million (2019: €12 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued in respect of this in 2020 (2019: none).

x € 1.000

At year-end 2020, the joint ventures in which Heijmans participates had no contingent liabilities with significant cash impact (2019: €1 million) but had contingent liabilities with a limited cash impact amounting to €12 million (2019: €14 million), making a total of €12 million (2019: €15 million). This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

## 6.28 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

### Transactions with subsidiaries, associates, joint ventures and joint operations

Heijmans undertakes a number of operating activities together with related parties, including in the form of joint arrangements. Significant transactions in this context are the contribution of land holdings to joint arrangements and/or their financing. In addition, large and complex projects are carried out in partnership with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.12.

The Group's share in the revenue and total assets of joint operations is analysed by segment below:

x € 1.000

<b>2020</b> <b>Business segments In € million</b>	Property Development	Building & Technology	Infra	Eliminations	<b>Total</b>
Revenue	37,0	56,6	56,2	-33,8	116,0
Costs	-33,9	-54,5	-45,4	33,8	-100,0
Non-current assets	1,3	0,0	0,3		1,6
Current assets	41,5	26,3	14,1		81,9
<b>Total assets</b>	<b>42,8</b>	<b>26,3</b>	<b>14,4</b>	<b>0,0</b>	<b>83,5</b>
Non-current liabilities	5,3	0,6	0,4	0,0	6,3
Current liabilities	6,8	17,2	14,9		38,9
<b>Total liabilities</b>	<b>12,1</b>	<b>17,8</b>	<b>15,3</b>	<b>0,0</b>	<b>45,2</b>
<b>Equity</b>	<b>30,7</b>	<b>8,5</b>	<b>-0,9</b>	<b>0,0</b>	<b>38,3</b>

<b>2019</b> <b>Business segments In € million</b>	Property Development	Building & Technology	Infra	Eliminations	<b>Total</b>
Revenue	35,5	138,0	61,0	-33,6	200,9
Costs	-32,5	-128,4	-57,7	33,6	-185,0
Non-current assets	3,9	0,0	0,2		4,1
Current assets	46,9	39,7	21,7		108,3
<b>Total assets</b>	<b>50,8</b>	<b>39,7</b>	<b>21,9</b>	<b>0,0</b>	<b>112,4</b>
Non-current liabilities	5,2	0,0			5,2
Current liabilities	12,1	36,6	17,1		65,8
<b>Total liabilities</b>	<b>17,3</b>	<b>36,6</b>	<b>17,1</b>	<b>0,0</b>	<b>71,0</b>
<b>Equity</b>	<b>33,5</b>	<b>3,1</b>	<b>4,8</b>	<b>0,0</b>	<b>41,4</b>

### Company pension fund

Up to the end of September 2019, the Group was associated with Stichting Pensioenfonds Heijmans N.V. In 2020, nil (2019: approximately €0.5 million) was paid to this pension fund in the form of pension contributions. At the beginning of October 2019, the liabilities towards the members were collectively transferred to an insurer and the pension fund was wound up. The Group will have no pension contribution liability in 2020 and subsequent years.

x € 1.000

### Remuneration of Supervisory Directors

All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single year. They also receive a fixed or variable expense allowance. They have not been allocated any options or depositary receipts for shares. As at year-end 2020, the members of the Supervisory Board owned a total of 18,162 depositary receipts for Heijmans shares (2019: 12,500). Mr Vollebregt holds 12,500 shares (2019:12,500) and Mr Witzel (member of the Supervisory Board with effect from 15 April 2020) holds 5,662 shares. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal gain.

The total payments granted to Supervisory Directors in 2020 and 2019 were as follows:

in €	2020	2019
Sj.S. Vollebregt - voorzitter*	60.000	60.000
Drs. P.G. Boumeester**	14.064	46.750
Ing. R. van Gelder BA***	15.860	52.750
R. Icke RA****	54.378	53.000
Mr. M.M. Jonk*****	54.078	49.000
Drs. S. van Keulen*****	-	13.500
J.W.M. Knape-Vosmer MBA*****	45.571	-
G.A. Witzel*****	33.630	-
<b>Total</b>	<b>277.581</b>	<b>275.000</b>

\* Supervisory Director since 15 April 2015 and Chairman since 13 April 2016  
 \*\* Supervisory Director from 28 April 2010 to 15 April 2020  
 \*\*\* Supervisory Director from 1 July 2010 to 15 April 2020  
 \*\*\*\* Supervisory Director since 9 April 2008  
 \*\*\*\*\* Supervisory Director since 6 December 2018

\*\*\*\*\* Supervisory Director from 18 April 2007 to 10 April 2019  
 \*\*\*\*\* Supervisory Director since 15 April 2020. The recognised amount includes remuneration of €11,029 in respect of the induction period from January to mid-April 2020  
 \*\*\*\*\* Supervisory Director since 15 April 2020

x € 1.000

## Remuneration of members of the Executive Board

### Fixed and variable remuneration paid to members of the Executive Board

The amounts paid out in 2019 and 2020 and the amounts payable in 2021 in respect of fixed and variable remuneration for the members of the Executive Board are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2021	Paid in 2020	Paid in 2019	Payable in 2021	Paid in 2020	Paid in 2019	Payable in 2021	Paid in 2020	Paid in 2019
A.G.J. Hillen	550.000	500.000	500.000	606.534	498.461	437.500	1.156.534	998.461	937.500
J.G. Janssen	123.958	425.000	425.000	515.554	423.692	212.500	639.512	848.692	637.500
	<b>673.958</b>	<b>925.000</b>	<b>925.000</b>	<b>1.122.088</b>	<b>922.153</b>	<b>650.000</b>	<b>1.796.046</b>	<b>1.847.153</b>	<b>1.575.000</b>

The variable remuneration payable in 2021 includes the long-term variable remuneration for the period 2018-2020 (see below). The variable remuneration paid to Mr Janssen in 2019 did not include any long-term remuneration in respect of the period 2016-2018 since he did not join the Board until the end of October 2017. Mr Hillen's gross fixed remuneration payable in 2021 takes into account the salary increase from April 2021 (see the Remuneration Report in the directors' report for further details). Mr Janssen's gross fixed remuneration payable in 2021 reflects his retirement on 15 April 2021.

### Charges recognised in the statement of profit or loss relating to the remuneration of the members of the Executive Board

The composition of the remuneration paid to each member of the Executive Board is as follows:

in €		Gross fixed remuneration	Short term variable remuneration	Long-term variable remuneration	Pension contributions	Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan	Total
A.G.J. Hillen*	2020	500.000	325.284	281.250	203.086	109.115	1.418.735
	2019	500.000	242.211	256.250	202.052	79.117	1.279.630
J.G. Janssen**	2020	425.000	276.491	26.563	88.000	41.717	857.771
	2019	425.000	205.879	217.813	88.000	70.037	1.006.729
<b>Total</b>	2020	925.000	601.775	307.813	291.086	150.832	2.276.506
	2019	925.000	448.090	474.063	290.052	149.154	2.286.359

\* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012

\*\* Member of the Executive Board since 30 October 2017

x € 1.000

The members of the Executive Board were awarded a short-term variable bonus for 2020 of 65% of the basic salary due to the targets achieved in 2020. For the period 2017-2020, long-term variable remuneration of 56% of basic pay was awarded, following achievement of the targets for this period. For more information, refer to the remuneration report in the directors' report.

Heijmans has reserved €250,000 for variable remuneration for the members of the Executive Board relating to the periods 2019-2021 and 2020-2022 (2019: €462,500 for the periods 2018-2020 and 2019-2021); €250,000 has been reserved for Mr Hillen (2019: €250,000) but none has been reserved for Mr Janssen in view of his retirement on 15 April 2021 (2019: €212,500).

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been applicable under which directors can opt to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2018, Mr. Hillen acquired 5,000 depositary receipts for Heijmans shares with 12% of the awarded short-term bonus for 2017. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. The depositary receipts granted conditionally are vested after 3 years, after which they are subject to a mandatory lock-up period of two years. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2020, Heijmans recognised an amount of €16,375 (2019: €16,375) as a charge related to the shares granted in April 2018.

In April 2019, Mr Hillen and Mr Janssen, exercising 30% and 23%, respectively, of the short-term bonus awards for 2018, purchased 7,500 and 5,000 depositary receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. These conditionally granted depositary receipts for shares become vested after three years. The depositary receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2020, Heijmans recognised an amount of €13,819 (2019: €27,639) as a charge related to the shares granted in April 2019.

In April 2020, Mr Hillen and Mr Janssen, exercising 30% and 24%, respectively, of the short-term bonus awards for 2019, purchased 13,000 and 8,700 depositary receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. These conditionally granted depositary receipts for shares become vested after three years. The depositary receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2020, Heijmans recognised an amount of €16,380 (2019: nil) as a charge related to the shares granted in April 2020.

The pension scheme for Mr Hillen pertains to the pension scheme of the industry-wide pension fund and a defined-contribution plan. Mr. Hillen also receives an annual compensation of €36,857 (2019: €36,134), adjusted for possible



x € 1.000

collective labour agreement salary increases, for the lapse of the early retirement pension scheme. Mr. Hillen also received compensation of €95,523 in 2020 (2019: €96,140) for the loss of pension accrual on his salary over and above €100,000, plus a compensation of €50,232 (2019: €50,232) for the loss of the indexation in the Delta Lloyd average salary scheme. Mr Janssen received a fixed fee, before pension contributions, of €88,000 in 2020 (2019: €88,000).

The pension charge is calculated in accordance with accounting policy 23.

As at year-end 2020, the members of the Executive Board owned a total of 51,171 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2020 is as shown below:

Shares owned on 31 December	2020
A.G.J. Hillen - Chairman	37.471
J.G. Janssen	13.700
<b>Total</b>	<b>51.171</b>

#### Remuneration of former members of the Executive Board

An amount of €32,250 has been recognised in the statement of profit or loss for 2020 (2019: €283,000) in respect of the fees that Mr Witzel, a former member of the Executive Board, receives under his management agreement. Mr Witzel's duties continued to the end of February 2020 and involved consultancy work and the management of major projects.

x € 1.000

## 6.29 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments, based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting policies (section 5) and the explanatory notes (6.1 to 6.28), the key elements of estimation uncertainty are explained below.

### Covid-19

The impact of Covid-19 on the Group's financial results in 2020 was relatively limited. Largely because the Group is active solely in the Netherlands, where there has been no cessation of work on construction projects. The main problem for the Group stemmed from greater difficulties with obtaining materials and labour from outside the Netherlands, which disrupted our tightly organised logistics processes. For the years ahead, results will depend to some extent on the economic impact of Covid-19. It is currently unclear what impact the virus will have on the spending patterns of both public-sector and private-sector clients and on consumer confidence. The effects are being constantly monitored by the Executive Board. The prospects for the Group in the years ahead are good, given the orders on the books and the leeway afforded by the financing facilities among other factors.

### Nitrogen problem (PAS)

The nitrogen problem had only a limited effect on the Group's financial results in 2020. It created delays in tenders for large infrastructure projects. The delays in carrying out our projects are currently limited. The prospects for the Group in the years ahead are good, given the orders on the books and the leeway afforded by the financing facilities among other factors.

### Measurement of projects

For more information on the key assumptions used in the measurement of projects, see note 6.16, Work in progress.

A higher estimation uncertainty applies in the case of the Wintrack project. This contract, with an agreed price of €250 million, concerned the construction of pylons on two new high-voltage transmission lines, Eemshaven-Vierverlaten and Borssele- Rilland, to be carried out by a consortium made up of Heijmans (60%) and Eurocoles (40%). Early September 2018 the client TenneT has dissolved ('ontbonden') or alternatively terminated ('opgezegd') the agreements.

The various parties have filed considerable claims and counterclaims with regard to the agreed price. This matter has gone to arbitration. The Group has not recognised a provision because, based on detailed analysis and supported by external legal advice, it believes it unlikely that the matter will lead to an outflow of resources. If a decision goes against the Group, there may well be a considerable outflow of resources.

x € 1.000

The Group has not recognised an asset in respect of its claim because the criteria for doing so are not satisfied in view of the complexity of the case. In 2018, the Group wrote off approximately €10 million, mainly in respect of unpaid invoices and costs incurred, as well as the settlement of obligations to which it is already committed. As a consequence, the Group has not recognised any amounts relating to this cancelled project on the face of the statement of financial position.

### **Financing**

Note 6.21 discloses the conditions attached to the financing in greater detail. An important condition involves satisfying the banking covenant ratios, specifically the interest cover ratio, the leverage ratio, the average leverage ratio and the solvency ratio. Proper management of project risks (see above) is crucial to meeting the ratios. The same applies to the achievement of the 2021 business plan and longer-term projection.

### **Pensions**

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.22.

### **Deferred tax assets**

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.14 'Deferred tax assets and liabilities'.

### **Strategic land holdings**

For more information on the key assumptions used in the measurement of the strategic land holdings, refer to note 6.15 'Inventories'.

### **Intangible assets**

For the main principles used in the annual determination of the recoverable amount of intangible assets, see note 6.11 'Intangible assets'.

## 7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2020. Wholly-owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven.

	31 december 2020	31 december 2019
<b>Heijmans Nederland B.V., Rosmalen</b>	100%	100%
<b>Heijmans Vastgoed B.V., Rosmalen</b>	100%	100%
Heijmans Vastgoed Deelnemingen B.V. Rosmalen	100%	100%
V.O.F. Oosterlinge 2	50%	50%
Westergouwe V.O.F.	50%	50%
<b>Heijmans Woningbouw B.V., Rosmalen</b>	100%	100%
Heijmans Huizen B.V., Huizen	100%	100%
Bouwcombinatie Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Bouwcombinatie HoogDalem V.O.F., Rosmalen	50%	50%
<b>Heijmans Utiliteit B.V., Rosmalen</b>	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F., Nieuwegein	50%	50%
Bouwcombinatie EMA V.O.F., Cruquius	50%	50%
<b>Heijmans Infrastructuur B.V., Rosmalen</b>	100%	100%
<b>Heijmans Infra B.V., Rosmalen</b>	100%	100%
Sas van Vreeswijk V.O.F., Barendrecht	33%	33%
ZuidPlus V.O.F., Amstelveen	15%	15%
Combinatie Heijmans - Gebroeders Pol - Van Voskuilen Woudenberg V.O.F., Rosmalen	50%	50%
<b>Heijmans Facilitair Bedrijf B.V., Rosmalen</b>	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%

# 8. Company financial statements

x € 1.000

## 8.1 General

The company financial statements are part of the 2020 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

## 8.2 Accounting policies for measuring assets and liabilities and the determination of results

For determining the accounting policies to use for measuring the assets and liabilities and the determination of results of its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362(8) of Book 2 of the Dutch Civil Code. This means that the basis for measuring assets and liabilities and the determination of results (accounting policies) applied in the separate financial statements of Heijmans N.V. are the same as those applied in the consolidated EU-IFRS financial statements. Investees over which significant control is exercised are recognised using the equity method. Any impairment of the receivables from group companies relating to expected credit losses is eliminated in the recognised amounts and consequently does not affect the statement of profit or loss or the statement of financial position in any way.

Heijmans N.V. is registered with the Chamber of Commerce under number 16004309.

The share in the result of investees consists of the share of Heijmans N.V. in the result of these investees. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its investees or between investees themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.28 to the consolidated financial statements.

x € 1.000

### 8.3 Company statement of profit or loss for 2020

	2020	2019
Administrative expenses	-3.037	-2.847
<b>Operating result</b>	<b>-3.037</b>	<b>-2.847</b>
Finance income	60	77
Finance expense	-4.597	-4.867
<b>Result before tax</b>	<b>-7.574</b>	<b>-7.637</b>
Income tax	17.373	6.660
Share in profit or loss of investees	30.349	31.033
<b>Result after tax</b>	<b>40.148</b>	<b>30.056</b>

The remuneration for the members of the Supervisory Board, the Executive Board and the Board's Secretariat are recognised in the company financial statements (see note 6.28 to the consolidated financial statements).

Heijmans NV employed an average of four staff in 2020 (2019:4).

x € 1.000

#### 8.4 Company statement of financial position at 31 December 2020 (before appropriation of result)

Assets	31 december 2020	31 december 2019
<b>Non-current assets</b>		
Intangible assets	21.207	21.207
Financial assets	69.868	67.699
	<b>91.075</b>	<b>88.906</b>
<b>Current assets</b>		
Receivables	495.628	466.331
Cash and cash equivalents	47.179	0
	<b>542.807</b>	<b>466.331</b>
	<b>633.882</b>	<b>555.237</b>
<b>Equity and liabilities</b>	<b>31 december 2020</b>	<b>31 december 2019</b>
<b>Equity</b>		
Issued capital	6.580	6.423
Share premium	245.773	242.680
Hedging reserve	0	-666
Reserve for actuarial results	-55.635	-59.969
Reserve for Bonus Investment Share Matching Plan	344	297
Statutory reserve for investees	43.859	46.959
Retained earnings	-54.660	-87.816
Result after tax for the current financial year	40.148	30.056
	<b>226.409</b>	<b>177.964</b>
<b>Non-current liabilities</b>	<b>38.748</b>	<b>41.800</b>
<b>Current liabilities</b>	<b>368.725</b>	<b>335.473</b>
	<b>633.882</b>	<b>555.237</b>

x € 1.000

## 8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	2020	2019
<b>Carrying amount</b>		
Balance at 1 January	21.207	21.207
<b>Balance at 31 December</b>	<b>21.207</b>	<b>21.207</b>
<b>Financial assets</b>	<b>2020</b>	<b>2019</b>
Investments in Group companies	38.150	38.406
Deferred tax asset	31.718	29.293
<b>Total financial assets</b>	<b>69.868</b>	<b>67.699</b>
<b>Investments in Group companies</b>		
Balance at 1 January	-48.512	-78.312
Share in results of investees after tax	30.349	31.033
Dividends received from investees	0	0
Capital contributions	0	0
Changes in cash flow hedges	666	-452
Changes in actuarial results relating to employee benefits	4.334	-781
<b>Balance at 31 December</b>	<b>-13.163</b>	<b>-48.512</b>
Set off against receivables from Group companies	-51.313	-86.918
Recognised under financial assets	38.150	38.406

The share in results of investees after tax includes the gains on the sale of investees. The investments in Group companies are direct or indirect interests in them. The principal Group companies are listed on page 76.

### Deferred tax assets

Deferred tax assets relate to losses of the Heijmans NV tax group which have been recognised but not yet utilised. The movements in the financial year were as follows:



x € 1.000

	2020	2019
Balance at 1 January	29.293	33.890
Effect of changes in the tax rate	3.632	1.995
Charge for the financial year	-14.597	-9.189
Recognition of previously unrecognised losses	13.390	2.597
<b>Balance at 31 December</b>	<b>31.718</b>	<b>29.293</b>

See note 6.14 to the consolidated financial statements for details of the deferred tax asset relating to losses of the Heijmans NV tax group which have not yet been utilised.

Receivables	31 december 2020	31 december 2019
Group companies	495.559	465.768
Other receivables	69	563
	<b>495.628</b>	<b>466.331</b>

The receivables are due within one year.

### Cash and cash equivalents

Cash balances are at the free disposal of the Company.

### Equity

2020	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-59.969	-666	297	46.959	-87.816	30.056	177.964
Share issue	157	3.093	0	0	0	0	0	0	3.250
Reclassification	0	0	0	0	0	-3.100	3.100	0	0
Bonus Investment Share Matching Plan	0	0	0	0	47	0	0	0	47
Appropriation of result for 2019	0	0	0	0	0	0	30.056	-30.056	0
Comprehensive income	0	0	4.334	666	0	0	0	40.148	45.148
<b>Balance at 31 December</b>	<b>6.580</b>	<b>245.773</b>	<b>-55.635</b>	<b>0</b>	<b>344</b>	<b>43.859</b>	<b>-54.660</b>	<b>40.148</b>	<b>226.409</b>

x € 1.000

2019	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-59.188	-214	253	51.959	-113.305	20.489	149.097
Reclassification	0	0	0	0	0	-5.000	5.000	0	0
Bonus Investment Share Matching Plan	0	0	0	0	44	0	0	0	44
Appropriation of result for 2018	0	0	0	0	0	0	20.489	-20.489	0
Comprehensive income	0	0	-781	-452	0	0	0	30.056	28.823
<b>Balance at 31 December</b>	<b>6.423</b>	<b>242.680</b>	<b>-59.969</b>	<b>-666</b>	<b>297</b>	<b>46.959</b>	<b>-87.816</b>	<b>30.056</b>	<b>177.964</b>

### Authorised share capital

Composition of the authorised share capital is as follows:

Authorised share capital in €	31 december 2020
35,100,000 ordinary shares, each with a nominal value of €0.30	10.530.000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1.470.000
8,000,000 protective preference shares, each with a nominal value of €1.50	12.000.000
	<b>24.000.000</b>

As at 31 December 2020, the number of ordinary shares issued was 21,933,477. All the outstanding shares are paid up, which represents a value of €6,580,043.10 (at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option has been exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Refer to section 6.21 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares B.

### Share premium

The share premium reserve consists of the capital paid up in excess of the nominal value.

### Reserve for actuarial results

The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.22 to the consolidated financial statements).

x € 1.000

**Hedging reserve**

The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred. This reserve is not freely distributable.

**Reserve for Bonus Investment Share Matching Plan**

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.28 to the consolidated financial statements.

**Reserve for investees**

The statutory reserve for investees represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting policies on the one hand and that portion for which the parent company can determine distribution on the other hand. The statutory reserve is determined for each investee individually. This reserve is not freely distributable.

**Appropriation of result**

It is proposed to distribute 40% of the result after tax as dividend on ordinary shares of their depository receipts and to add the remainder, of approximately €30 million, to the reserves, as stated in the 'Appropriation of result' section of the report.

Payables	31 december 2020	31 december 2019
<b>Non-current liabilities</b>		
Financing preference shares	38.748	41.800
Syndicated bank financing	0	0
	<b>38.748</b>	<b>41.800</b>
<b>Current liabilities</b>		
Group companies	362.097	253.216
Dividend payable on financing preference shares	3.093	3.252
Banks	0	74.954
Syndicated bank financing	0	0
Financing preference shares	3.100	3.300
Other liabilities	435	751
	<b>368.725</b>	<b>335.473</b>

x € 1.000

Movements in financing preference shares	2020	2019
Opening balance	45.100	45.100
Redeemed	-3.252	0
<b>Closing balance</b>	<b>41.848</b>	<b>45.100</b>

## 8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 december 2020	31 december 2019
Bank guarantees	124.393	142.696
Group guarantees to clients	316.661	320.956
Group guarantees to credit institutions	20.658	23.788
	<b>461.712</b>	<b>487.440</b>

For information on the guarantees, see note 6.27 to the consolidated financial statements.

### Joint and several liability and guarantees

With the exception of Heijmans Deutschland B.V., Heijmans Technology B.V, Brabotech Metselwerken B.V, Heijmans Management Deelnemingen B.V., Heijmans Management Gebiedsontwikkeling a/d Maas B.V, Heijmans Infra A27/A1 B.V, Heijmans Energie B.V. and Matching Materials B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce for all the Dutch wholly owned subsidiaries included in the consolidated figures.

### Tax group

Together with its Dutch subsidiaries, Heijmans N.V. forms a tax group for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that is part of the tax group.

### Share in results of investees

This is the company's share in the results of its investees, all of which are Group companies.

x € 1.000

### Auditors' fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1.000	2020		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.741	-	1.741
Other audit engagements	96	10	106
Tax consultancy services	-	-	0
Other non-audit services	26	-	26
	<b>1.863</b>	<b>10</b>	<b>1.873</b>

In addition to performing the audit of the financial statements required by law, Ernst & Young Accountants LLP provided the following permitted services: assurance report relating to the sustainability information contained in the directors' report, in particular agreed activities with respect to the 'Compliance Certificate' for the banking group and various specific declarations concerning revenue, key figures and projects. The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2019		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.695	-	1.695
Other audit engagements	99	9	108
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	<b>1.794</b>	<b>9</b>	<b>1.803</b>

### Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements other than those explained in the consolidated financial statements.

Rosmalen, 19 February 2021

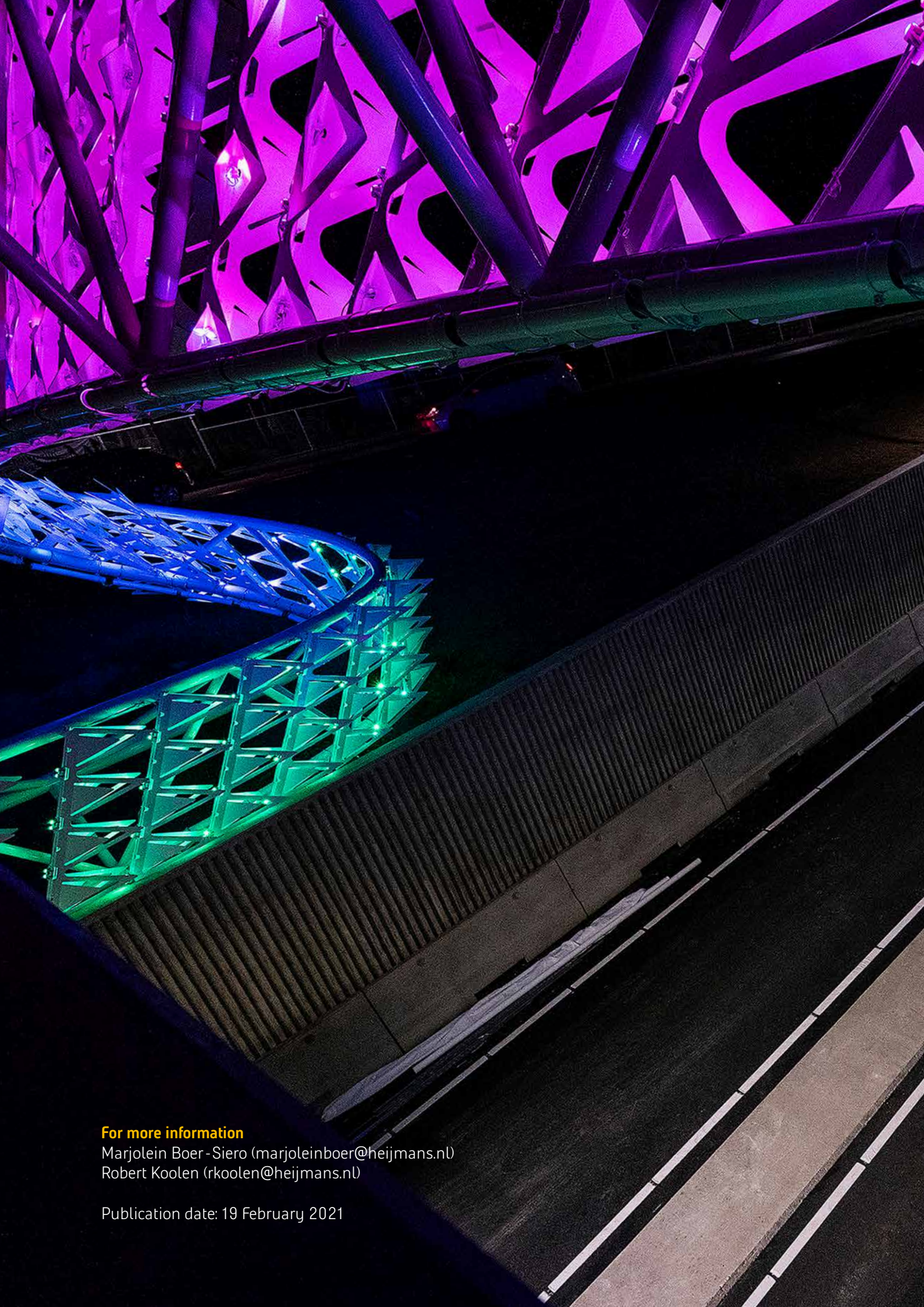
#### the members of the Executive Board

A.G.J. Hillen  
J.G. Janssen

#### the members of the Supervisory Board

Sj.S. Vollebregt  
R. Icke  
M.M. Jonk  
J.W.M. Knape-Vosmer  
G.A. Witzel





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Publication date: 19 February 2021