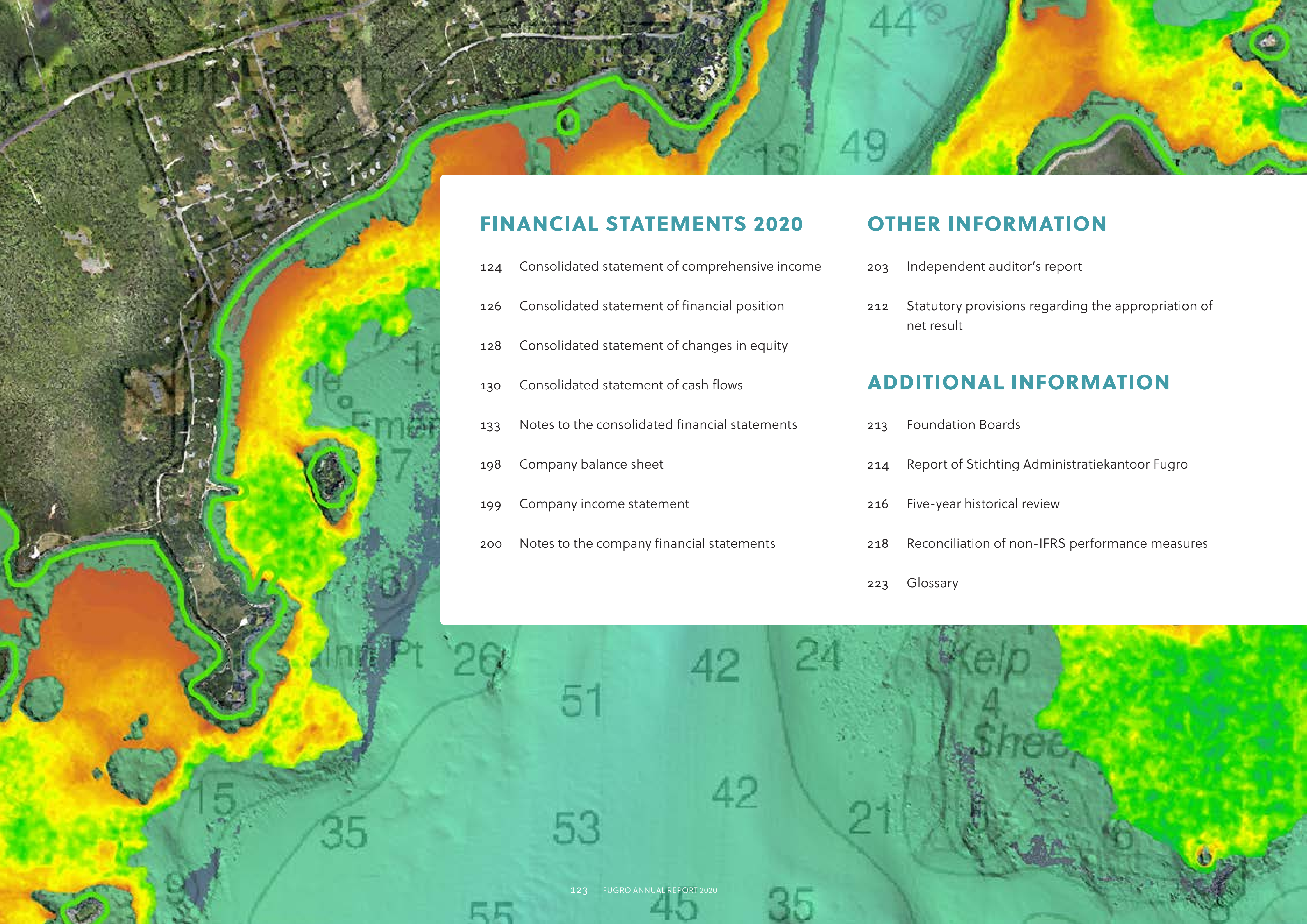

FINANCIAL STATEMENTS 2020

OTHER INFORMATION

ADDITIONAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
	Continuing operations		
6, 8	Revenue	1,386,303	1,631,328
9	Third party costs	(520,607)	(654,230)
	Net revenue own services[1]	865,696	977,098
10	Other income	27,485	12,175
11	Personnel expenses	(585,011)	(640,291)
18, 19	Depreciation	(111,850)	(113,928)
20	Amortisation	(1,898)	(2,973)
14	Impairments	(5,858)	(3,286)
15	Other expenses	(168,792)	(203,235)
	Results from operating activities (EBIT[1])	**19,772**	**25,560**
	Finance income	2,207	3,968
	Finance expenses	(76,188)	(61,732)
16	**Net finance income/(expenses)**	**(73,981)**	**(57,764)**
21	Share of profit/(loss) of equity-accounted investees (net of income tax)	7,448	9,236
	Profit/(loss) before income tax	**(46,761)**	**(22,968)**
17	Income tax gain/(expense)	(25,189)	(13,792)
	Profit/(loss) for the period from continuing operations	**(71,950)**	**(36,760)**
7	Profit/(loss) for the period from discontinued operations	(99,790)	(85,653)
	Profit/(loss) for the period	**(171,740)**	**(122,413)**
	Attributable to:		
	Owners of the company (net result)	(173,824)	(108,492)
28	Non-controlling interests	2,084	(13,921)
	Earnings per share (euro)		
27	Basic and diluted earnings per share	(2.85)	(2.01)
27	Basic and diluted earnings per share from continuing operations	(1.21)	(0.42)

[1] Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
	Profit/(loss) for the period	(171,740)	(122,413)
30, 17	Defined benefit plan actuarial gains/(losses)	(8,240)	(16,877)
	Total of items that will not be reclassified to profit or loss	**(8,240)**	**(16,877)**
16	Foreign currency translation differences of foreign operations	(45,817)	23,421
16	Foreign currency translation differences of equity-accounted investees	4,352	(868)
16	Net change in fair value of hedge of net investment in foreign operations	5,361	(3,983)
	Total of items that will be reclassified subsequently to profit or loss	**(36,104)**	**18,570**
	Other comprehensive income (loss) for the period	**(44,344)**	**1,693**
	Total comprehensive income/(loss) for the period	**(216,084)**	**(120,720)**
	Attributable to:		
	Owners of the company	(217,325)	(108,982)
	Non-controlling interests	1,241	(11,738)
	Total comprehensive income attributable to owners of the company arises from:		
	Continuing operations	(122,690)	(26,535)
	Discontinued operations	(94,635)	(82,447)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

Notes	(EUR x 1,000)	2020	2019 restated[1]
	ASSETS		
18	Property, plant and equipment	523,043	564,291
19	Right-of-use assets	135,007	160,479
20	Intangible assets including goodwill	277,291	288,631
21	Investments in equity-accounted investees	36,214	76,868
22	Other investments	47,417	30,942
17	Deferred tax assets	35,618	50,474
	Total non-current assets	**1,054,590**	**1,171,685**
23	Inventories	27,615	29,681
24	Trade and other receivables	406,331	485,687
17	Current tax assets	11,542	14,757
25	Cash and cash equivalents	183,462	201,147
		628,950	**731,272**
7	Assets classified as held for sale	17,504	153,347
	Total current assets	**646,454**	**884,619**
	Total assets	**1,701,044**	**2,056,304**

[1] Reference is made to note 19.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

Notes	(EUR x 1,000)	2020	2019 restated[1]
	EQUITY		
	Total equity attributable to owners of the company	702,070	597,257
28	Non-controlling interests	9,580	10,630
26	**Total equity**	**711,650**	**607,887**
	LIABILITIES		
29	Loans and borrowings	286,221	687,478
19	Lease liabilities	106,566	126,956
30	Employee benefits	72,498	72,243
31	Provisions	14,876	17,836
17	Deferred tax liabilities	3,517	1,834
	Total non-current liabilities	**483,678**	**906,347**
25	Bank overdraft	2,336	2,635
29	Loans and borrowings	58,021	20
19	Lease liabilities	26,126	30,703
32	Trade and other payables	322,247	361,301
31	Provisions	10,418	3,366
17	Current tax liabilities	26,440	26,112
	Other taxes and social security charges	46,642	37,728
		492,230	**461,865**
7	Liabilities classified as held for sale	13,486	80,205
	Total current liabilities	**505,716**	**542,070**
	Total liabilities	**989,394**	**1,448,417**
	Total equity and liabilities	**1,701,044**	**2,056,304**

[1] Reference is made to note 19.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bonds	Retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2020	4,228	431,227	(101,233)	(160,732)	38,022	494,237	(108,492)	597,257	10,630	607,887
	Profit or (loss)							(173,824)	(173,824)	2,084	(171,740)
	Other comprehensive income			(35,261)			(8,240)		(43,501)	(843)	(44,344)
	Total comprehensive income/(loss) for the period	**–**	**–**	**(35,261)**	**–**	**–**	**(8,240)**	**(173,824)**	**(217,325)**	**1,241**	**(216,084)**
5, 26	Issue of ordinary shares	6,091	326,109				(13,237)		318,963		318,963
13	Share-based payments						4,369		4,369		4,369
	Share options exercised				2,236		(2,236)		–		–
26.4	Repurchase convertible bonds					(718)			(718)		(718)
	Change in tax rate					(476)			(476)		(476)
26.4	Transfer of equity component of convertible bonds to retained earnings upon repurchase bonds					(17,026)	17,026		–		–
	Addition to/(reduction of) reserves						(108,492)	108,492	–		–
28	Transactions with non-controlling interests								–	736	736
28	Dividends to shareholders								–	(3,027)	(3,027)
	Total contributions by and distributions to owners	**6,091**	**326,109**	**–**	**2,236**	**(18,220)**	**(102,570)**	**108,492**	**322,138**	**(2,291)**	**319,847**
	Balance at 31 December 2020	**10,319**	**757,336**	**(136,494)**	**(158,496)**	**19,802**	**383,427**	**(173,824)**	**702,070**	**9,580**	**711,650**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Notes	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bonds	Retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2019 as previously reported	4,228	431,227	(117,620)	(353,958)	38,424	720,223	(51,064)	671,460	33,722	705,182
26.4	Reclassification adjustment reserve for own shares	–	–	–	193,050	–	(193,050)	–	–	–	–
	Restated balance at 1 January 2019	**4,228**	**431,227**	**(117,620)**	**(160,908)**	**38,424**	**527,173**	**(51,064)**	**671,460**	**33,722**	**705,182**
	Profit or (loss)							(108,492)	(108,492)	(13,921)	(122,413)
	Other comprehensive income			16,387			(16,877)		(490)	2,183	1,693
	Total comprehensive income/(loss) for the period	**–**	**–**	**16,387**	**–**	**–**	**(16,877)**	**(108,492)**	**(108,982)**	**(11,738)**	**(120,720)**
13	Share-based payments						5,972		5,972		5,972
	Share options exercised				176		(176)		–		–
17	Change in tax rate					(402)			(402)		(402)
	Addition to/(reduction of) reserves						(51,064)	51,064	–		–
28	Transactions with non-controlling interests						29,209		29,209	(8,210)	20,999
28	Dividends to shareholders								–	(3,144)	(3,144)
	Total contributions by and distributions to owners	**–**	**–**	**–**	**176**	**(402)**	**(16,059)**	**51,064**	**34,779**	**(11,354)**	**23,425**
	Restated balance at 31 December 2019	**4,228**	**431,227**	**(101,233)**	**(160,732)**	**38,022**	**494,237**	**(108,492)**	**597,257**	**10,630**	**607,887**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
	Continuing operations		
	Cash flows from operating activities		
	Profit/(loss) for the period	(71,950)	(36,760)
	Adjustments for:		
18, 19, 20	Depreciation and amortisation	113,748	116,901
14	Impairments	5,858	3,286
21	Share of (profit)/loss of equity-accounted investees (net of income tax)	(7,448)	(9,236)
	Net gain on sale of property, plant and equipment	(5,949)	(3,093)
	Gain on termination of lease	–	(864)
13	Equity-settled share-based payments	4,369	5,972
	Change in provisions and employee benefits	(6,802)	(2,907)
17	Income tax expense/(gain)	25,189	13,792
	Income tax paid	(10,812)	(26,795)
16	Finance income and expense	73,981	57,764
	Interest paid	(33,877)	(37,271)
	Operating cash flows before changes in working capital[1]	**86,307**	**80,789**
	Decrease (increase) in working capital:	53,483	47,174
	▪ Decrease (increase) in inventories	935	(1,150)
	▪ Decrease (increase) in trade and other receivables	37,789	9,238
	▪ Decrease (increase) in trade and other payables	14,759	39,086
	Net cash generated from operating activities	**139,790**	**127,963**

[1] Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
	Cash flows from investing activities		
18	Capital expenditures on property, plant and equipment	(81,211)	(82,502)
20	Acquisition of and other additions to intangible assets	(932)	(2,817)
18	Proceeds from sale of property, plant and equipment	12,886	7,350
	Disposal of intangible assets	71	4,449
21	Dividends received	55,882	3,825
	Acquisitions, net of cash acquired	(4,403)	–
	Repayment of long-term loans	–	43
5, 22	Additions to other investments	(16,686)	–
	Net cash (used in)/from investing activities	**(34,393)**	**(69,652)**
	Cash flows from operating activities after investing activities [1]	**105,397**	**58,311**
	Cash flows from financing activities		
5, 26	Proceeds from the issue of ordinary shares	332,200	–
5, 26	Transaction costs on issue of ordinary shares	(13,237)	
5, 29	Transaction costs on long-term loans	(13,433)	–
5, 29	Repayment of borrowings	(376,804)	(87,294)
28	Dividends paid	(3,027)	(3,144)
	Transactions with non-controlling interests	–	(9)
19	Payments of lease liability	(23,560)	(24,476)
	Net cash from/(used in) financing activities	**(97,861)**	**(114,923)**
	Net cash provided by (used for) continuing operations	**7,536**	**(56,612)**

[1] Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
	Discontinued operations		
	Cash flows from operating activities	(18,294)	(16,404)
	Cash flows from investing activities	1,295	(19,090)
	Cash flows from financing activities	14,036	66,875
7	**Net cash provided by (used for) discontinued operations**	**(2,963)**	**31,381**
	Total net cash provided by (used for) operations	**4,573**	**(25,231)**
	Effect of exchange rate fluctuations on cash held	(25,214)	1,080
	Cash and cash equivalents at 1 January	201,767	225,918
	Cash and cash equivalents at 31 December	**181,126**	**201,767**
	Presentation in the statement of financial position		
25	Cash and cash equivalents	183,462	201,147
25	Bank overdraft	(2,336)	(2,635)
7			
	Cash and cash equivalents (classified as held for sale)	**–**	**3,255**

The accompanying notes are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Fugro N.V., hereinafter to be referred to as 'Fugro' or 'the company', has its corporate seat in The Netherlands. The address of the company's principal office is Veurse Achterweg 10, 2264 SG, Leidschendam, the Netherlands. The consolidated financial statements of Fugro as at and for the year ended 31 December 2020 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees. The financial statements are presented in EUR x 1,000, unless stated otherwise. The Euro is the presentation currency of the company.

2 BASIS OF PREPARATION

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

On 18 February 2021, the Board of Management and Supervisory Board authorised the financial statements for issue. Publication will take place on 26 February 2021. The financial statements will be submitted for adoption to the annual general meeting which takes place on 22 April 2021.

The financial statements have been prepared on the measurement basis of historical cost, except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, equity securities and plan assets associated with defined benefit plans. For more detailed information on the measurement basis, reference is made to the relevant notes to the consolidated financial statements.

Estimates, judgements and uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reported amounts are based on factors which by default are associated with uncertainties. Actual results may therefore differ materially from these estimates. The notes dealing with the most significant estimates, judgements and uncertainties are as follows:

Estimates, judgements and uncertainties with respect to	Note
Impairment of non-financial assets (property, plant and equipment, right-of-use assets and intangible assets including goodwill)	14, 18, 19, 20
Impairment financial assets (trade receivables, unbilled revenue on (completed) projects, and other receivables)	24, 33
The Covid-19 pandemic and implications for the financial statements	7, 10, 20 and 33
Leases	19
Deferred tax	17
Employee benefits	30
Provisions	31

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been included in the relevant notes to the consolidated financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The impact of these new standards and interpretations are either not expected to be material for Fugro or not applicable to Fugro.

4 OTHER ACCOUNTING POLICIES

Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. The cash flow statement distinguishes between operating, investing and financing activities. Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are presented separately. Payments and receipts of corporate taxes are included as cash flow from operating activities and interest paid is shown as cash flow from operating activities. The line item interest paid includes cash payments for the interest portion of lease liabilities. Cash flows as a result from acquisition/divestment of financial interests in subsidiaries and equity-accounted investees are included as cash flow from investing activities, taking into account the available cash in these interests. Dividends paid are part of the cash flow from financing activities.

Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights, if the rights are substantive. Non-controlling interests in the acquiree are measured at the proportionate share of the acquiree's identifiable net assets.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, it is accounted for as an equity-accounted investee or as an equity security depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no objective evidence of impairment conditions.

Foreign currency

Foreign currency transactions and translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at foreign exchange rates effective at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity-accounted investees, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges (insofar applicable), which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at foreign exchange rates effective at the reporting date. The income and expenses of foreign operations are translated to EUR at exchange rates effective at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve for foreign operations (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount in the translation reserve is reattributed to non-controlling interests. If the Group disposes of only part of its investment in an equity-accounted investee that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount in the translation reserve is reclassified to profit or loss.

If the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Net investment hedge of foreign operations

Up to the refinancing (refer to the paragraph below), the Group hedged the foreign currency exposure in USD for net investment in foreign operations in the United States with the USD part of the incumbent revolving credit facility as hedging instruments. Up to the refinancing, foreign currency differences arising on the (re-)translation of a financial liability designated as a hedge of a net investment in a foreign operation were recognised in other comprehensive income to the extent that the hedge was effective, and was presented and accumulated within equity in the translation reserve. To the extent that the hedge was ineffective, such differences were recognised in profit or loss.

After the refinancing in December 2020, the incumbent USD revolving credit facility has been redeemed. At that time, Fugro discontinued hedge accounting for the net investment in foreign operations. Fugro ceased to recognise any foreign currency differences on the designated hedging instruments in other comprehensive income as part of the foreign currency translation reserve from the date of discontinuation.
The cumulative foreign currency differences on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve in other comprehensive income remains there, until the hedged net investment is disposed of. Upon disposal, the translation reserve is transferred to profit or loss.

Derivative financial instruments and hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss. The Group does not engage in material hedging transactions with derivatives. Accordingly, consistent with prior year, there are no qualifying fair value hedge or cash flow hedge relationships as of 31 December 2020. The Group does not have separately accounted embedded derivative financial liabilities. The Group does not have derivatives embedded within a hybrid contract containing a financial asset host.

5 REFINANCING

On 19 February 2020, Fugro completed a EUR 81.8 million equity raise through an accelerated bookbuild offering. Transaction costs amounted to EUR 0.8 million. Immediately thereafter the Covid-19 pandemic broke out, resulting in a sudden and sharp deterioration in financial markets, preventing Fugro from completing its comprehensive refinancing at that point in time. After a recovery of the financial markets and a thorough reassessment of refinancing alternatives, on 19 October 2020, Fugro announced a comprehensive refinancing of its debt and equity structure, which was approved by the shareholders on 30 November 2020. The events and transactions are summarised as follows.

On 30 November 2020, the company raised EUR 53.3 million in a private placement with a number of cornerstone investors. On 14 December 2020, the company raised EUR 197.1 million in a rights issue. The rights issue consisted of an issuance of certificates and ordinary shares subscribed for in the rights offering and a share subscription offering, respectively, including EUR 59.8 million from the participation of cornerstone investors and EUR 137.3 million from others who subscribed in the offering and those who subscribed for rump certificates in a rump offering by a consortium of banks. The net proceeds of the EUR 250.4 million equity raise amounted to EUR 238.0 million (net of transaction costs). Transaction costs amounted to EUR 12.4 million. The proceeds from the equity raise were recognised in equity in the statement of financial position (net of transaction costs) and presented in the statement of cash flows under financing activities. On 18 December 2020, Fugro completed the consolidation of every two existing shares in Fugro with EUR 0.05 nominal value into one share with EUR 0.10 nominal value. This share consolidation did not impact total equity. Reference is made to note 26 total equity for further details.

On 14 December 2020, the incumbent EUR 575 million revolving credit facility (RCF) agreement expiring on 1 September 2021 was replaced by a new EUR 200 million super senior term loan and a new EUR 250 million super senior RCF, together called the Senior Facility Agreement (SFA). On 14 December 2020, Fugro repaid EUR 213.4 million of the EUR 413.4 million liability outstanding of the incumbent RCF, using proceeds from the equity raise together with available cash at bank. Up to 30 September 2020, the company repurchased EUR 39.1 million (on a nominal basis) of its subordinated convertible bonds due 26 October 2021 at a discount. During the remainder of 2020 (in December 2020), Fugro repurchased EUR 92 million of the subordinated unsecured convertible bonds due

26 October 2021. An amount of EUR 58.9 million (on a nominal basis including interest) remains outstanding as of 31 December 2020 of the convertible bonds due 2021. The convertible bonds maturing in 2024 are envisaged to remain outstanding. The new SFA replaced the incumbent outstanding draw-downs of the incumbent RCF at the initial starting date of the new SFA (i.e. 14 December 2020). The outstanding draw-downs of the incumbent RCF were maturing in December 2020 to January 2021. The new RCF was negotiated as part of a larger refinancing initiative, and it replaced the then outstanding draw-downs of the incumbent RCF within weeks from their maturity dates. Fugro deems renegotiations within three months of the maturity date of the old financial instruments a clear indication of entering into a new financial instrument, and not a modification of an old agreement. The refinancing qualifies as an extinguishment of the incumbent RCF expiring 1 September 2021 and subordinated convertible bonds due 26 October 2021. Accordingly, the abovementioned portions of the incumbent RCF and subordinated convertible bonds were derecognised. The net result on extinguishment (EUR 0.8 million) and unamortised transaction costs (EUR 6.7 million) were recognised in profit and loss. The repayment consideration with respect to the convertible bonds was allocated to the debt and equity component upon repurchase/redemption. The new super senior term loan and new super senior RCF were recognised initially at fair value. Subsequent accounting is at amortised cost in accordance with the effective interest rate method. The utilisation request to draw under the new super senior term loan was used to net settle outstanding amounts under the incumbent RCF to zero. The repayment consideration of the incumbent RCF and convertible bonds were presented in the statement of cash flows under financing activities. The transaction costs paid were presented in the statement of cash flows under financing activities. Reference is further made to note 29 financial liabilities for more details.

On 30 November 2020, Fugro agreed with the Senior Lenders to provide a USD 15 million loan (deposit) to the owners of two leased geotechnical vessels. The cash outflow of USD 15 million (EUR 12.3 million) occurred on 11 December 2020 and was presented in the statement of cash flows under investing activities. The loan amount is fully refundable by the end of both leases and presented as deposit in the statement of financial position. Reference is further made to note 22 Other investments for more details.

6 SEGMENT REPORTING

Fugro has four integrated regions: Europe-Africa (E-A), Americas (AM), Asia Pacific (APAC) and Middle East & India (MEI). The organisational and reporting structure consists of these four regions plus Geoscience. Within the regions, the following business line structure exists: Marine Site Characterisation (MSC), Marine Asset Integrity (MAI), Land Site Characterisation (LSC) and Land Asset Integrity (LAI).

The operating results of the four regions plus Geoscience are directly reported to and reviewed by the Board of Management, being the Chief Operating Decision Maker. These five operating segments are therefore also reportable segments. In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of operating companies. The allocation of segment assets is based on the geographical location of the operating company using the assets ('region of origin'). Information regarding the results of each reportable segment is included below. Performance is measured based on reported result from operating activities before interest and taxation (EBIT) as included in the internal management reports that are reviewed by the Board of Management. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Fugro allocates all other corporate expenses and finance income to the reportable segment profit (or loss) before income tax of the respective operating segments pro-rata based on net revenue. Assets that are used by more than one operating segment and liabilities that relate to more operating segments are pro-rata allocated based on net revenues to the respective reporting segments as well. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

The E-A, AM, APAC, MEI operating segments generate revenues from:

- Marine environment: The determination of soil composition via cone penetration testing or the acquisition of soil samples and related laboratory testing; and the mapping of seabed and geological features and hazards below using non-invasive techniques including the related interpretation and visualisation. Its services also include geo-consulting, general purpose navigation charts and environmental, meteorological & oceanographic measurement services. In addition, the activities consist of positioning signals and services, construction support, monitoring and forecasting services, remote systems technology, and inspection, repair and maintenance services (IRM).

- Land environment: The determination of soil characteristics via cone penetration testing and/or the acquisition of soil samples and related laboratory testing. These services are offered both onshore and in near shore environments. In addition, the activities consist of material testing and geo-consulting services as well as asset integrity solutions (monitoring, analysis, modelling) for clients in the electrical power business, railroads, roads and oil & gas infrastructure.

The Geoscience segment consists solely of the disposal group Seabed Geosolutions. Since 30 June 2019, Seabed Geosolutions is classified as a disposal group held for sale and as a discontinued operation. Reference is further made to note 7.

Operating segments

(EUR x 1,000)	E-A		AM		APAC		MEI		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Segment revenue	647,745	767,578	358,852	437,034	320,390	362,214	168,529	222,679	1,495,516	1,789,505
Of which inter-segment revenue	52,352	85,375	18,630	25,397	29,219	30,866	9,012	16,539	109,213	158,177
Revenue from external customers	**595,393**	**682,203**	**340,222**	**411,637**	**291,171**	**331,348**	**159,517**	**206,140**	**1,386,303**	**1,631,328**
Segment result	89,699	120,746	12,299	9,377	22,433	(3,154)	14,947	18,778	139,378	145,747
Depreciation	(53,527)	(50,300)	(23,412)	(23,171)	(22,977)	(27,481)	(11,934)	(12,976)	(111,850)	(113,928)
Amortisation	(554)	(769)	(856)	(1,430)	(373)	(569)	(115)	(205)	(1,898)	(2,973)
Impairments	(361)	(2,520)	(985)	(363)	(2,608)	(321)	(1,904)	(82)	(5,858)	(3,286)
Result from operating activities (EBIT)	**35,257**	**67,157**	**(12,954)**	**(15,587)**	**(3,525)**	**(31,525)**	**994**	**5,515**	**19,772**	**25,560**
EBIT in % of revenue	5.9%	9.8%	(3.8%)	(3.8%)	(1.2%)	(9.5%)	0.6%	2.7%	1.4%	1.6%
Finance income	11,571	14,612	6,157	5,855	6,604	7,425	3,353	3,398	27,685	31,290
Finance expense	(52,837)	(46,374)	(15,455)	(11,681)	(27,269)	(22,393)	(6,105)	(8,606)	(101,666)	(89,054)
Share of profit/(loss) of equity-accounted investees	(4,367)	(1,563)	–	–	10,480	7,685	1,335	3,114	7,448	9,236
Reportable segment profit/(loss) before income tax	**(10,376)**	**33,832**	**(22,252)**	**(21,413)**	**(13,710)**	**(38,808)**	**(423)**	**3,421**	**(46,761)**	**(22,968)**
Income tax	(2,673)	(8,638)	(19,956)	1,010	1,043	(989)	(3,603)	(5,175)	(25,189)	(13,792)
Profit/(loss) for the period from continuing operations	**(13,049)**	**25,194**	**(42,208)**	**(20,403)**	**(12,667)**	**(39,797)**	**(4,026)**	**(1,754)**	**(71,950)**	**(36,760)**
Capital employed	403,985	524,340	198,658	272,070	155,128	153,802	116,995	160,223	874,766	1,110,435
Non-current assets	556,924	616,630	173,840	213,068	205,789	204,508	118,037	137,479	1,054,590	1,171,685
Capital expenditure, property, plant and equipment	36,506	38,559	18,724	20,154	19,046	16,631	6,935	7,735	81,211	83,079
Capital expenditure E&E, software, other intangible assets	720	2,447	156	278	5	88	51	4	932	2,817

Other material items 2020 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	27,685	(25,478)	2,207
Finance expense	(101,666)	25,478	(76,188)

Other material items 2019 in respect of elements of profit or loss

(EUR x 1,000)	Reportable segment totals	Adjustments and other unallocated amounts	Consolidated totals
Finance income	31,290	(27,322)	3,968
Finance expense	(89,054)	27,322	(61,732)

7 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair values less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity-accounted investees are no longer equity-accounted.

Seabed Geosolutions has been presented as a disposal group held for sale and a discontinued operation since 30 June 2019. The unanticipated delay in the planned divestment was caused by circumstances beyond the control of the company (i.e. Covid-19 and the related deteriorated oil and gas market). As part of Fugro's Path to Profitable Growth strategy, Fugro took action to respond to the change in circumstances and continues to pursue divestment of its stake in Seabed Geosolutions, which is still being actively marketed at a price that is reasonable given the change in circumstances. Fugro has continued its efforts to divest Seabed's business. Fugro closely monitors the progress on this planned divestment and still considers it is highly probable that substantially all Seabed's business will be sold within the first half of 2021.

The assets and liabilities of the disposal group are classified as held for sale in the consolidated statement of financial position as of 31 December 2020 and as of 31 December 2019. The net results for the twelve months of 2020, and comparative 2019 figures, of the discontinued operation have been presented on a separate line in the consolidated statement of comprehensive income. The consolidated statement of cash flows for 2020 and 2019 include separate cash flows and cash balances of the discontinued operation.

Upon the classification as held for sale in 2019, an impairment loss of EUR 61.4 million (in the caption 'loss from discontinued operations') was recognised on the Seabed Geosolutions disposal group. This impairment was fully allocated to goodwill.
Upon remeasurement of the disposal group to fair value less cost of disposal, further impairment losses were recognised in 2020. The cumulative impairment loss for 2020 amounts to EUR 74.7 million. This impairment was allocated to intangible assets (EUR 12.5 million) and property, plant and equipment (EUR 57.6 million). This valuation could be subject to further adjustment if the outlook would further deteriorate or improve in future periods. Finally, an additional impairment of EUR 4.6 million (cumulative and for the twelve months of 2020) was recognised with respect to the right-of-use assets.

The consolidated statement of comprehensive income below presents the discontinued operations on a stand-alone basis:

(EUR x 1,000)	Twelve months ended 31 December 2020	Twelve months ended 31 December 2019
From discontinued operations		
Revenue	62,774	135,583
Third party costs	(50,796)	(103,172)
Other income	6,083	9,869
Personnel expenses	(18,754)	(28,237)
Depreciation and amortisation	–	(9,504)
(Impairment)/Reversal of impairment	(74,713)	(76,182)
Other expenses	(19,885)	(13,384)
Results from operating activities (EBIT)	**(95,291)**	**(85,027)**
Finance expenses	(3,140)	(1,103)
Share of profit/(loss) of equity-accounted investees (net of income tax)	72	–
Income tax gain/(expense)	(1,431)	477
Profit/(loss) for the period from discontinued operations	**(99,790)**	**(85,653)**
Basic and diluted earnings per share from discontinued operations (euro)	(1.64)	(1.59)

The cumulative amount recognised in other comprehensive income for foreign currency translation differences in respect of discontinued operations amounts to a gain of EUR 5,155 thousand for the year 2020 (2019: EUR 1,445 thousand).

At 31 December, the assets and liabilities comprising the disposal group classified as held for sale are as follows:

(EUR x 1,000)	31 December 2020	31 December 2019
Assets classified as held for sale		
Property, plant and equipment	9,996	73,330
Right-of-use assets	–	7,382
Intangible assets	2,483	14,101
Investments in equity-accounted investees	218	–
Financial assets	–	26
Inventories	542	1,848
Trade and other receivables	3,938	51,218
Current tax assets	327	2,187
Cash and cash equivalents	–	3,255
Total assets classified as held for sale	**17,504**	**153,347**
Liabilities classified as held for sale		
Loans and borrowings	–	16,836
Provisions	793	
Employee benefits	1,206	1,086
Lease liabilities	–	6,104
Trade and other payables	11,062	53,731
Other taxes and social security charges	36	504
Current tax liabilities	389	1,944
Total liabilities classified as held for sale	**13,486**	**80,205**

The goodwill included in intangible assets relating to the disposal group was fully impaired during 2019. During the last quarter of 2020, it became clear there was less interest to acquire the entire business. There was less interest to acquire the Hugin Explorer vessel, office leases and other non-current assets. These circumstances led to the decision to change the plan of sale and remove these non-current assets from the disposal group held for sale in the 31 December 2020 statement of financial position. Likewise, some current assets and liabilities were also removed from the disposal group held for sale as at 31 December 2020. There is no impact on the 31 December 2019 comparative statement of financial position. The non-current assets that ceased to be classified in the disposal group held for sale were remeasured as follows. The remeasured amount was determined as the lower of (a) the carrying amount before the asset was classified as held for sale adjusted for depreciation that would have been recognised had the asset not been classified in the disposal group held for sale and (b) the recoverable amount at the date of the subsequent decision not to sell. As such, an adjustment to depreciation was made in the 2020 result from continuing operations for an amount of EUR 765 thousand.

The cash flows associated with discontinued operations are as follows:

(EUR x 1,000)	Twelve months ended 31 December 2020	Twelve months ended 31 December 2019
Cash flows from discontinued operations		
Net cash (used in) / from operating activities	(18,294)	(16,404)
Net cash (used in) / from investing activities	1,295	(19,090)
Net cash (used in) / from financing activities	14,036	66,875
Net increase in cash and cash equivalents from discontinued operations	**(2,963)**	**31,381**

8 REVENUE

Revenue is recognised when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Fugro primarily generates revenue from services which are based on geo-intelligence derived by acquiring bespoke data and providing analysis and advisory. Revenue from sales of goods, software licences and subscription income are not a significant category of revenue. Sales within the Group are eliminated and not included in revenue shown.

Revenue is measured based on the consideration contractually agreed with the customer. Common considerations are fixed price, daily rates or rates per (square) kilometre. The transaction price excludes amounts collected on behalf of third parties, such as value-added taxes. It is common for the Group's contracts with customers to include liquidated damages, weather standby fees or discounts that can either increase or decrease the transaction price, leading to the consideration to be variable. Variable considerations are generally constrained and recognised as revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved. The Group estimates variable consideration using either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group's services are typically sold in a bundled package of services which together form a single performance obligation. Control of the single performance obligations is generally transferred to the customer over time. The transfer of control over time is supported mostly by one of the following conditions being met:

- Clauses in the contract that allow the customer to terminate the contract, pay for costs incurred plus a reasonable profit margin and take control of any work in progress. The Group does not create an asset alternative use to the Group
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

In limited cases, the Group may also create or enhance an asset that the customer controls as the asset is created or enhanced.

For performance obligations that are satisfied over time, revenue and cost are recognised based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the services to be provided.
The Group generally determines progress towards completion by measuring the proportion of actual cost incurred for work performed to date, compared to total estimated cost to completion. In the Group's view this best depicts the Group's performance in transferring control of services promised to its customers.

When it becomes probable that the total estimated cost to completion (i.e. incremental costs and an allocation of costs directly related to contract activities) exceed the total consideration for a certain contract, the Group recognises a provision for the lower of the net expected cost of performing under the contract and cost of terminating the contract.

Payment terms for service contracts are usually based on several instalments over the duration of the contract based on pre-set contract milestones. Significant financing components are not prevalent nor material within the Group. When applicable, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it is expected, at contract inception, that the period between when the entity transfers a promised good or service and when the customer pays for the good or service is one year or less.

Generally, the Group does not incur costs to obtain a contract. Up-front fees and pre-production costs are not prevalent in the Group's business.

Contract balances

When revenue recognised to date exceeds the progress billings to the customer, the surplus is accounted for as a contract asset and presented as unbilled revenue. Unbilled revenue is accounted net of any impairment losses. When progress billings exceed the revenue, measured as costs incurred plus profits recognised to date, the balance is accounted for as a contract liability, which is presented as advance instalments to work in progress.

8.1 Disaggregation of revenue from contracts with customers

Revenue is disaggregated by businesses and market segment as follows.

Revenue by businesses and market segment

			2020			2019
(EUR x 1,000)	Marine	Land	Total	Marine	Land	Total
Oil and gas	573,003	44,219	617,222	808,837	41,535	850,372
Infrastructure	15,031	304,062	319,093	27,279	344,692	371,971
Renewables	263,808	31,357	295,165	214,423	19,260	233,683
Nautical	106,301	2,283	108,584	108,461	–	108,461
Other	4,950	41,289	46,239	12,595	54,246	66,841
Total	**963,093**	**423,210**	**1,386,303**	**1,171,595**	**459,733**	**1,631,328**
Of which:						
Site characterisation	569,242	333,874	903,116	649,585	357,516	1,007,101
Asset integrity	393,851	89,336	483,187	522,010	102,217	624,227

8.2 Performance obligations

The table below presents the transaction price allocated to performance obligations that are (partially) unsatisfied as at 31 December. Certain amounts of variable consideration are not included in the amounts presented below as these are considered to be constrained. The Group applies the practical expedient allowing not to disclose information about remaining performance obligations that have an original expected duration of one year or less. The amounts therefore differ from the backlog.

(EUR x 1,000)	2020	2019
Within one year	91,548	54,089
More than one year	42,411	53,647
Total	**133,959**	**107,736**

8.3 Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

(EUR x 1,000)	Note	2020	2019
Unbilled revenue on (completed) projects	24	133,743	156,743
Trade receivables	24	203,217	268,394
Other receivables	24	69,371	60,550
Advance instalments to work in progress	32	(43,986)	(38,732)

9 THIRD PARTY COSTS

(EUR x 1,000)	2020	2019
Cost of suppliers	442,212	531,917
Lease expenses	63,703	82,990
Onerous contracts	–	2,044
Other costs	14,692	37,279
Total	**520,607**	**654,230**

Cost of suppliers comprises costs of short-term third party hire, lease of low-value assets, fuel, demobilisation and mobilisation, consumables and third party personnel. Lease expenses relate to short-term vessel leases and variable lease payments not included in the measurement of vessel lease liabilities. Cost of suppliers includes costs of maintenance and operational supplies amounting to EUR 24.5 million (2019: EUR 27.2 million) directly related to projects. Other costs mainly relate to subcontracted cost at request of the client which can be recharged to the client directly.

10 OTHER INCOME

Other income consists of income not related to the key business activities of the Group, such as income from the sale of non-monetary assets and/or liabilities, and/or non-recurring income.

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group (partly) for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that (partly) compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(EUR x 1,000)	2020	2019
Government grants	17,664	2,244
Gain on sale of property, plant and equipment	6,061	3,772
Sundry income	3,760	6,159
Total	**27,485**	**12,175**

Sundry income includes research and developments tax credits received. During the financial year 2020, Fugro has applied for Covid-19 related government support in various countries, resulting in approximately EUR 14.9 million other income during 2020. The gain on sale of property, plant and equipment is mainly affected by the sale of the Hangzhou office building.

11 PERSONNEL EXPENSES

(EUR x 1,000)	2020	2019
Wages and salaries	503,902	550,971
Compulsory social security contributions	46,305	51,273
Equity-settled share-based payments	4,368	5,972
Expense related to defined contribution plans	29,116	29,268
Expense/(gain) related to defined benefit plans	(63)	843
Increase/(decrease) in liability for long- service leave	1,383	1,964
Total	**585,011**	**640,291**

12 EMPLOYEES

The total number of full-time equivalent (FTE) employees as at 31 December and average number for the year is as follows:

	2020			2019		
	Nether-lands	Other countries	Total	Nether-lands	Other countries	Total
Technical staff	768	6,467	7,235	671	6,829	7,500
Management and administrative staff	214	1,275	1,489	284	1,868	2,152
Temporary and contract staff	139	286	425	182	243	425
Total number of employees at 31 December	**1,121**	**8,028**	**9,149**	**1,137**	**8,940**	**10,077**
Average number of employees during the year	1,129	8,484	9,613	1,114	9,057	10,171

The above numbers include the employees of the disposal group Seabed Geosolutions.

13 SHARE-BASED PAYMENTS

Fugro operates equity-settled share-based payment plans. For members of the Board of Management and other selected senior employees, a long-term incentive plan is applicable since 2014. Under this plan, performance awards have been granted on an annual basis subject to continued services. In addition, Fugro operates a share option scheme with only service conditions for other eligible and selected employees.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

If awards do not vest, due to non-market conditions and/or service conditions not being met, no expense is recognised. Awards that include a market condition are treated as vested irrespective of whether the market condition is satisfied, provided that all other (non-market) performance conditions and/or service conditions are satisfied.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as personnel expense, with a corresponding increase in equity, over the vesting period of the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity shares that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognised as at respectively the beginning and end of that period.

13.1 Long-term incentive plan

Under the long-term incentive plan, the company grants performance shares (and performance options prior to an amendment in 2017) to members of the Board of Management and other selected senior employees. Vesting is subject to continuous employment and performance measurement. The performance period is three years starting on 1 January in the year of the grant.

The maximum number of performance shares that can vest after three years equals 175% of the conditionally granted number of shares (only in case maximum performance is achieved on all criteria). The performance targets and their relative weights for the grants made under the plan are as follows:

Performance targets	**2017-2020**	**2014-2016**
ROCE	37.5%	50.0%
TSR	37.5%	50.0%
Strategic targets	25.0%	–

- Return on capital employed (ROCE) is calculated as net operating profit after tax (NOPAT) over the last twelve months as a percentage of a three points average adjusted capital employed.
- Total shareholder return (TSR) is defined as share price increase, including reinvested dividends. TSR is measured over a three-year period based on a three-month average period measured immediately prior to the start and end date of the performance period. The relative position within the peer group determines the vesting level.
- Strategic target achievement is determined by the Supervisory Board in the first quarter of the year following the three-year performance period for the Board of Management and for other employees by the Board of Management.

On 30 November 2020, the company's extraordinary general meeting of shareholders adopted a resolution to amend the articles of association in order to consolidate the ordinary shares in the capital of the company (the share consolidation). As a result of this share consolidation, 2 certificates representing ordinary shares were consolidated into 1 certificate representing an ordinary share, for which trading started on 21 December 2020. The numbers of outstanding awards under Fugro's share-based payment plans have also been adjusted in December 2020 to reflect the share consolidation. In accordance with IFRS, the share numbers and fair values in the tables in this disclosure note have been adjusted retrospectively, unless stated otherwise. As such, the original award numbers have been adjusted 2:1 and the fair values (and exercise prices for options) have been adjusted 1:2. This amendment was value neutral for the participants under Fugro's equity-settled share-based payment plans.

A summary of performance shares movements and outstanding balance as at 31 December (adjusted to reflect the share consolidation) is presented below.

		2020		**2019**
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
Performance shares outstanding at 1 January	414,588	22.36	262,465	26.56
Granted during the period	192,752	10.07	200,251	18.46
Forfeited during the period	58,485	19.89	48,128	29.00
Vested during the period	17,926	28.66	–	–
Performance shares outstanding at 31 December	**530,929**	**17.96**	**414,588**	**22.36**

The grant date fair value of the portion with a TSR market performance condition, a market performance condition, has been derived using a Monte Carlo simulation model. The fair value of the portion with a ROCE or a strategic performance condition is equal to the share price at date of grant adjusted for expected dividends during the vesting period.

The significant inputs into the valuation model are (including the actual historical share prices at the date of grant, on a pre-share consolidation basis):

	2020	**2019**
	Performance Shares	**Performance Shares**
Share price (in EUR)	3.86 – 8.41	9.25 – 10.16
Volatility (%)	40.5% – 53.6%	37.2% – 37.4%
Dividend yield (%)	0.0%	0.0%
Vesting period (in years)	2.90 – 3.00	2.93 – 3.00
Risk-free interest rate (%)	(0.65)% – (0.71)%	(0.47)% – (0.58)%
Remaining performance period (in years)	2.75 – 2.84	2.75 – 2.83

The expected volatility is based on the annualised historical volatility for a prior to the date of grant corresponding with the remaining performance period, and the dividend yield is estimated based on the historic dividend yield on Fugro shares at the date of grant.

The last time that performance options were granted in connection with the long-term incentive plan was in 2016. As at 31 December, the following performance options (all granted prior to 2017) were outstanding (adjusted to reflect the share consolidation):

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Performance options outstanding at 1 January	97,177	29.10	186,433	29.58
Forfeited during the period	66,665	29.10	89,256	30.10
Exercised during the period	–		–	
Performance options outstanding at 31 December	**30,512**	**29.10**	**97,177**	**29.10**
Performance options exercisable at 31 December	**30,512**	**29.10**	**–**	**–**

The average remaining term of the performance options outstanding as at 31 December 2020 is 2.2 years (31 December 2019: 3.1 years).

The total expense recognised in 2020 related to performance shares and performance options amounted to EUR 1,860,510 (2019: EUR 2,744,318).

13.2 Share option scheme

Fugro's share option scheme allows some assigned Group employees, who do not participate in the long-term incentive plan, to acquire shares in Fugro. A share option entitles the employee to purchase ordinary shares in Fugro. The vesting period for the options granted up to and including 31 December 2016 was three years starting on 1 January of the year following the grant date. The vesting period of the options granted from 2018 is three years starting at the grant date. The maximum contractual option life is six years. The options granted are not subject to any further conditions of vesting, except that the option holder remains employed by Fugro or one of its subsidiaries. The Board of Management and the Supervisory Board decide annually on the granting of options. The exercise price for the options granted in 2020 has been determined based on the average closing price of 5 days preceding the grant date.

A summary of movements during the year of options and balances outstanding as at 31 December is presented below (adjusted to reflect the share consolidation):

	2020		2019	
	Number of options	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)
Options outstanding at 1 January	1,281,232	27.35	1,376,154	44.22
Forfeited during the period	166,799	26.02	68,075	48.30
Expired during the period	249,051	34.52	329,813	86.63
Options granted during the period	295,351	13.12	302,966	19.98
Options outstanding at 31 December	**1,160,733**	**22.38**	**1,281,232**	**27.35**
Exercisable at 31 December	**383,418**	**29.58**	**717,967**	**31.51**

The outstanding options have an exercise price ranging from EUR 13.12 to EUR 30.12 as at 31 December 2020. The average remaining term of the options is 3.3 years (2019: 3.2 years).

The fair value of the share options with only service conditions is determined by using a binomial model. The option life is estimated based on the expected behaviour for exercising the options, and the estimate is that the employees will hold the options until the end of the exercise period. Expected volatility is estimated by considering historical share price volatility.

The inputs used in the measurement of the fair values at the grant date of the share options are the following (including actual share prices at the date of grant, on a pre-share consolidation basis):

	2020	2019
Average fair value of the granted options during the year in EUR	1.48	4.00
Share price (in EUR)	3.86	9.25
Exercise price (in EUR)	6.56	9.99
Expected volatility (in %)	57.90	50.10
Option term (years)	6	6
Expected dividends	0.00%	0.00%
Risk-free interest rate (based on government bonds)	(0.55%)	(0.35%)

The total expense recognised in 2020 related to share options amounted to EUR 1,604,819 (2019: EUR 2,295,736).

13.3 Restricted shares

The vesting of the restricted shares is only dependent on continued services during the vesting period. The grant date fair value of the awards is the share price at date of grant adjusted for expected dividends during the vesting period (2020: EUR 9.98, which has been adjusted in the table below to reflect the share consolidation).

A summary of restricted share movements and the outstanding balance as at 31 December (adjusted to reflect the share consolidation) is presented below.

	2020		2019	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Restricted shares outstanding at 1 January	109,675	24.82	102,675	25.43
Granted during the period	5,134	19.96	10,000	18.76
Forfeited during the period	5,900	25.43	1,200	25.43
Vested during the period	3,575	25.43	1,800	25.43
Restricted shares outstanding at 31 December	**105,334**	**24.53**	**109,675**	**24.82**

The total expense recognised in 2020 related to restricted shares amounted to EUR 903,140 (2019: EUR 932,323).

14 IMPAIRMENTS

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Other non-financial assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2020, a total impairment loss has been recognised of EUR 5,858 thousand (2019: EUR 3,286 thousand impairment).

15 OTHER EXPENSES

(EUR x 1,000)	2020	2019
Maintenance and operational supplies	10,260	7,478
Indirect operating expenses	28,082	38,953
Occupancy costs	12,640	12,602
Property lease expense	4,410	7,819
Communication and office equipment	37,156	38,143
Impairment of receivables	3,559	4,783
Restructuring costs	17,581	6,968
Research costs	1,214	2,278
Loss on disposal of property, plant and equipment	112	741
Marketing and advertising costs	2,388	2,736
Tax fines and other penalties	338	24,183
Professional service fees	26,782	31,409
Other	24,270	25,142
Total	**168,792**	**203,235**

Other expenses include training costs, and miscellaneous charges.

16 NET FINANCE (INCOME)/EXPENSES

Net finance income and expenses consist of finance expenses, finance income and foreign currency gains and losses. Finance expenses comprise interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, losses on disposal of equity securities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of equity securities, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payment is established, which in the case of quoted shares is normally the ex-dividend date.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(EUR x 1,000)	**2020**	**2019**
Interest income on loans and receivables	(2,207)	(3,968)
Finance income	**(2,207)**	**(3,968)**
Interest expense on financial liabilities measured at amortised cost	45,827	53,121
Net change in fair value of financial assets at fair value through profit or loss	191	(965)
Net foreign exchange variance	30,170	9,576
Finance expense	**76,188**	**61,732**
Net finance (income)/expenses recognised in profit or loss	**73,981**	**57,764**

The table set below summarises the net finance cost recognised in other comprehensive income and how they are categorised in the statement of changes in equity.

(EUR x 1,000)	**2020**	**2019**
Recognised in other comprehensive income		
Change net investment hedge of foreign operations	5,361	(3,983)
Foreign currency translation differences of foreign operations	(45,817)	23,421
Foreign currency translation differences of equity-accounted investees	4,352	(868)
Total	**(36,104)**	**18,570**
Recognised in:		
Translation reserve	(35,261)	16,387
Non-controlling interests	(843)	2,183
Total	**(36,104)**	**18,570**

17 INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill, temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

17.1 Income tax expense/(gain)

Recognised in profit or loss

(EUR x 1,000)	**2020**	**2019**
Current income tax expense/(gain)		
Current year	13,913	18,048
Adjustments for prior years	(679)	(1,647)
	13,234	**16,401**
Deferred income tax expense/(gain)		
Origination and reversal of tax losses and temporary differences	69	6,128
Change in tax rate	(1,810)	(619)
Recognition of previously unrecognised tax losses and temporary differences	(6,341)	(8,891)
Impairment of deferred tax assets	19,805	–
Liability for undistributed foreign earnings (deferred)	736	205
Adjustments for prior years	(504)	568
	11,955	**(2,609)**
Total income tax expense/(gain)	**25,189**	**13,792**

Reconciliation of effective tax rate

(EUR x 1,000)	2020 %	2020	2019 %	2019
Profit/(loss) for the period from continuing operations		(71,950)		(36,760)
Income tax expense/(gain)		25,189		13,792
Profit/(loss) before income tax		**(46,761)**		**(22,968)**
Income tax using the weighted domestic average tax rates	13.1	(6,134)	(9.5)	2,189
Change in tax rate	3.9	(1,810)	2.7	(619)
Recognition of previously unrecognised tax losses and temporary differences	13.6	(6,341)	38.7	(8,891)
Impairment of deferred tax assets	(42.4)	19,805	–	–
Current year tax losses and tax credits not recognised	(41.8)	19,560	(94.3)	21,653
Non-deductible expenses	(14.6)	6,813	(24.3)	5,588
Tax exempt income	14.5	(6,803)	27.0	(6,199)
Liability for undistributed foreign earnings (deferred)	(1.6)	736	(0.9)	205
Adjustments for prior years (deferred)	1.1	(504)	(2.5)	568
Adjustments for prior years (current)	1.5	(679)	7.2	(1,647)
Dividend and other income taxes	(1.2)	546	(4.1)	945
Total	**(53.9)**	**25,189**	**(60.0)**	**13,792**

The weighted domestic average tax rate is computed by multiplying the result before tax of each tax group with the applicable local corporate income tax rates that vary from 0% to 35%. The decreased weighted domestic average tax rate when compared to prior year is caused by a significantly different mix of results in the various tax groups. The deferred tax asset impairment during 2020 is explained below.

Income tax recognised in other comprehensive income and in equity

(EUR x 1,000)	2020			2019		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(10,816)	2,576	(8,240)	(19,841)	2,964	(16,877)
Net change in fair value of cash flow hedges transferred to profit or loss	–	–	–	–	–	–
Net change in fair value of hedge of net investment in foreign operations	6,750	(1,389)	5,361	(4,249)	266	(3,983)
Share-based payment transactions	4,369	–	4,369	5,972	–	5,972
Net change in fair value of equity securities	–	–	–	–	–	–
Subordinated unsecured convertible bonds	–	(476)	(476)	–	(402)	(402)
Transactions with non-controlling interests	736	–	736	20,999	–	20,999
Foreign currency translation differences of foreign operations and equity-accounted investees	(38,965)	(2,500)	(41,465)	20,743	1,810	22,553
Total	**(37,926)**	**(1,789)**	**(39,715)**	**23,624**	**4,638**	**28,262**

17.2 Current tax assets and liabilities

The net current tax liability of EUR 14,899 thousand (2019: EUR 11,355 thousand liability) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

17.3 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	Assets		Liabilities		Net	
	2020	2019	**2020**	2019	**2020**	2019
Property, plant and equipment	18,296	9,232	(7,256)	(4,301)	11,040	4,931
Intangible assets	180	232	(1,354)	(1,161)	(1,174)	(929)
Subordinated unsecured convertible bonds	–	–	(3,607)	(5,464)	(3,607)	(5,464)
Right-of-use assets	–	–	(13,760)	(17,777)	(13,760)	(17,777)
Lease liabilities (long term)	10,464	12,394	–	–	10,464	12,394
Lease liabilities (current)	3,483	5,511	–	–	3,483	5,511
Employee benefits	6,870	6,464	(15)	(41)	6,855	6,423
Provisions	5,238	5,043	(2,542)	(1,880)	2,696	3,163
Tax loss carry-forwards	19,970	42,667	–	–	19,970	42,667
Other items	1,325	1,366	(5,191)	(3,645)	(3,866)	(2,279)
Deferred tax assets/ (liabilities)	**65,826**	**82,909**	**(33,725)**	**(34,269)**	**32,101**	**48,640**
Set-off of tax components	(30,208)	(32,435)	30,208	32,435	–	–
Net deferred tax asset/ (liability)	**35,618**	**50,474**	**(3,517)**	**(1,834)**	**32,101**	**48,640**

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The recognised amounts relate to tax groups that are profitable or are expected to be profitable in the foreseeable future.

Movement in temporary differences during the year

(EUR x 1,000)	Balance 1 January 2020	Acquired in business combina-tions	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised directly in equity	Balance 31 December 2020
Property, plant and equipment	4,931	(501)	6,610	–	–	11,040
Intangible assets	(929)	–	(245)	–	–	(1,174)
Subordinated unsecured convertible bonds	(5,464)	–	2,333	–	(476)	(3,607)
Long term loans	–	–	1,389	(1,389)	–	–
Right-of-use assets	(17,777)	–	4,017	–	–	(13,760)
Lease liabilities (long term)	12,394	–	(1,930)	–	–	10,464
Lease liabilities (current)	5,511	–	(2,028)	–	–	3,483
Employee benefits	6,423	–	(2,144)	2,576	–	6,855
Provisions	3,163	–	(467)	–	–	2,696
Tax loss carry-forward	42,667	–	(22,697)	–	–	19,970
Exchange differences	–	–	2,500	(2,500)	–	–
Other items	(2,279)	–	(1,587)	–	–	(3,866)
Total	**48,640**	**(501)**	**(14,249)***	**(1,313)**	**(476)**	**32,101**

* Includes EUR 2,294k recognised in profit & loss of discontinued operations.

A deferred tax asset for net operating losses was impaired for an amount of EUR 19.3 million in the Americas region, following adverse actual outcomes against business plan and a history of operating losses. After this impairment, no carrying amount remains. This asset could be subject to further adjustment if the outlook would improve in future periods.

(EUR x 1,000)	Balance 1 January 2019	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised directly in equity	Balance 31 December 2019
Property, plant and equipment	10,628	(5,697)	–	–	4,931
Intangible assets	(215)	(714)	–	–	(929)
Subordinated unsecured convertible bonds	(7,388)	2,326	–	(402)	(5,464)
Right-of-use assets	–	(17,777)	–	–	(17,777)
Lease liabilities (long term)	–	12,394	–	–	12,394
Lease liabilities (current)	–	5,511	–	–	5,511
Employee benefits	5,088	(1,629)	2,964	–	6,423
Provisions	1,660	1,503	–	–	3,163
Tax loss carry-forward	32,325	10,342	–	–	42,667
Exchange differences	–	(1,802)	1,802	–	–
Other items	(431)	(1,848)	–	–	(2,279)
Total	**41,667**	**2,609**	**4,766**	**(402)**	**48,640**

17.4 Unrecognised deferred tax assets and liabilities

Deferred tax has not been recognised in respect of the following items:

Unrecognised deferred tax assets

(EUR x 1,000)	2020	2019
Tax credits	10,153	8,915
Deductible temporary differences	30,412	27,205
Tax losses	243,933	210,128
Total	**284,498**	**246,248**

Unrecognised deferred tax assets relate to tax units previously suffering losses for which it is currently not probable that future taxable profit will be available to offset these losses, taking into account fiscal restrictions on the utilisation of loss compensation.

The deductible temporary differences and capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilise these benefits. Unrecognised tax assets changed over the period as follows:

Unrecognised deferred tax assets

(EUR x 1,000)	2020	2019
As at 1 January	246,248	218,376
Movements during the period:		
Additional unrecognised losses and temporary differences	64,196	29,028
Recognition of previously unrecognised tax losses and temporary differences (profit or loss)	(6,341)	(8,968)
Recognition of previously unrecognised tax losses and temporary differences (equity)	4,073	1,264
Effect of change in tax rates	2,058	610
Exchange rate differences	(22,162)	1,990
Expiration of tax losses	(2,097)	(4,591)
Change from reassessment	(1,477)	8,539
As at 31 December	**284,498**	**246,248**

Of the total recognised and unrecognised deferred tax assets in respect of tax losses carried forward an amount of EUR 11,209 thousand expires in periods varying from one to five years. An amount of EUR 779 thousand expires between five and ten years, an amount of EUR 53,423 thousand expires between ten and twenty years and an amount of EUR 197,854 thousand can be offset indefinitely. Based on forecasted results per tax jurisdiction, management considered it probable that sufficient future taxable profit will be generated to utilise recognised deferred tax assets depending on taxable profits in excess of the profits arising from the reversal of existing temporary differences.

Temporary differences relating to investments in subsidiaries
At 31 December 2020 a deferred tax liability of EUR 436 thousand relating to investments in subsidiaries has been recognised (2019: EUR 431 thousand). No deferred tax liability is recognised in case Fugro controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future due to permanent reinvestments. The aggregate amount of temporary differences for which these deferred tax liabilities have been recognised is EUR 8,711 thousand (2019: EUR 8,620 thousand).

In some of the countries where the Group operates, local tax laws provide that gains on disposal of certain assets are tax exempt, provided that the gains are not distributed. The company does not intend to distribute such gains; therefore no tax liabilities are recognised in this respect.

18 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment that is being constructed or developed for future use is classified as property, plant and equipment under construction and stated at cost until construction or development is complete, at which time it is reclassified as land and buildings, plant and equipment, vessels (including jack-ups) or other property, plant and equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within 'other income' or 'other expenses' in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	Years
Land	Infinite
Buildings	20 – 40
Plant and equipment	3 – 10
Vessels	2 – 25
Other	1 – 5

The carrying amounts of the Group's non-financial assets other than assets arising from employee benefits and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash generating units to which the corporate asset is allocated.

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

(EUR x 1,000) **2020**

	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Balance at 1 January 2020						
Cost	194,092	903,631	766,401	30,654	182,940	2,077,718
Accumulated depreciation and impairment	(88,619)	(814,887)	(435,754)	–	(174,167)	(1,513,427)
Carrying amount	**105,473**	**88,744**	**330,647**	**30,654**	**8,773**	**564,291**
Change in carrying amount:						
Investments	2,071	28,853	14,333	32,803	3,151	81,211
Acquisition through business combination	2,117	600	–	–	228	2,945
Transfers from fixed assets under construction	484	18,663	15,078	(34,911)	686	–
Depreciation	(5,242)	(39,720)	(34,312)	–	(4,966)	(84,240)
Impairment (loss)/reversal	(2,490)	(914)	(1,804)	–	–	(5,208)
Disposals	(2,048)	(866)	(149)	(3,379)	(495)	(6,937)
Effects of movement in foreign exchange rates	(5,693)	(2,910)	(22,817)	(2,579)	(636)	(34,635)
Transfer between asset classes	–	(1,376)	–	–	1,376	–
Reclassification adjustment	(933)	–	–	–	–	(933)
Transfers from/(to) assets classified as held for sale	–	(1,611)	8,160	–	–	6,549
Total changes	**(11,734)**	**719**	**(21,511)**	**(8,066)**	**(656)**	**(41,248)**
Balance at 31 December 2020						
Cost	180,613	896,854	761,749	22,588	133,448	1,995,252
Accumulated depreciation and impairment	(86,874)	(807,391)	(452,613)	–	(125,331)	(1,472,209)
Carrying amount	**93,739**	**89,463**	**309,136**	**22,588**	**8,117**	**523,043**

The transfer to assets classified as held for sale in plant and equipment relates to an aircraft in the Asia Pacific (APAC) region. The transfer from assets classified as held for sale relates to the Hugin Explorer vessel which was removed from the disposal group held for sale. See note 7 for more details.

(EUR x 1,000) **2019**

	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Balance at 1 January 2019						
Cost	184,252	1,055,553	768,277	14,003	193,425	2,215,510
Accumulated depreciation and impairment	(83,232)	(924,991)	(406,045)	–	(181,257)	(1,595,525)
Carrying amount	**101,020**	**130,562**	**362,232**	**14,003**	**12,168**	**619,985**
Change in carrying amount:						
Investments – continuing operations	7,483	31,093	14,165	26,109	4,229	83,079
Investments – discontinuing operations*	–	23,108	–	–	32	23,140
Transfers from fixed assets under construction	1,300	6,940	1,125	(9,734)	369	–
Depreciation – continuing operations	(5,061)	(37,482)	(31,990)	–	(8,797)	(83,330)
Depreciation – discontinuing operations*	–	(5,689)	(1,241)	–	(49)	(6,979)
Impairment (loss)/reversal – continuing operations	–	(218)	(61)	–	(349)	(628)
Impairment (loss)/reversal – discontinuing* operations	–	–	(2,250)	–	–	(2,250)
Disposals	(894)	(1,068)	(2,152)	–	(205)	(4,319)
Effects of movement in foreign exchange rates	1,706	494	4,945	276	1,502	8,923
Transfers from/(to) assets classified as held for sale	(81)	(58,996)	(14,126)	–	(127)	(73,330)
Total changes	**4,453**	**(41,818)**	**(31,585)**	**16,651**	**(3,395)**	**(55,694)**
Balance at 31 December 2019						
Cost	194,092	903,631	766,401	30,654	182,940	2,077,718
Accumulated depreciation and impairment	(88,619)	(814,887)	(435,754)	–	(174,167)	(1,513,427)
Carrying amount	**105,473**	**88,744**	**330,647**	**30,654**	**8,773**	**564,291**

* Changes related to discontinuing operations included separately to reflect the classification of Seabed Geosolutions as a disposal group held for sale and discontinued operation per 30 June 2019.

The investments in property, plant and equipment include no non-cash amount (2019: EUR 577 thousand) that relates to asset retirement obligations. This has been considered as a non-cash item for the purpose of the consolidated statement of cash flows.

19 LEASES

Accounting policies Fugro as lessee

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. However, for leases of property and equipment, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Recognition and measurement

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The Group applies the short-term lease recognition exemption to its short term leases of vessels, property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption, the impact of which is not material (including the IFRS 16.53d disclosure). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index, initially measured using the index as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from a change in an index or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee. In these cases, the lease liability is remeasured by discounting the revised lease payments by using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between the liability and finance expenses (interest costs). The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In a sale and leaseback transaction, the Group first assesses whether the criteria in IFRS 15 for a sale to be recognised have been met. If, under IFRS 15, a sale is to be recognised, then the right-of-use asset leased back is measured as a proportion of the underlying asset's previous carrying amount, based on the liability for lease payments divided by the fair value of the underlying asset (i.e. the right-of-use retained by the Group). This partial gain recognition method has the effect of restricting any profit recognised on disposal of the asset to the rights transferred to the buyer-lessor.

Accounting policies Fugro as lessor

The Group does not act as lessor. Accordingly, no accounting policies for lessors are applicable.

The Group's lease portfolio consists of vessels, property and equipment.

Vessels

The Group leases vessels to perform site characterisation and asset integrity services for clients. Leased vessels generally offer more flexibility than the Group's owned vessels. The non-cancellable periods of these leases vary from 3 to 9 years. The Group has options to extend, terminate or purchase certain vessel leases. These options facilitate the Group's asset portfolio management to market conditions. Periods covered by extension options and termination options are generally not reflected in the lease term, due to the reasonably certain threshold. Purchase options are not reasonably certain to be exercised. The operational and financial effects of such options are therefore not significant. The lease payments generally include a fixed component (e.g. a fixed day rate). In addition, a variable component based on actual vessel utilisation generally applies. These variable lease payments based on the utilisation of vessels are common in the industry. The Group typically guarantees a minimum utilisation rate (e.g. a minimum number of charter days per annum at a predetermined day rate), which is reflected in the lease liability. Following completion of the refinancing (refer to note 5 Refinancing) covenants for the two leased geotechnical vessels have been brought in line with the covenants for the Senior Facility Agreement. As a result, the variable lease payment component consisting of an additional day rate contingent on the Group's net debt/ EBITDA ratio is no longer applicable for these two vessels. Residual value guarantees are not prevalent in vessel leases. The sensitivity of reported information to the aforementioned variables (e.g. future variable lease payments) is deemed low.

Property

The Group has more than 200 property leases, which consist of land and buildings (e.g. offices, laboratory facilities, warehouses and housing). The lease terms vary from 2 to 19 years. Land leases have longer durations than buildings. Some leases contain options to extend or terminate certain property leases. Periods covered by extension options and termination options are reflected in the lease term, depending on whether the reasonably certain threshold is satisfied. In making this judgement, the Group considers favourable terms compared to market rates, termination costs (e.g. relocation and negotiation costs), lack of suitable alternatives and other facts and circumstances. Significant leasehold improvements are rare. The reasonably certain threshold for extension and termination options is generally not satisfied. Fixed lease payments are generally subject to periodic adjustment to market rentals by means of a retail price index and/or in-substance fixed annual rent escalations. The relative magnitude of these adjustments compared to the fixed lease payments is not significant. The potential future lease payments not included in the measurement of lease liabilities and the prevalence of the exercise of options is not significant. Property leases do not include material residual value guarantees. The sensitivity of reported information to the aforementioned variables (e.g. future variable lease payments) is low.

Some leases of office buildings contain extension options exercisable by the Group which provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The prevalence of the exercise of options that were not included in the measurement of lease liabilities is low.

Equipment

The Group has more than 450 equipment leases, comprising vehicles, IT equipment (data storage, copiers, printers, scanners, servers etc.), telecom (telecom, radio and satellite devices), aerial vehicles, drilling equipment, compressors, subsea equipment and cranes. The average lease term is 2 years. Although these leases may contain renewal options, the Group has determined that it is not reasonable certain to exercise these options. The lease payments are generally fixed in nature.

Right-of-use assets

(EUR x 1,000)	Vessels	Property	Equipment	Total
Balance at 1 January 2020	77,400	78,653	4,426	160,479
Balance at 31 December 2020	62,637	68,901	3,469	135,007
Balance at 1 January 2019	122,347	90,714	5,063	218,124
Balance at 31 December 2019	77,400	78,653	4,426	160,479

(EUR x 1,000)	Depreciation 2020	Additions 2020	Depreciation 2019	Additions 2019
Vessels	11,060	–	15,603	4,130
Property	14,322	9,128	12,837	6,655
Equipment	2,228	2,039	2,158	1,641
Total	**27,610**	**11,167**	**30,598**	**12,426**

Lease liabilities

(EUR x 1,000)	2020	2019
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	27,214	31,810
One to five years	81,928	92,116
More than five years	66,015	88,618
Total undiscounted lease liabilities at 31 December	**175,157**	**212,544**

(EUR x 1,000)	2020	2019 restated*
Discounted lease liabilities included in the statement of financial position at 31 December:		
Current	26,126	30,703
Non-current	106,566	126,956
Total discounted lease liabilities in the statement of financial position at 31 December	**132,692**	**157,659**

* The current and non-current presentation of the lease liabilities in the statement of financial position and in the table above has been restated retrospectively in connection with the correction of an error. In 2019, the Group erroneously used the expected interest payment over 2020 as a proxy for the discount of the current portion of the lease liability. This resulted in a EUR 7,764 thousand understatement of the current portion of the lease liability and a EUR 7,764 thousand overstatement of the non-current portion of the lease liability. There was no impact on profit and loss or on equity. There was no impact on disclosures other than the table above.

Amounts recognised in profit and loss

(EUR x 1,000)	2020	2019
Interest on lease liabilities	9,342	11,312
Variable lease payments not included in the measurement of lease liabilities	65	1,150
Income from sub-leasing right-of-use assets	–	–
Expenses relating to short-term leases	88,130	120,803

The impact of the low-value asset exemption was determined to be immaterial to the Group financial statements (including the IFRS 16.53d disclosure).

Amounts recognised in the statement of cash flows

(EUR x 1,000)	2020	2019
Total cash outflow for leases	**32,902**	**35,197**

Fugro does not act as lessor.

20 INTANGIBLE ASSETS INCLUDING GOODWILL

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment annually and when there is an indication for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Fugro incurs exploration and evaluation (E&E) costs in Australian areas of interest in cooperation with Finder Exploration Pty Ltd (Finder), Theia Energy Pty Ltd (Theia) and Finder related parties. These assets are considered non-core business. Fugro capitalises these costs as E&E assets. E&E assets are classified as intangible assets, as they typically relate to drilling permits. A regular review of each area of interest is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered. Accordingly, E&E assets are not amortised, but assessed for impairment indications.

Research expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalised expenditure includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Software and other intangible assets acquired or developed by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite life are annually tested for impairment or when there is an indication for impairment. Other intangible assets and software are amortised from the date they are available for their intended use. The estimated useful life of software and other capitalised development costs is, in general, five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in 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 cash-generating unit (or group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or group of cash-generating units) on a pro rata basis.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

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

(EUR x 1,000)					**2020**
	Goodwill	**E&E (Finder/ Theia)**	**Software**	**Other**	**Total**
Balance at 1 January 2020					
Cost	588,751	35,102	18,534	31,251	673,638
Accumulated amortisation and impairment	(320,728)	(18,514)	(17,358)	(28,407)	(385,007)
Carrying amount	**268,023**	**16,588**	**1,176**	**2,844**	**288,631**
Change in carrying amount:					
Purchase of intangible assets	416	–	62	322	800
Other additions	–	548	–	–	548
Amortisation	–	–	(1,052)	(846)	(1,898)
Impairment	–	–	–	–	–
Disposals	–	–	(22)	(49)	(71)
Effect of movements in foreign exchange rates	(10,790)	18	(11)	(66)	(10,849)
Transfers from/(to) assets classified as held for sale	–	–	124	6	130
Total changes	**(10,374)**	**566**	**(899)**	**(633)**	**(11,340)**
Balance at 31 December 2020					
Cost	560,467	35,621	22,514	31,874	650,476
Accumulated amortisation and impairment	(302,818)	(18,467)	(22,237)	(29,663)	(373,185)
Carrying amount	**257,649**	**17,154**	**277**	**2,211**	**277,291**

(EUR x 1,000)					2019
	Goodwill	E&E (Finder/ Theia)	Software	Other	Total
Balance at 1 January 2019					
Cost	802,057	36,788	26,392	93,691	958,928
Accumulated amortisation and impairment	(475,711)	(16,294)	(24,239)	(65,726)	(581,970)
Carrying amount	**326,346**	**20,494**	**2,153**	**27,965**	**376,958**
Change in carrying amount:					
Purchase of intangible assets – continued	–	–	133	422	555
Purchase of intangible assets – discontinued*	–	–	–	1,412	1,412
Other additions	–	2,262	–	–	2,262
Amortisation – continued	–	–	(937)	(2,036)	(2,973)
Amortisation – discontinued*	–	–	(15)	(2,190)	(2,205)
Impairment – continued	–	(2,212)	–	(446)	(2,658)
Impairment – discontinued*	(65,382)	–	–	(8,550)	(73,932)
Disposals	–	(3,956)	(28)	(465)	(4,449)
Effect of movements in foreign exchange rates	7,059	–	7	696	7,762
Transfers from/(to) assets classified as held for sale	–	–	(137)	(13,964)	(14,101)
Total changes	**(58,323)**	**(3,906)**	**(977)**	**(25,121)**	**(88,327)**
Balance at 31 December 2019					
Cost	588,751	35,102	18,534	31,251	673,638
Accumulated amortisation and impairment	(320,728)	(18,514)	(17,358)	(28,407)	(385,007)
Carrying amount	**268,023**	**16,588**	**1,176**	**2,844**	**288,631**

* Changes related to discontinuing operations included separately to reflect the classification of Seabed Geosolutions as a disposal group held for sale and discontinued operation per 30 June 2019.

Impairment testing for cash-generating units containing goodwill

For the purpose of goodwill impairment testing, Fugro allocates goodwill to the following four cash-generating units (CGUs): Europe-Africa, Americas, Asia Pacific and Middle East & India. These CGUs represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, they are consistent with the group's operating segments (refer to note 6 Segment reporting).

The recoverable amounts of the cash-generating units have been determined based on value in use calculations. Value in use was determined by discounting the expected future cash flows from the continuing use of the CGUs. The calculation of the value in use was based on the following key assumptions:

- Cash flows in the first year of the forecast are based on management's approved financial budget. For all CGUs, the 2021 projections factor in, amongst others, already signed contracts, expected win rates on contracts out for bid, expected crew and vessel utilisation rates and/or industry developments. Cash flows for the CGUs beyond one year are extrapolated using an estimated growth rate based on expected market developments, taking into account strategic plans of the company and current market conditions such as Covid-19 and the related reduced spending by oil and gas clients.
- Cash flows for the CGUs beyond five years are extrapolated using an estimated long-term growth rate of 1.5% (2019: 2.0%). For the CGUs the growth rates are based on an analysis of the long-term market price trends in the oil and gas industry adjusted for actual experience.
- The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes is determined through an iterative calculation using the projected post-tax cash flows, expected tax rate for the respective cash generating units and a post-tax discount rate for the Group.

The capitalised goodwill was allocated to the following CGUs as at 31 December 2020:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %	Goodwill 2020
Europe-Africa	0.0%	1.5%	13.3%	8.1%	113,741
Americas	2.2%	1.5%	12.9%	8.4%	66,702
Asia Pacific	0.7%	1.5%	13.3%	6.2%	28,120
Middle East & India	2.7%	1.5%	13.3%	8.7%	49,086
Total					**257,649**

The capitalised goodwill was allocated to the following CGUs as at 31 December 2019:

(EUR x 1,000)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %	Goodwill 2019
Europe-Africa	4.5%	2.0%	11.8%	9.3%	118,321
Americas	5.2%	2.0%	11.4%	9.8%	69,388
Asia Pacific	0.9%	2.0%	11.7%	6.4%	29,252
Middle East & India	3.5%	2.0%	11.8%	9.3%	51,062
Total					**268,023**

The excess of the recoverable amount over the carrying amount (headroom) of each CGU and the goodwill sensitivity analysis is as follows:

(EUR x 1,000)		Change required in each key assumption for headroom to equal zero			
	Headroom	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %
Europe-Africa	163,152	(15.8%)	(6.5%)	5.1%	(6.6%)
Americas	51,164	(14.4%)	(2.6%)	2.2%	(2.4%)
Asia Pacific	66,585	(16.4%)	(7.4%)	5.8%	(4.7%)
Middle East & India	22,915	(8.8%)	(2.3%)	2.1%	(3.5%)
Total	**303,816**				

Total headroom decreased significantly from EUR 550 million as at 31 December 2019 to EUR 304 million as at 31 December 2020. The changes beyond those in the above table to assumptions used in the goodwill impairment test would, in isolation, lead to an impairment loss being recognised.

Exploration and evaluation (E&E)

E&E expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established by the parties involved. These estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income. For the year ended 31 December 2020, this did not result in an impairment charge (2019: EUR 2,212 thousand).

21 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in equity-accounted investees are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables that form part of the entity's net investment, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity-accounted investments is tested for impairment.

The aggregate carrying amount of the equity-accounted investees of EUR 36,214 thousand as at 31 December 2020 (31 December 2019: EUR 76,868 thousand), consists of joint ventures for EUR 31,206 thousand (31 December 2019: EUR 23,654 thousand) and associates for EUR 5,008 thousand (31 December 2019: EUR 53,214 thousand), including Fugro's 23.6% share in Global Marine Group.

On 30 January 2020, HC2 Holdings Inc. announced the sale of Global Marine Group (GMG) excluding GMGs 49% stake in Huawei Marine Networks (HMN). Earlier, on 30 October 2019, HC2 Holdings Inc. had announced the sale by GMG of its 49% stake in HMN. Through its ownership of 23.6% in GMG (an equity accounted associate), Fugro monetised a substantial part of its non-core interest in GMG. The carrying amount of investments in equity accounted investees was reduced by EUR 50.5 million as a result of payments of dividends from the proceeds of the two divestments during the course of 2020. To date, GMG sold 30% of HMN and retained a 19% interest under a two-year put option agreement. For this reason, Fugro's investment in GMG is not classified as held for sale as at 31 December 2020.

On 13 February 2020, Fugro acquired a 49% interest in Sea-Kit International Limited in exchange for cash consideration and is accounted for as an (individually immaterial) associate. Fugro has a call option to acquire the remaining shares of the company after four years from the date of acquisition. The exercise price is the estimated fair value at that point in time. The seller has a put option to sell the remaining shares to Fugro under substantially the same conditions as the call option.

The Group's share of profit from continuing operations from its joint ventures amounted to EUR 11,380 thousand in 2020 (2019: EUR 10,775 thousand profit). A loss of EUR 1,861 thousand was reported as other comprehensive income from its joint ventures in 2020 relating to foreign currency exchange differences (2019: EUR 223 thousand gain). In 2020, the Group received dividends of EUR 5,376 thousand (2019: 3,825 thousand) from its joint ventures.

The Group's share of profit (or loss) from continuing operations and of other comprehensive income from associates in 2020 amounts to a loss of EUR 3,932 thousand (2019: 1,539 thousand loss) and a gain of EUR 6,232 thousand (2019: 1,092 thousand loss) respectively. The other comprehensive income from Fugro's associates mainly relates to foreign currency exchange differences.

None of the group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations. The group has no significant commitments to its joint ventures and associates.

22 OTHER INVESTMENTS

Equity securities, long-term loans, deposits and other long-term receivables are financial assets. The Group does not have material derivative financial assets. The aforementioned financial assets are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit and loss.

The advance lease payment is not a financial asset and is measured at nominal value. These measurement categories are specified in the table below. The classification at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Subsequent measurement is at amortised cost using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. Dividends on equity investments are also recognised as net finance income in the statement of comprehensive income when the right of payment has been established. The Group derecognises a financial asset when the rights to receive cash flows from the asset have expired, or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (insofar applicable).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements (insofar applicable) held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(EUR x 1,000)	**Measurement category**	**2020**	**2019**
Equity securities	Fair value through profit and loss	1,414	1,614
Long-term loans	Amortised cost	4,500	4,500
Deposits	Amortised cost	26,924	15,586
Advance lease payment	Nominal value	–	–
Net defined benefit asset	Present value	10,809	8,442
Other long-term receivables	Amortised cost	3,770	800
Balance at 31 December		**47,417**	**30,942**

Equity securities are investments in third party entities in whose activities the Group holds a non-controlling interest and has no control, joint control or significant influence.
The Group received no dividends from its equity securities in 2020 (2019: nil).

Long-term loans mainly comprise a loan due from Wavewalker B.V. for the carrying amount of EUR 4.5 million (31 December 2019: EUR 4.5 million). The loan has to be fully repaid before 30 April 2027.

Other long-term receivables include prepayments made on two uncrewed surface vessels (USVs) that are under construction and controlled by the supplier.

The net defined benefit asset comprises of a surplus on a UK pension plan as per 31 December 2020 (refer to note 30 Employee Benefits).

Deposits pertain to the lease of two geotechnical vessels.

23 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.
Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In 2020, EUR 31,586 thousand (2019: EUR 25,484 thousand) of other inventories was recognised as an expense.

24 TRADE AND OTHER RECEIVABLES

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient when it is expected, at contract inception, that the period between when the Group transfers the promised goods or services and when the customers pays for this good or service is one year or less, are measured at the transaction price determined under IFRS 15. Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses.

Unbilled revenue on (completed) projects represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and any impairment losses.

The Group applies the ECL model. For trade receivables and unbilled revenue on (completed) contracts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Group does not have material trade receivables or unbilled revenue on (completed) contracts that contain a significant financing component. The Group is not a lessor and does not have lease receivables. A trade receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

(EUR x 1,000)	**2020**	**2019**
Trade receivables	203,217	268,394
Other receivables	69,371	60,550
Unbilled revenue on (completed) projects	133,743	156,743
Balance at 31 December	**406,331**	**485,687**

Unbilled revenue on (completed) projects represents the gross amount expected to be collected from customers for contract work performed to date (a contract asset). It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses. Generally, unbilled revenue on (completed) projects is invoiced to customers in the period following the execution of work. Subsequently, trade receivables are paid by customers in accordance with their respective payment term. The contracts in progress for which this amount exceeds progress billings are presented as unbilled revenue on (completed) projects. The contracts in progress for which progress billing exceeds costs incurred plus profits recognised to date less progress billings and recognised losses are presented as advance instalments to work in progress.

Remaining balance includes prepayments, deposits, VAT, and other receivables.
At 31 December 2020, trade receivables include retentions of EUR 8.0 million (2019: EUR 11.2 million) relating to completed projects.

Trade receivables are shown net of impairment losses which amount to EUR 16.8 million (2019: EUR 17.4 million) arising from identified doubtful receivables from customers as well as expected credit losses. Trade receivables were impaired taking into account the financial position of the debtors, the days outstanding, the expected outcome of negotiations and legal proceedings against debtors and probabilities of default. Unbilled revenue on (completed) projects does not include (material) impairment losses which is similar to previous year.

Other receivables include VAT receivables, prepayments for insurance and claims, deposits, current portion of long term receivables and sundry receivables.

25 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and call deposits. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Bank overdrafts are shown within the current liabilities in the consolidated statement of financial position.

(EUR x 1,000)	**2020**	2019
Cash and cash equivalents	183,462	201,147
Bank overdraft	(2,336)	(2,635)
Cash and cash equivalents in the consolidated statement of cash flows	**181,126**	**198,512**

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include EUR 9.3 million (31 December 2019: EUR 15.0 million) of Angolan kwanza's and EUR 6.7 million (31 December 2019: EUR 10.6 million) of Nigerian Naira where exchange controls apply (these balances are considered trapped cash in the context of the SFA). These trapped cash balances are therefore not available for general use by the other entities within the group.

26 TOTAL EQUITY

Share capital is classified as equity. The term 'shares' as used in the financial statements pertain to ordinary shares and preference shares of Fugro NV. 'Stichting Administratiekantoor Fugro' (also referred to as 'Fugro Foundation Trust Office' or 'Foundation Trust Office') issues certificates of ordinary shares ('share certificates' or 'depositary receipts' for shares). The surplus paid by shareholders above the nominal value of shares is recognised as share premium. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Fugro purchases and sells own shares in relation to the share option scheme. Own shares which have been repurchased are held in treasury and are deducted from and presented within equity in a separate 'reserve for own shares' on a cost basis. Own shares are recorded at cost, representing the market price paid on the acquisition date. When reissued under the share option scheme, shares are removed from the reserve for own shares on a first-in, first-out (FIFO) basis. The difference between the cost and the cash received is recorded in retained earnings.

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

26.1 Share capital and share premium

(Numbers of shares, adjusted for share consolidation)	Ordinary shares		Preference shares	
	2020	2019	**2020**	2019
In issue at 1 January	42,286,262	42,286,262	–	–
Issued for cash	60,904,104	–	–	–
Exercise of share options	–	–	–	–
In issue at 31 December – fully paid	**103,190,366**	**42,286,262**	**–**	**–**
Authorised at 31 December – nominal value ordinary shares EUR 0.10 (adjusted for share consolidation) and nominal value preference shares EUR 0.05 (no change)	210,000,000	70,000,000	180,000,000	180,000,000

Consistent with last year, there are no shares issued but not fully paid. Prior year numbers of shares and nominal value in the table above were adjusted retrospectively for the share consolidation, in accordance with IFRS. Further details are provided below. The total number of shares issued during 2020 on a pre-share consolidation basis is 121,808,207. The post-share consolidation equivalent number of 60,904,104 issued shares is presented in the table above.

On 31 December 2020, the authorised share capital amounts to EUR 30 million (2019: EUR 16 million), consisting of ordinary shares and various types of preference shares. On 31 December 2020, the issued share capital amounted to EUR 10.3 million (2019: EUR 4.2 million).

The extraordinary general meeting of Fugro shareholders held on 30 November 2020 approved a share consolidation and an increase of the company's authorised share capital from EUR 16 million to EUR 30 million. Following this approval, on 14 December 2020 the authorised share capital increased from EUR 16 million represented by 140 million ordinary shares (pre-share consolidation) with nominal value EUR 0.05 to EUR 30 million represented by 420 million ordinary shares (pre-share consolidation) with nominal value EUR 0.05. On 18 December 2020 Fugro completed the consolidation of every two existing shares in Fugro with EUR 0.05 nominal value into one share with EUR 0.10 nominal value. As a result, the authorised share capital changed from EUR 30 million represented by 420 million ordinary shares with nominal value EUR 0.05 to EUR 30 million represented by 210 million ordinary shares with nominal value EUR 0.10. This share consolidation did not impact total equity. There was no change in the issued share capital of Fugro which continues to amount to EUR 10.3 million but the aggregate number of shares issued and fully paid up decreased from 206,380,732 to 103,190,366.

Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company. All rights attached to the company's shares held by the Group are suspended until those shares are transferred to a party outside the Group. The Foundation Trust Office issues certificates of Fugro NV shares. Such certificates do not carry voting rights. Only the non-voting certificates are listed and traded on Euronext Amsterdam.

On 21 February 2020, Fugro raised EUR 81.8 million equity through an accelerated bookbuild offering. The company placed 8,350,000 new ordinary shares (pre-share consolidation) at an issue price of EUR 9.80 (pre-share consolidation). The issue price represents a discount of 3.9% to the last closing price prior to the start of the offering. The net proceeds of the EUR 81.8 million equity raise amounted to EUR 81.0 million. Transaction costs amounted to EUR 0.8 million.

On 30 November 2020, the company raised EUR 53.3 million equity in a private placement with a number of cornerstone investors. The company issued 20,497,488 new shares (pre-share consolidation) at an issue price was EUR 2.60 per share (pre-share consolidation). On 14 December 2020, the company raised EUR 197.1 million in a rights issue. The rights issue consisted of an issuance of certificates and ordinary shares subscribed for in a rights offering and a share subscription offering, respectively, including EUR 59.8 million from the participation of cornerstone investors, and EUR 137.3 million from those others who subscribed in the offering and those who subscribed for rump certificates in a rump offering by a consortium of banks. The net proceeds of the EUR 250.4 million equity raise amounted to EUR 238.0 million. Transaction costs amounted to EUR 12.4 million. The rights issue is summarised as follows. Shareholders were granted transferable subscription rights to subscribe up to 92,960,719 new offer certificates (pre-share consolidation) representing ordinary shares in the capital of Fugro NV. The issue price was EUR 2.12 per offer certificate (pre-share consolidation).
The theoretical ex-rights price (TERP) as announced in a press release on 1 December 2020 is EUR 3.51. This TERP is based on the closing price of EUR 4.694 per certificate (pre-share consolidation) on 30 November 2020 and includes the cornerstone investor certificates. This issue price represents a discount of 39.7% to the TERP. 85,184,319 offer certificates (pre-share consolidation) were subscribed for through the exercise of rights in the rights offering. 242,407 offer shares (pre-share consolidation) were subscribed to in the share subscription offering. This represents a take-up of 91.9% in the rights issue. The remaining 7,533,993 certificates (pre-share consolidation) were sold in a rump offering to professional investors for EUR 3.95 per rump certificate (pre-share consolidation). The aggregate proceeds for the rump certificates sold exceeded the aggregate issue price by EUR 1.83 per rump certificate (pre-share consolidation) and the excess proceeds were distributed to the relevant shareholders.

Preference shares

No preference shares have been issued.

Amendment of Fugro's protective measures

The Foundation Continuity Fugro has terminated the call option agreements that provided Foundation Continuity Fugro with a right to exercise a call option on preference shares in relation to Fugro's Curacao based subsidiaries, Fugro Consultants International NV and Fugro Financial International NV in certain specific circumstances. Furthermore, in connection with its refinancing, Fugro announced the intention to terminate the

certification of its shares. Termination of the certification of the shares will be subject to, amongst others, receipt of certain approvals and a resolution of Fugro's general meeting at the 2021 annual general meeting to amend the Fugro articles of association.
When approved by the general meeting, Fugro aims to complete this process in the first half of 2021.

26.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the company's net investment in a foreign subsidiary.

26.3 Reserve for own shares

Fugro purchases and sells own shares in relation to the share option scheme. The cost of these shares held by the Group is recorded as a reserve within shareholder's equity. Fugro has not purchased certificates of own shares to cover its option scheme in 2020 (2019: nil). In 2020, 45,703 shares were used pre-share consolidation (2019: 3,600). As per 31 December 2020, Fugro holds 1,777,872 own certificates of shares post share consolidation (2019: 3,601,447) with respect to the option scheme, subordinated unsecured convertible bonds and performance awards. This was 1.7% of the issued capital (2019: 4.3%).

Up to 31 December 2019, shares reissued under the share option scheme were deducted from the reserve for own shares. However, these deductions were erroneously not made on a FIFO cost basis. The accounting policy on own shares has also been changed and the new policy was disclosed above. There are elements of both an error and a change in accounting policy, which could not be individually quantified. Accordingly, one retrospective reclassification adjustment between the reserve for own shares and retained earnings amounting to EUR 193.1 million was made on 1 January 2019. There is no impact on total equity or result. The information presented in the statement of financial position as of 1 January 2019 remains unchanged and was therefore not re-presented.

26.4 Subordinated unsecured convertible bonds-equity component

The equity component of the subordinated unsecured convertible bonds as presented in the consolidated statement of changes in equity is summarised as follows:

(EUR x 1,000)	**Equity component**
Total equity component of convertible bonds and 31 December 2018	38,424
Change in tax rate	(402)
Total equity component of convertible bonds as at 31 December 2019	**38,022**
Allocation of repurchase price of convertible bonds to equity component	(718)
Transfer of remaining equity component of convertible bonds to retained earnings upon repurchase of bonds	(17,026)
Change in tax rate	(476)
Total equity component of convertible bonds as at 31 December 2020	**19,802**

The portion of the equity component pertaining to the convertible bonds repurchased was transferred to retained earnings. Refer to note 29.4 Subordinated unsecured convertible bonds for further information.

26.5 Unappropriated result

No dividend is proposed to be paid-out for 2020. Refer to note 33 Financial risk management for dividend restrictions.

27 BASIC AND DILUTED EARNINGS PER SHARE

Reference is made to the February 2020 and December 2020 equity raise as described in note 5 Refinancing and note 26 Total equity.

These equity raises include a bonus element increasing the number of ordinary shares outstanding to be used in calculating basic and diluted earnings per share for the period before the equity raises. Accordingly, the table below presents the numerators and a reconciliation of the weighted average common shares outstanding for the purposes of basic and diluted earnings per share for the year ended 31 December 2020 and as retrospectively adjusted for the above mentioned bonus elements for the year ended 31 December 2019.

On 18 December 2020 Fugro completed the consolidation of every two existing shares in Fugro with EUR 0,05 nominal value into one share with EUR 0,10 nominal value. As a result of this share consolidation, the number of outstanding shares for the prior periods have been restated in accordance with IFRS.

Number of shares in this table is presented on a post-consolidated basis	**2020**	**2019**
Net income (loss) attributable to equity holders of the parent (euro)	(173,824,000)	(108,492,000)
Outstanding number of shares for the purposes of basic earnings per share at 1 January	40,485,539	40,485,539
Effects of issued ordinary shares in 2020 (including the retrospective adjustments)	20,461,761	13,570,805
Weighted average number of shares outstanding for the purposes of basic earnings per share (restated) at 31 December	**60,947,300**	**54,056,344**
Incremental shares from assumed conversion of convertible bonds and share options on issue	–	–
Weighted average common shares outstanding for the purposes of diluted earnings per share at 31 December	**60,947,300**	**54,056,344**
Basic and diluted earnings per share (euro)	**(2.85)**	**(2.01)**

The share options on issue and the subordinated unsecured convertible bonds could have an impact on the weighted average number of (diluted) ordinary shares. However, their conversion to (certificates of) ordinary shares would not decrease earnings per share or increase loss per share and as such they have not been treated as dilutive.

28 NON-CONTROLLING INTEREST

The total non-controlling interest as at 31 December 2020 is EUR 9,580 thousand (surplus), of which EUR 8,711 thousand (surplus) is attributable to Fugro-Suhaimi Ltd.
The non-controlling interest of other subsidiaries is insignificant. During the course of the year EUR 3,027 thousand (2019: EUR 3,144 thousand) was paid as dividends to non-controlling interest shareholders, mainly related to the subsidiary Fugro-Suhaimi Ltd (Suhaimi).

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for the subsidiary Fugro-Suhaimi Ltd (Suhaimi) that has a material non-controlling interest to the Group.
The non-controlling interest in Fugro-Suhaimi is 50%, which also represent 50% of the companies' voting rights in the general meeting of shareholders.

Fugro controls the operations and management of Suhaimi as it directs the relevant revenue generating activities of this company. Fugro also determines the strategy, policies and day-to-day business of Suhaimi. Therefore this subsidiary, with a significant non-controlling interest, is fully incorporated into these consolidated financial statements. The shareholders of Suhaimi have certain customary rights on certain key decisions, such as decisions on the declaration and payment of dividend and any significant change to the scope of the business, which rights are considered as protective in nature and normally go beyond the normal scope of business. Such decisions do not affect Fugro's ability to control the activities of Suhaimi.

Summarised balance sheet

(EUR x 1,000)

	Suhaimi	
	As at 31 December	
	2020	2019
Current		
Assets	23,315	29,609
Liabilities	(12,603)	(16,176)
Total current net assets	**10,712**	**13,433**
Non-current		
Assets	11,501	12,591
Liabilities	(4,790)	(4,955)
Total non-current net assets	**6,711**	**7,636**
Net assets	17,423	21,069
NCI percentage	50%	50%
Carrying amount of NCI	8,712	10,535

Summarised income statement

(EUR x 1,000)

	Suhaimi	
	For period ended 31 December	
	2020	2019
Revenue	31,699	32,634
Profit/(loss) before income tax	4,049	5,595
Income tax (expense)/income	–	–
Post-tax profit/(loss) from continuing operations	4,049	5,595
Other comprehensive income	–	–
Total comprehensive income/(loss)	4,049	5,595
Total comprehensive income/(loss) allocated to non-controlling interests	2,025	2,798
Dividends paid to non-controlling interests	3,013	3,144

Summarised cash flows

(EUR x 1,000)

	Suhaimi	
	For period ended 31 December	
	2020	2019
Net cash generated from operating activities	4,756	6,742
Net cash used in investing activities	(1,039)	(906)
Net cash used in financing activities	(6,026)	(6,288)
Net increase in cash and cash equivalents and bank overdrafts	(2,309)	(452)
Cash, cash equivalents and bank overdrafts at beginning of year	5,943	6,377
Exchange gains/(losses) on cash and cash equivalents	(158)	277
Cash and cash equivalents and bank overdrafts at end of year	3,476	6,202

The information above are the amounts before intercompany eliminations.

29 FINANCIAL LIABILITIES

The Group's financial liabilities consist of loans and borrowings, lease liabilities, bank overdrafts, trade and other payables, other taxes and social security contributions.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
The fair value of the liability portion of a convertible bond is initially determined using a market interest rate for an equivalent non-convertible bond at the issue date.
This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity (in a separate category 'equity component of convertible bonds'), net of income tax effects and is not subsequently remeasured. This remaining equity component is transferred to retained earnings upon repurchase or repayment of convertible bonds.

The Group has not designated any financial liability as at fair value through profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.
The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a currently enforceable legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

29.1 Loans and borrowings

(EUR x 1,000)	**2020**	2019
Super senior revolving credit facility inof EUR 250 million	–	–
Super senior term loan of EUR 200 million	195,137	–
Revolving credit facility of EUR 575 million	–	425,051
Subordinated unsecured convertible bonds of EUR 190,000 (issued in 2016)	56,953	175,278
Subordinated unsecured convertible bonds of EUR 100,000 (issued in 2017)	89,521	87,114
Other loans and long-term borrowings	2,631	55
Subtotal	**344,242**	687,498
Less: current portion of loans and borrowings	58,021	20
Balance at 31 December	**286,221**	687,478

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2020		2019	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Super senior RCF of EUR 250 million	EUR	EURIBOR +2.75% – 5.50%	2023	–	–	–	–
Super senior term loan of EUR 200 million	EUR	EURIBOR + 5.50% – 8.00%	2023	200,000	195,137	–	–
Revolving credit facility of EUR 575 million	EUR	EURIBOR/LIBOR + 1.40% – 1.9%	–	–	–	425,150	425,051
Subordinated unsecured convertible bonds of EUR 190 million (issued 2016)	EUR	4.00%	2021	190,000	56,953	190,000	175,278
Subordinated unsecured convertible bonds of EUR 100 million (issued 2017)	EUR	4.50%	2024	100,000	89,521	100,000	87,114
Other long-term loans	Variable	4.00% – 5.51%	2023 – 2024	2,631	2,631	55	55
Balance at 31 December				**492,631**	**344,242**	**715,205**	**687,498**

Senior Facility Agreement

Reference is made to note 5 Refinancing. The incumbent EUR 575 million revolving credit facility was repaid and replaced by a new super senior RCF and super senior term loan together called the Senior Facility Agreement (SFA). The SFA was arranged by ING, Rabobank, ABN AMRO, HSBC, Barclays, Credit Suisse and BNP Paribas. The super senior RCF and super senior term loan rank pari passu with each other and the sale-and-leaseback facilities for two geotechnical vessels, bilateral guarantee facilities and (if applicable) hedge liabilities. The new super senior RCF and super senior term loan are secured by a comprehensive security package that is shared with lenders of certain sale-and-leaseback facilities, certain bilateral guarantee facility providers and (if applicable) hedge counterparties. The security package is summarised as follows. Fugro N.V. and each of its subsidiaries that is a guarantor under the SFA has guaranteed the obligations of each of the other subsidiaries under the SFA. In addition, certain Dutch and Curacao subsidiaries act as guarantor for the SFA and have provided security over its bank accounts, movable assets, intellectual property rights and all its receivables (including but not limited to insurance receivables and intercompany receivables). One of these Dutch subsidiaries has also granted a mortgage over the owned buildings in Leidschendam and Nootdorp. The total carrying amount of the collateral as of 31 December 2020 is as follows:

Pledged assets (collateral)

(EUR x 1,000)	Carrying amount 31 December 2020
Property, plant and equipment	408,540
Intangible assets	17,825
Investments in equity-accounted investees	33,213
Other investments	41,213
Deferred tax assets	30,517
Non-current assets	**531,308**
Inventories	23,641
Trade and other receivables	228,006
Current tax assets	–
Cash and cash equivalents	91,505
Current assets	**343,152**

Guarantees (liens) related to the super senior revolving credit facility and super senior term loan are EUR 200 million (the drawn amount) as of 31 December 2020.

Under certain circumstances, the lenders may require mandatory prepayment of all amounts outstanding under the super senior RCF and the super senior term loan. Such circumstances include, amongst others, a change of control. In addition, the net proceeds of a sale of substantially all of the assets of the Group, a sale of Seabed Geosolutions or other asset dispositions (less any reasonable expenses and taxes related to such disposals) and insurance proceeds (subject to certain exceptions) shall be applied towards mandatory prepayment of the super senior term loan and super senior RCF. Freely available cash of the Group should be used to prepay amounts outstanding under the super senior RCF or ancillary facilities if it exceeds EUR 75,000,000 at the end of a financial quarter.

Capital expenditures of the Group are restricted until the super senior term loan has been repaid. As long as amounts under the new super senior term loan are outstanding, the capital expenditure of the Group may not exceed an amount equal to the forecasted capital expenditure plus 20% in any financial year.

Dividend payments are restricted. Until mid-2022 no dividends will be paid. After that date, dividends may only be paid if net leverage is equal to or less than 2 times. Covenants apply, amongst others, regarding the solvency ratio, net leverage and interest coverage.

29.2 Revolving credit facility

The carrying amount of the incumbent revolving credit facility as of 31 December 2019 was EUR 425 million. As explained above, the incumbent revolving credit facility was repaid in 2020 and replaced by a new super senior RCF. As at 31 December 2020, no amounts under the new super senior RCF were drawn. The super senior RCF represents a three year facility subject to a one year extension option (all lenders' consent). The company shall apply amounts borrowed under the super senior RCF towards general corporate and working capital purposes. This includes acquisitions permitted under the SFA. In addition, amounts borrowed may be applied to repayment of the remaining amounts outstanding under the subordinated unsecured convertible bonds maturing in 2021 and the amounts outstanding under the subordinated unsecured convertible bonds maturing in 2024 in connection with the 2022 holder put option (see below).

The initial interest is EURIBOR +4.25% and depending on leverage can vary between EURIBOR+2.75% and EURIBOR+5.50% as shown below:

Leverage	Margin
>3.00:1	5.50
≤3.00:1 but >2.50:1	5.00
≤2.50:1 but >2.00:1	4.25
≤2.00:1 but >1.50:1	3.50
≤1.50:1	2.75

The transaction costs of the new super senior RCF (which is undrawn as at 31 December 2020) amount to EUR 6.9 million and are recorded as non-current assets and are amortised over the term. No transaction costs were paid in 2019. The transaction costs for the incumbent RCF had been fully amortised.

29.3 Term loan

As at 31 December 2020, the carrying amount of the new super senior term loan amounts to EUR 195.1 million with an effective interest expense (at 7.49%) of EUR 0.7 million in December 2020. The super senior term loan has a three year term and an initial coupon of EURIBOR+5.50% and will gradually increase in bi-annual steps in the second and third year towards EURIBOR+8.00%. Amounts borrowed under the super senior term loan were applied towards refinancing amounts outstanding under the incumbent RCF on a net basis. The transaction costs amount to EUR 5.6 million and were included in the carrying amount of the super senior term loan.

29.4 Subordinated unsecured convertible bonds

Up to 30 September 2020, the company repurchased EUR 39.1 million (on a nominal basis) of its subordinated convertible bonds due 26 October 2021 at a discount. During the remainder of 2020 (in December 2020), Fugro repaid EUR 92 million of these bonds. The repurchase price was EUR 100,000 per EUR 100,000 in principal amount of such bonds. The consideration paid during the first nine months of 2020 was allocated to the liability in full (there was no residual that was assigned to the equity component). The consideration paid in connection with the repurchase of bonds during the remainder of 2020 was allocated to equity for the amount of EUR 0.7 million. This repurchase resulted in a debt settlement expense of EUR 0.8 million in 2020. The total portion of the equity component pertaining to the convertible bonds repurchased during 2020 was transferred to retained earnings for an amount of EUR 17 million. An amount of EUR 57 million (on a nominal basis including interest) remains outstanding as of 31 December 2020 of the convertible bonds due 2021. The convertible bonds maturing in 2024 are envisaged to remain outstanding.

As at 31 December 2020, the carrying amount of the EUR 190 million subordinated unsecured convertible bonds due 2021 amounts to EUR 57 million (31 December 2019: EUR 175.3 million) with an effective interest expense (at 9.2%) of EUR 13.3 million in 2020 (2019: EUR 15.4 million). A EUR 7.3 million coupon of 4% has been paid in 2020 (2019: EUR 7.6 million). The conversion price (adjusted for the rights issue and share consolidation) is EUR 25.5674. Unless previously redeemed, converted or purchased and cancelled, these bonds will be redeemed at their principal amount on or around 26 October 2021. Upon exercise of their conversion rights, these bonds will be convertible into certificates (certificaten van aandelen) at a conversion rate of 3,911.2307 (adjusted for the rights issue and share consolidation) for each bond held, representing ordinary shares in the capital of Fugro. The initial conversion price was set at EUR 19.4416. The certificates underlying the bonds corresponded to approximately 11.5% of the company's issued share capital. Fugro has the option to convert all but not some of these outstanding bonds into certificates at the then prevailing conversion price at any time since 18 November 2019, if the value of the certificates underlying a bond exceeds EUR 150 thousand for a specified period of time. Holders of the bonds have the option to force redemption of the principal amount plus interest (in cash) by Fugro in the event of a change in control. Fugro has an early redemption option (clean-up call) if 15% or less of the aggregate principal amount of the bonds remains outstanding. Fugro has an option to redeem all, but not some of the bonds in the event of certain changes in tax law.

As at 31 December 2020, the carrying amount of the EUR 100 million subordinated unsecured convertible bonds due 2024 amounts to EUR 89.521 thousand (31 December 2019: EUR 87,114 thousand) with an effective interest expense (at 8.1%) of EUR 6.9 million in 2020 (2019: EUR 6.7 million). A EUR 4.5 million coupon of 4.5% has been paid in 2020 (2019: 4.5 million). The conversion price (adjusted for the rights issue and share consolidation) is EUR 19.6490. Unless previously redeemed, converted or purchased and cancelled, these bonds will be redeemed at their principal amount on or around 2 November 2024. Upon exercise of their conversion rights, these bonds will be convertible into certificates (certificaten van aandelen) at a conversion rate of 5,089.3175 (adjusted for the rights issue and share consolidation) for each bond held, representing ordinary shares in the capital of Fugro. The initial conversion price was set at EUR 14.9412. The certificates underlying the bonds corresponded to approximately 7.9% of the company's issued share capital. Fugro has the option to convert all but not some of these outstanding bonds into certificates at the then prevailing conversion price at any time since 23 November 2020, if the value of the certificates underlying a bond exceeds EUR 150 thousand for a specified period of time. Holders of the bonds have the option to force redemption of the principal amount plus interest (in cash) by Fugro on 30 October 2022 or in the event of a change in control. Fugro has an early redemption option (clean-up call) if 15% or less of the aggregate principal amount of the bonds remains outstanding. Fugro has an option to redeem all, but not some of the bonds in the event of certain changes in tax law.

The Group considered each bond as a compound financial instrument containing a debt host (including closely related embedded liability derivatives) and an embedded equity derivative (conversion option). The subordinated convertible bonds are publicity traded on the Frankfurt stock exchange. The conversion price of the bonds is subject to standard anti-dilution adjustments such as in the event of share consolidations, share splits, capital distributions, rights issues and bonus issues and in the event of a change in control, a merger, or other events.

29.5 Changes in liabilities arising from financing activities

The table below sets out an analysis of the changes in liabilities arising from financing activities.

(EUR x 1,000)	Incumbent RCF EUR 575 million	Subordinated unsecured convertible bonds EUR 190,000	Subordinated unsecured convertible bonds EUR 100,000	Super senior RCF	Super senior term loan	Lease Liabilities	Transaction with discontinued operations	Other long-term loans	Total
Balance at 1 January	425,051	175,278	87,114	–	–	157,657	–	55	845,155
Cash flow from financing activities provided by (used for) continued operations	(223,951)	(124,380)	–	–	–	(23,560)	(34,281)	2,448	(403,724)
Cash flow from financing activities provided by (used for) discontinued operations	–	–	–	–	–	–	34,281	–	34,281
Set-off drawn down term loan with incumbent RCF	(194,449)	–	–	–	194,449	–	–	–	–
Effect of movement in foreign exchange rates	(6,812)	–	–	–	–	(5,229)	–	(17)	(12,058)
Other changes*	161	6,055	2,407	–	688	3,824	–	145	13,280
Balance at 31 December	**–**	**56,953**	**89,521**	**–**	**195,137**	**132,692**	**–**	**2,631**	**476,934**

* Other changes include interest payments, accrued interest, amortisation. and modification of leases.

The cash flow from financing activities of EUR 403,724 thousand in 2020 represents the total net cash from financing activities in the consolidated statement of cash flows of EUR 97,860 thousand excluding the proceeds from issuing of ordinary shares net of transaction costs of EUR 318,963 thousand, transaction costs on the super senior RCF of EUR 6,907 thousand which are recorded as non-current asset, dividends paid of EUR 3,027 thousand and the net result on the repurchase of the subordinated convertible bonds due 26 October 2021 of EUR 831 thousand. The increase in other long-term loans of EUR 2,448 thousand represents a non-cash item. The utilisation request to draw under the new super senior term loan was used to net settle outstanding amounts under the incumbent RCF to zero. The cash flow from financing activities used for discontinued operations of EUR 34,281 excludes any other cash flow from financing activities used for discontinued operations, including the repayment of the loan from partner.

Financing cash flows between Fugro and Seabed Geosolutions have been eliminated against continuing operations.

In 2019, the analysis of the changes in liabilities arising from financing activities was as follows:

(EUR x 1,000)	Revolving credit facility EUR 575 million	Subordinated unsecured convertible bonds EUR 190,000	Subordinated unsecured convertible bonds EUR 100,000	Loan from partner	Lease Liabilities	Transaction with discontinued operations	Other long-term loans	Total
Balance at 1 January	458,839	167,506	84,887	13,619	215,793	–	499	941,143
Cash flow from financing activities provided by (used for) continued operations	(37,250)	–	–	–	(24,476)	(49,600)	(444)	(111,770)
Cash flow from financing activities provided by (used for) discontinued operations	–	–	–	2,586	(6,774)	49,600	–	45,412
Effect of movement in foreign exchange rates	4,281	–	–	281	27	–	–	4,589
Other changes	(819)	7,772	2,227	350	(20,809)	–	–	(11,279)
Transfer to liabilities held for sale	–	–	–	(16,836)	(6,104)	–	–	(22,940)
Balance at 31 December	**425,051**	**175,278**	**87,114**	**–**	**157,657**	**–**	**55**	**845,155**

29.6 Covenant requirements

The senior facility agreement contains various affirmative and negative covenants and events of default. The super senior RCF, the super senior term loan and lease liability of the two geotechnical vessels shall become immediately due and payable in the event that a third party gains control over Fugro. In the event that the company breaches any of the covenants or an event of default becomes applicable, the lenders may require Fugro to immediately and fully prepay the super senior RCF and super senior term loan. Events of default include non-payment, non-compliance, misrepresentation, cessation of business, cross-default, insolvency events, creditors' process, enforcement of security, illegality, material adverse change – including any event or circumstance which in the majority lenders' reasonable opinion has a material adverse effect on the ability to perform or otherwise comply with the payment obligations under the agreements or on the business, operations, property, condition or prospects of the Group taken as a whole.

			2020
Principal covenants	**Target**	**Actual**	**Headroom**
Solvency ratio	>=33.33%	41.27%	7.94%
Net leverage	=<3.25:1	2.08	1.17
Interest coverage	>=2.50:1	3.22	0.72
Capital expenditure	=< Forecasted capex+20%	N/A	N/A

The covenants are defined as follows (all including the impact of IFRS 16):

- Solvency ratio: shareholders' equity as a percentage of the balance sheet total.
- Net leverage for purpose of covenant calculations: net debt divided by adjusted consolidated EBITDA for purpose of covenant calculations.
- Interest coverage: adjusted consolidated EBITDA for purpose of covenant calculations divided by consolidated interest expense.
- Capital expenditure: as long as amounts under the new super senior term loan are outstanding, the capital expenditure of the Group may not exceed an amount equal to the forecasted capital expenditure plus 20% in any financial year.

In addition, dividend payments are restricted until mid-2022. After that date, dividends may only be paid if net leverage is equal to or less than 2 times. Fugro complied with the covenant requirements in the SFA as of 31 December 2020. The capital expenditure covenant will start to apply at the end of the first quarter of 2021. Fugro does not anticipate a breach of covenants.

29.7 Other long-term loans

The interest rate on mortgage loans and other long-term borrowings over one year amounts to 4.00% - 5.51% (2019: 4.95% - 5.51%).

29.8 Change of control provisions

Upon a change of control, the various financiers may cancel their commitments and require Fugro to repay amounts borrowed under the super senior RCF, the super senior term loan and the unsecured subordinated convertible bonds. An amount of EUR 200 million was drawn from the bank facilities as at 31 December 2020 (31 December 2019: EUR 425 million). The sale and lease back arrangements for two vessels also contain certain change of control clauses.

30 EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than twelve months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated (high quality) corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by qualified independent actuaries using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss. Employee contributions for which the amount is independent of the number of years of service are recognised as a reduction of the service costs in the period in which the related services are rendered.

When the benefits of a plan are changed or when a plan is curtailed, then resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any assets is deducted. At the reporting date, the discount rate is determined by reference to the yield on AA credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The actuarial calculations are performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(EUR x 1,000)	**2020**	2019
Net defined benefit asset	(10,809)	(8,442)
Total employee benefit asset	**(10,809)**	**(8,442)**
Net defined benefit obligation	58,190	57,422
Liability for long-service leave	15,515	15,907
Total employee benefit liabilities*	**73,705**	**73,329**

* Includes EUR 1,206 thousand (2019: EUR 1,086 thousand) for the disposal group held for sale. Refer to note 7.

The Group makes contributions to a number of pension plans, both defined benefit plans as well as defined contribution plans, that provide pension benefits for employees upon retirement in a number of countries. The retirement age is in line with the provisions in the different plans. The most important plans relate to plans in the Netherlands, United Kingdom and the United States. Details of these plans are as follows:

- In the Netherlands, the Group provided a pension plan based on average salary. This plan qualified as a defined benefit scheme. The pension entitlements from this plan are insured with an insurance company that guarantees the accrued pension entitlements. In 2018, this pension plan was terminated and has been replaced by a new plan pension plan, qualified as a defined contribution scheme, that is applicable as of 2019. The accrued pension entitlements up to 2018 remained at the insurer and indexation is provided to these accrued pension entitlements for active participants.
- In the United Kingdom (UK) the Group operates two defined benefit pension schemes. For Fugro Holdings (FH), the company operates a final salary defined benefit pension scheme. The scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. The Robertson Research International Group Pension Scheme (RRI) is a funded, defined benefit pension plan. The pension schemes have been closed in previous years for new participants, but include the on-going obligations to their members (both former and present employees). The pension schemes assets are held in separate Trustee-administered funds. The schemes includes indexation in line with RPI. The valuation of the RRI scheme resulted in a net defined benefit asset as per 31 December 2020.
- In the United States of America (USA) the Group operates a 401K plan for its employees. The Group contributes towards the deposits of its employees in accordance with agreed rules and taking into account the regulations of the Internal Revenue Service (IRS), the US tax authority. This plan qualifies as a defined contribution plan.

The defined benefit obligation and fair value of plan assets are specified as follows:

(EUR x 1,000)	**2020 RRI plan**	**2020 Other**	**2020 Total**	**2019 RRI plan**	**2019 Other**	**2019 Total**
Present value of funded obligations	70,942	471,292	542,234	69,397	441,387	510,784
Fair value of plan assets	(81,751)	(413,102)	(494,853)	(77,839)	(383,965)	(461,804)
Net defined benefit obligation (asset)	**(10,809)**	**58,190**	**47,381**	**(8,442)**	**57,422**	**48,980**

Plan assets consist of the following:

(EUR x 1,000)	**2020**	2019
Equity securities	95,797	95,847
Government bonds	12,035	9,972
Corporate bonds	51,224	49,360
Investment funds	35,612	26,724
Insurance policies	265,415	245,782
Real estate	24,417	27,920
Cash	10,353	6,199
Balance at 31 December	**494,853**	**461,804**

The movements in the present value of the funded obligations consist of the following:

(EUR x 1,000)	2020 RRI plan	2020 Other	2020 Total	2019 RRI plan	2019 Other	2019 Total
Present value of the funded obligation at 1 January	69,397	441,387	510,784	61,609	354,764	416,373
Current service costs (see below)	–	–	–	–	–	–
Interest expenses	1,349	6,246	7,595	1,840	8,069	9,909
	1,349	**6,246**	**7,595**	**1,840**	**8,069**	**9,909**
Remeasurements:						
(Gain)/loss from change in demographic assumptions	183	(4,277)	(4,094)	(2,042)	10,489	8,447
(Gain)/loss from change in financial assumptions	6,485	58,766	65,251	8,756	67,725	76,481
Experience (gains)/losses	(481)	(13,772)	(14,253)	(2,391)	(238)	(2,629)
	6,187	**40,717**	**46,904**	**4,323**	**77,976**	**82,299**
Exchange differences	(3,693)	(9,608)	(13,301)	3,493	8,382	11,875
Paid by plan participants	–	–	–	–	–	–
Benefits paid by the plan	(2,358)	(6,613)	(8,971)	(1,868)	(7,804)	(9,672)
Plan amendments and curtailments	–	(776)	(776)	–	–	–
Present value of the funded obligation at 31 December	**70,882**	**471,353**	**542,235**	**69,397**	**441,387**	**510,784**

The movement in the fair value of plan assets consist of the following:

(EUR x 1,000)	2020 RRI plan	2020 Other	2020 Total	2019 RRI plan	2019 Other	2019 Total
Fair value of plan assets at 1 January	77,839	383,965	461,804	63,297	316,262	379,559
Interest income	1,548	5,332	6,880	1,936	7,130	9,066
Remeasurement:						
Return on plan assets, excluding amounts included in interest income	5,760	29,973	35,733	7,645	54,815	62,460
Exchange differences	(4,123)	(7,166)	(11,289)	3,672	6,291	9,963
Paid by the employer	3,085	7,611	10,696	3,157	7,272	10,429
Contributions paid by plan participants	–	–	–	–	–	–
Benefits paid by the plan	(2,358)	(6,613)	(8,971)	(1,868)	(7,805)	(9,673)
Administrative expenses	–	–	–	–	–	–
Settlements	–	–	–	–	–	–
Fair value of plan assets at 31 December	**81,751**	**413,102**	**494,853**	**77,839**	**383,965**	**461,804**

The following expenses were recognised in profit or loss:

(EUR x 1,000)	**2020**	2019
Current service costs	–	–
Past service costs	(776)	–
Administrative expenses	–	–
Interest on obligation	7,595	9,909
	6,819	**9,909**
Interest income	(6,880)	(9,066)
Total	**(61)**	**843**

The expenses are recognised in the following line items in the statement of comprehensive income:

(EUR x 1,000)	**2020**	**2019**
Personnel expenses	(61)	843
▪ Continuing operations	(61)	843
▪ Discontinued operations	–	–

The actual return on plan assets are the following:

(EUR x 1,000)	**2020**	**2019**
Actual return on plan assets	42,613	71,526

The following remeasurements were recognised directly in other comprehensive income:

(EUR x 1,000)	**2020**	2019
Cumulative amount at 1 January	**(61,042)**	**(38,984)**
Recognised during the year	(11,171)	(19,839)
Effect of movement in exchange rates	2,823	(2,219)
Cumulative amount at 31 December	**(69,390)**	**(61,042)**

Refer to note 17 with respect to the income tax impact on the actuarial gains/(losses) of EUR 11,171 thousand (2019: EUR 19,839 thousand gain).

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

	2020		2019	
	UK	**Netherlands**	**UK**	**Netherlands**
Discount rate at 31 December	1.3%	0.5%	2.0%	1.1%
Future salary increases	0.0%	0.0%	0.0%	0.0%
Future pension increases	1.4%	0.0%	1.4%	0.0%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the remeasurements. For the Netherlands, life expectancy assumptions are derived from the Projections Life Table AG2020 from the Royal Dutch Actuarial Association. The mortality table is adjusted to tailor the mortality figures to the insured population by applying the experience factors from the 'Centrum voor Verzekeringsstatistiek": the so-called ES-P2 factors. For the United Kingdom, the mortality basis adopted is the standard table S3PxA (Robertson Plan: 92% of S2PxA) with future improvements in line with the Continuous Mortality Investigation's 2018 projection model using an additional initial rate of 0.5% per annum (Robertson Plan: 0% per annum) with a long term improvement rate of 1.25% per annum for all members.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	Decrease by 9.4%	Increase by 10.9%
Salary growth rate	0.50%	Increase by 0.0%	Decrease by 0.0%
Pension growth rate	0.50%	Increase by 3.0%	Decrease by 2.7%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 3.5%	Decrease by 3.5%

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded.

Major categories of plan assets

Plan assets are comprised as follows:

(EUR x 1,000)				2020				2019
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	95,797	–	95,797	20%	95,847	–	95,847	21%
Debt instruments	98,871	–	98,871	20%	86,056	–	86,056	19%
Government	12,035	–	12,035	2%	9,972	–	9,972	2%
Corporate bonds (Investment grade)	51,224	–	51,224	10%	49,360	–	49,360	11%
Corporate bonds (Non-investment grade)	35,612	–	35,612	7%	26,724	–	26,724	6%
Insurance policies	–	265,415	265,415	53%	–	245,782	245,782	53%
Property	24,417	–	24,417	5%	27,920	–	27,920	6%
UK	24,417	–	24,417	5%	27,920	–	27,920	6%
Cash and cash equivalents	10,353	–	10,353	2%	6,199	–	6,199	1%
Balance at 31 December	**229,438**	**265,415**	**494,853**	**100%**	**216,022**	**245,782**	**461,804**	**100%**

Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks. Most of these risks come with the nature of a defined benefit plan and are therefore not country specific. The most significant risks are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to AA credit-rated corporate bond yields. If plan assets underperform this yield, the deficits will increase. The UK plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Some of the group pension obligations are linked to inflation, meaning higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy. This risk is limited in the Netherlands where the insurer guarantees the payment of the accrued benefits.

In addition, the Group is exposed to a number of local risks. This is considered to be limited for the Netherlands as in the Netherlands the company terminated its defined benefit scheme in 2018 and the accrued pension entitlements were insured, limiting the risk for the Group to the indexation of the accrued entitlements. The insurance company guarantees all accrued entitlements. The insurance contract includes an account in which 80% of the investments are used to match the liability on a funding basis and 20% of the investments are used to invest in equity. The insurance company ultimately decides on investment policies and governance, since they run the downside risk.

In the UK, the Trustees set the Scheme's investment strategy, in consultation with the employer. The Robertson and UK Holdings plan include return seeking assets and bonds. The Robertson plan also includes matching assets to cover the pensioner liabilities. The employer is ultimately responsible for funding the accrued pensions and the pension increases.

The expected 2021 contributions amount to EUR 12.3 million (2020: EUR 11.2 million).

The weighted average duration of the defined benefit obligation is 21 years (2019: 20 years).

As at 31 December 2020	**Netherlands**	**United Kingdom**	**Total weighted**
Duration of plan	23	19	21

31 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of performing under the contract. The expected net cost of performing under the contract is based on cash flow calculations discounted using a rate that reflects current market assessments of the time value of money. Before a provision is established, the Group recognises any impairment loss on the assets associated with and/or dedicated to that contract.

A provision for restructuring cost is recognised when the Group (i) has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and when the plan will be implemented; and (ii) has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Asset retirement obligations are recognised in connection with lease contracts (vessels and property). These obligations are measured at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of comprehensive income as a finance expense.

(EUR x 1,000)	2020					2019				
	Onerous contracts	Procedures	Restructuring	Asset retirement obligations	Total	Onerous contracts	Procedures	Restructuring	Asset retirement obligations	Total
Balance at 1 January	300	16,765	1,682	2,455	21,202	490	16,378	1,650	2,549	21,067
Provisions made during the year	–	5,280	17,837	242	23,359	2,123	4,511	7,905	577	15,116
Provisions used during the year	–	(5,485)	(13,522)	(156)	(19,163)	(2,243)	(1,743)	(6,902)	(861)	(11,749)
Provisions reversed during the year	–	(308)	(255)	–	(563)	(81)	(2,360)	(1,019)	–	(3,460)
Unwinding of discount	–	–	–	127	127	–	–	–	86	86
Transfer to continued operations	1,242	–	86	–	1,328	–	–	–	–	–
Effect of movements in foreign exchange rates	(27)	(746)	(118)	(105)	(996)	11	(21)	48	104	142
Balance at 31 December	**1,515**	**15,506**	**5,710**	**2,563**	**25,294**	**300**	**16,765**	**1,682**	**2,455**	**21,202**
Non-current	–	12,313	–	2,563	14,876	–	15,561	–	2,275	17,836
Current	1,515	3,193	5,710	–	10,418	300	1,204	1,682	180	3,366

Fugro has accounted for certain tax indemnities and warranties in respect of the sale of the majority of the Geoscience business to CGG in 2013 for liabilities arising from tax exposures. This tax indemnity and warranty amounts to EUR 9.8 million as at 31 December 2020 (31 December 2019: EUR 10.2 million).

32 TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for services and goods provided to the group prior to the end of financial year which are unpaid. Trade and other payables are recognised initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

The contracts in progress for which progress billing exceeds costs incurred plus profits recognised to date less progress billings and recognised losses are presented as advance instalments to work in progress.

(EUR x 1,000)	2020	2019
Trade payables	80,759	85,859
Advance instalments to work in progress	43,986	38,732
Other payables	197,502	236,710
Balance at 31 December	**322,247**	**361,301**

Other payables include elements such as accrued expenses of invoices to be received and employee related accruals. Advance instalments to work in progress primarily represent advances received from customers for which revenue is recognised as services are performed to customers. From the advance instalments to work in progress, an amount of EUR 15,281 thousand has been recognised as revenue from continuing operations that was included in the closing balance as at 31 December 2019 (2019: EUR 30,179 thousand).

33 FINANCIAL RISK MANAGEMENT

Overview

The company's risk management policy includes the long-term sustainable management of its business activities and where possible, the mitigation of the associated business risks. Based on the nature and relative significance of the risks related to the Group's wide diversity of markets, clients and regions and its broad portfolio of activities the risks have been quantified to the extent possible.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. This note presents information on a consolidated basis including both continued and discontinued operations.

The Board of Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Both regular and ad hoc reviews of risk management controls and procedures are performed, the results of which are reported directly to the Board of Management. A summary of important observations is reported to the audit committee.

Credit risk management practices

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and unbilled revenue on (completed) contracts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. The Group applies the low credit risk simplification to long-term loans, deposits and other long-term receivables.

The Board of Management reviews the outstanding trade receivables and unbilled revenue on (completed) contracts on an ongoing basis. Local management is requested to take additional precaution in working with certain clients. The Group uses a provision matrix to calculate ECLs for trade receivables and unbilled revenue on (completed) contracts. Generally, trade receivables are fully impaired if past due more than 1.5 year and are not subject to enforcement activity. The provision rates are based on days past due for customers. The Group considered various customer segments that have similar loss patterns (i.e., by geography, service/product type, industry, customer type and rating, and coverage from credit insurance where applicable). The ageing is based on invoice due date. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information considering current market conditions at the reporting date, such as Covid-19 and the deteriorated oil and gas market. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The sensitivity of the amount of ECLs to changes in circumstances and of forecast economic conditions is limited. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The Group does not provide detailed information on (a) the estimation techniques and inputs used, (b) how the forecast economic conditions have been incorporated in the determination of ECL and (c) changes in estimation techniques and inputs used, because the impact is not significant.

Some of the Group's orders are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out multiple projects for the same client. Fugro typically has no single client that generates more than 5% of its revenue in the year. On occasion one client may generate more than 5%, which can happen in case of exceptionally large contracts where most of the revenue falls in the accounting year. Having a large number of clients and short project time spans mitigates Fugro's credit risk as the individual amounts receivable from the same client are limited.

New customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review may include external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or have to provide a bank guarantee.

The majority of the Group's clients has done business with the Group for many years and significant losses have only occurred incidentally in prior years. Clients that are known to have negative credit characteristics are individually monitored by the group controllers. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group closely monitors certain clients that need extra attention before a contract is closed.

The Group's carrying amount of cash and cash equivalents represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have 'investment grade' credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The global cash pool was introduced in 2015, which made it possible for the company to use the cash surplus within the group to reduce the overdrafts at its main uncommitted facilities.

As at 31 December 2020, Fugro holds cash balances in Angolan Kwanza's and Nigerian Naira for the amount of EUR 9.3 million (31 December 2019: EUR 15.0 million in Angola and EUR 6.7 million (31 December 2019: EUR 10.6 million) in Nigeria where exchange controls apply. The company expects that these exchange controls will become less when the oil and gas market conditions are expected to improve and when Angola and Nigeria will have increased inflow of USD in relation to their oil business. In addition, several actions have been explored to further lower this amount.

The Group monitors cash flow on a regular basis and operates with a global cash pool. Consolidated cash flow information, including a projection for the year, is reported on a monthly basis to the Board of Management, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected near term operational expenditures. Cash flow projections exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Subsequent to the refinancing performed (refer to note 5 Refinancing) the Group maintains the following lines of credit:

- A super senior RCF totalling EUR 250 million. At 31 December 2020, no has been drawn. These bank facilities have been secured until December 2023.
- A super senior term loan facility totalling EUR 200 million. At 31 December 2020, the facility has been drawn in full. These bank facilities have been secured until December 2023.
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 111 million of which EUR 2.3 million has been drawn at 31 December 2020 (31 December 2019: EUR 139 million with EUR 2.6 million drawn). The amount of such facilities, to the extent not otherwise permitted under the SFA, that the Group may have outstanding is limited to EUR 15,000,000 in aggregate together with any other financial indebtedness of the Group that is not otherwise permitted under the SFA.

Market risk

Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. About 47% (45% for continuing operations) of the Group's activities relate to the oil and gas industry.

Currency risk

The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. The Group's business is exposed to currency risk whenever it has revenues in a currency that is different from the currency in which it incurs the costs of generating those revenues.

Cash inflows and outflows are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to currency risk.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. As of 31 December 2020, there are no material forward foreign currency exchange contracts outstanding (consistent with prior year).

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro, US dollar and British pound. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Group is sensitive to translation differences resulting from translation of its operations in non-Euro currencies to Euros.

Interest rate risk

The Group's liabilities bear both fixed and variable interests. The Group's objective is to limit the effect of interest rate changes on the results by matching long term investment with long term (fixed or variable interest) financing as much as possible.

Capital management

The Board of Management's policy is to maintain a strong capital base in order to retain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group. Important key performance indicators for the Board of Management are free cash flow, the return on capital as well as the level of dividends. The Board strives for a dividend pay-out ratio of 35 to 55% of net result. Subsequent to the refinancing (refer to note 5 Refinancing) dividend payments are restricted. Until 2022 no dividends will be paid. After that date, dividends may only be paid if net leverage is equal to or less than 2 times (refer to 29.6 for the covenant requirements).

Subsequent to the refinancing the new targeted solvency is set at, at least 33.3%. The targeted solvency includes the impact of IFRS 16. The solvency at the end of 2020 was 41.3% (2019: 29.1% as per the new solvency definition). The Group's objective is to achieve a healthy return on shareholders' equity. The result for the year was negatively impacted as a result of operational challenges caused by the Covid-19 pandemic and the related reduced spending by oil and gas clients. Additionally the result for the year was impacted by impairments on assets related to the disposal group Seabed Geosolutions. As a result, the return, calculated as profit (loss) for the period attributable to owners of the company, divided by the total equity attributable to owners of the company for the year, is 24.8% (negative) in 2020 (2019: 17.1% negative).

From time to time Fugro purchases its own certificates of shares. These certificates are used to cover the options and shares granted by Fugro. Purchase and sale decisions are made on a specific transaction basis by the Board of Management. Fugro does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year.

34 CREDIT RISK

Credit risk exposure

(EUR x 1,000)	Carrying amount	
	2020	**2019**
Equity securities	1,414	1,614
Long-term loans	4,500	4,500
Deposits	26,924	15,586
Other long-term receivables	3,770	825
Unbilled revenue on (completed) projects	133,743	160,052
Trade receivables	203,511	299,185
Other receivables (excluding prepayments)	44,944	56,645
Cash and cash equivalents	183,462	204,402
Balance at 31 December	**602,268**	**742,809**

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets mentioned above. The group holds no collateral as security on the long-term loans, deposits, other long-term receivables, trade and other receivables and unbilled revenue on (completed) contracts. As such, the Group does not have financial assets for which no loss allowance is recognised because of collateral. The maximum exposure for trade receivables and unbilled revenue on (completed) contracts at the reporting date by geographic region was:

(EUR x 1,000)	Carrying amount	
	2020	**2019**
Netherlands	28,925	25,527
Europe other	109,432	116,287
Africa	12,756	20,842
Middle East	42,341	84,017
Asia	30,257	37,874
Australia	26,136	27,754
Americas	87,407	146,936
Balance at 31 December	**337,254**	**459,237**

Impairment losses

The ageing of trade receivables and unbilled revenue on (completed) contracts at the reporting date was:

- As of 31 December 2020, trade receivables and unbilled revenue on (completed) projects of EUR 264,274 thousand (31 December 2019: EUR 331,332 thousand) were fully performing.
- As of 31 December 2020, trade receivables of EUR 72,980 thousand (31 December 2019: EUR 127,905 thousand) were past due but not (materially) impaired. These relate to a number of independent customers for whom there is no recent history of default and not to be expected.
- As of 31 December 2020, trade receivables and unbilled revenue on (completed) projects of EUR 16,835 thousand (31 December 2019: EUR 17,398 thousand) were impaired and provided for.

The ageing of trade receivables and unbilled revenue on (completed) projects is as follows:

(EUR x 1,000)			2020
	Estimated total gross carrying amount at default	Expected credit loss	Expected credit loss rate %
From 0 to 30 days	264,661	387	0.15
From 31 to 60 days	31,838	539	1.69
From 61 to 90 days	9,359	187	2.00
Over 90 days	39,948	15,722	39.36
Retentions and special items	8,283	–	0.00
Balance at 31 December	**354,089**	**16,835**	

(EUR x 1,000)			2019
	Estimated total gross carrying amount at default	Expected credit loss	Expected credit loss rate %
From 0 to 30 days	331,332	–	0.00
From 31 to 60 days	52,246	50	0.10
From 61 to 90 days	25,170	166	0.66
Over 90 days	56,691	17,182	30.31
Retentions and special items	11,196	–	0.00
Balance at 31 December	**476,635**	**17,398**	

Quantitative and qualitative information about amounts arising from expected credit losses

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue on (completed) contracts during the year was as follows:

(EUR x 1,000)	2020	2019
Balance at 1 January	17,398	16,384
Acquisitions through business combinations	17	–
Impairment loss recognised	5,169	9,417
Impairment loss reversed	(1,983)	(4,634)
Write-off	(2,366)	(3,627)
Effect of movements in exchange rates	(1,400)	(142)
Balance at 31 December	**16,835**	**17,398**

The allowance account with respect to trade receivables and unbilled revenue on (completed) contracts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off directly against the allowance. The changes in the aforementioned balances contributed to changes in the loss allowance. Consistent with prior year, there are no trade receivables which were written off during 2020 and which are still subject to enforcement activity.

The loss allowance and movement for other financial assets such as long-term loans, deposits, and other long-term receivables are not material. Accordingly, no reconciliation of opening and closing balance of the respective loss allowance is provided. There have been no modifications of contractual cash flows on financial assets that have not resulted in derecognition.

Cash and cash equivalents are held with large well known banks with adequate credit ratings only.

35 LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including interest payments:

(EUR x 1,000) **2020**

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Super senior revolving credit facility in EUR 250 million	–	–	–	–	–	–	–
Super senior term loan EUR 200 million	195,137	239,292	5,560	5,593	228,139	–	–
Subordinated unsecured convertible bonds in EUR 190,000	56,953	60,830	1,168	59,662	–	–	–
Subordinated unsecured convertible bonds in EUR 100,000	89,521	118,000	2,250	2,250	9,000	104,500	–
Lease liabilities	132,692	175,157	14,565	12,649	23,273	58,655	66,015
Other loans and long-term borrowings	2,631	2,713	1,140	99	1,109	173	192
Trade and other payables	333,309	333,309	333,309	–	–	–	–
Bank overdraft	2,336	2,336	2,336	–	–	–	–
Balance at 31 December	**812,579**	**931,637**	**360,328**	**80,253**	**261,521**	**163,328**	**66,207**

(EUR x 1,000) **2019**

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Revolving credit facility in EUR 575 million	425,051	438,828	5,237	5,069	428,522	–	–
Subordinated unsecured convertible bonds in EUR 190,000	175,278	205,200	3,790	3,810	197,600	–	–
Subordinated unsecured convertible bonds in EUR 100,000	87,114	122,500	2,250	2,250	4,500	113,500	–
Loan from partner	16,836	18,418	–	–	18,418	–	–
Lease liabilities	163,763	219,184	18,806	15,986	28,306	66,955	89,131
Other loans and long-term borrowings	55	56	7	7	19	23	–
Trade and other payables	415,032	415,032	415,032	–	–	–	–
Bank overdraft	2,635	2,635	2,635	–	–	–	–
Balance at 31 December	**1,285,764**	**1,421,853**	**447,757**	**27,122**	**677,365**	**180,478**	**89,131**

The interest included in the above table is based on the current amounts borrowed with current interest rates against the current exchange rate (if applicable). No assumptions are included for possible future changes in borrowings or interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

36 CURRENCY RISK

Sensitivity analysis

A 10 percent strengthening of the Euro against the mentioned currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Effect in EUR x 1,000	Equity	Profit or (loss) after tax
31 December 2020		
USD	3,038	18,026
GBP	(12,817)	85
AUD	(5,174)	1,243
NOK	(4,481)	(1,091)
HKD	(11,323)	(1,091)
31 December 2019		
USD	(6,612)	17,823
GBP	(21,962)	(2,528)
AUD	(1,282)	897
NOK	(4,597)	(1,501)
HKD	(11,251)	(413)

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The total effect for 2020 in the table above on profit or loss is positive, since losses incurred in foreign currencies, most notably in USD, would reduce in Euro in case of a strengthening of the Euro against these currencies.

37 INTEREST RATE RISK

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(EUR x 1,000)	Carrying amount	
	2020	2019
Fixed rate instruments		
Financial assets	4,500	4,500
Financial liabilities	(281,705)	(420,106)
Variable rate instruments		
Financial assets	183,462	204,402
Financial liabilities	(197,545)	(427,686)
Balance at 31 December	**(291,288)**	**(638,890)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.
At 31 December 2020, it is estimated that a general increase (decrease) of 100 basis points in interest rates would decrease (increase) the Group's profit before income tax by approximately:

(EUR x 1,000)	Equity and profit or loss	
	100 bp increase	100 bp decrease
31 December 2020		
Variable rate instruments	(141)	141
Cash flow sensitivity (net)	(141)	141
31 December 2019		
Variable rate instruments	(2,333)	2,333
Cash flow sensitivity (net)	(2,333)	2,333

38 FAIR VALUES

Determination of fair values

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

The fair value of receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

The fair value of forward exchange contracts is based on its quoted market price, if available.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date, taking into consideration the Group's own non-performance risk.

Financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(EUR x 1,000)	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade receivables and other receivables*	406,331	406,331	485,687	485,687
Cash and cash equivalents	183,462	183,462	201,147	201,147
Deposits	26,924	26,924	15,586	15,586
Long-term loans	4,500	4,500	4,500	4,500
Other long-term receivables	3,770	3,770	800	800
Equity securities	1,414	1,414	1,614	1,614
Financial liabilities measured at amortised cost				
Super senior revolving credit facility in EUR 250 million	–	–	–	–
Super senior term loan EUR 200 million	(195,137)	(195,137)	–	–
Revolving credit facility in EUR 575 million	–	–	(425,051)	(425,051)
Other long-term loans	(2,631)	(2,631)	(55)	(55)
Subordinated unsecured convertible bonds EUR 190,000	(56,953)	(56,339)	(175,278)	(179,866)
Subordinated unsecured convertible bonds EUR 100,000	(89,521)	(83,833)	(87,114)	(85,472)
Bank overdraft	(2,336)	(2,336)	(2,635)	(2,635)
Trade and other payables	(333,309)	(333,309)	(415,032)	(415,032)
Total	**(53,486)**	**(47,184)**	**(395,831)**	**(398,777)**
Unrecognised gains/(losses)		(6,302)		(2,946)

* Due to the short-term nature of the trade receivables and other receivables, their carrying amount is considered to be the same as their fair value.

The fair values of the subordinated unsecured convertible bonds are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Interest rates used for determining fair value

The Group uses the government yield curve as per the reporting date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

(EUR x 1,000)	2020	2019
Loans and borrowings	1.9% – 8.5%	1.9% – 8.0%
Long term receivables	5.0%	5.0%

Fair value hierarchy

The different fair value hierarchy levels have been defined as follows:

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

Fugro has equity securities of EUR 1,414 thousand as at 31 December 2020 (31 December 2019: 1,614 thousand), which are categorised within level 1.

Fugro's valuation processes

The group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The valuations are directly reported to the Chief Financial Officer. Changes in Level 2 and Level 3 values are analysed at each reporting date.

39 COMMITMENTS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

Bank guarantees

Per 31 December 2020, Fugro's banks have issued bank guarantees to clients for an amount of EUR 89 million (2019: EUR 113 million).

Capital commitments

At 31 December 2020, the Group has no material contractual obligations to purchase property, plant and equipment (2019: nil).

Contingencies

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on information presently available and management's best estimate, it is not probable that the financial position of the Group will be significantly influenced by any of these matters. Should the actual outcome differ from the assumptions and estimates, the financial position of the Group would be impacted. Fugro N.V. and its Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

Parent company guarantees

In principle Fugro does not provide parent company guarantees to its subsidiaries, unless commercial reasons exist. Fugro has filed declarations of joint and several liabilities for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce which includes all financial interests of Fugro as well as a reference to each subsidiary for which such a declaration of liability has been provided.

40 RELATED PARTIES

The Group has a related party relationship with its subsidiaries, equity-accounted investees and key management personnel. Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

Fugro's key management personnel (as defined in IAS 24) consists of the people in the Board of Management, Executive Leadership Team and Supervisory Board. The Executive Leadership Team consists of the two members of Board of Management and seven senior managers. The Board of Management controls the Executive Leadership Team. The key management compensation, based on amounts recognised in the statement of comprehensive income, is as follows:

(in EUR)	Short-term employee benefits	Post-employ-ment benefits	Severance	Share-based payment[1]	Total 2020[2]
Board of Management	1,861,420	57,072	–	733,740	2,652,232
Senior managers	2,491,494	142,305	–	441,010	3,074,809
Executive Leadership Team (subtotal)	**4,352,914**	**199,377**	**–**	**1,174,750**	**5,727,041**
Supervisory Board	365,450	–	–	–	365,450
Total	**4,718,364**	**199,377**	**–**	**1,174,750**	**6,092,491**

1 Costs of share-based compensation are based on accounting standards (IFRS) and do not reflect the value of the shares at the vesting/release date.

2 The seven senior managers were part of the Executive Leadership Team during the twelve months of 2020. Accordingly, their compensation for the entire twelve month period was included in the table above.

(in EUR)	Short-term employee benefits	Post-employ-ment benefits	Severance	Share-based payment[3]	Total 2019[4]
Board of Management	2,360,500	313,150	450,000	1,049,192	4,172,842
Senior managers	1,433,113	119,111	–	444,876	1,997,100
Executive Leadership Team (subtotal)	**3,793,613**	**432,261**	**450,000**	**1,494,068**	**6,169,942**
Supervisory Board	439,000	–	–	–	439,000
Total	**4,232,613**	**432,261**	**450,000**	**1,494,068**	**6,608,942**

3 Costs of share-based compensation are based on accounting standards (IFRS) and do not reflect the value of the shares at the vesting/release date.

4 The six senior managers became part of Fugro's key management personnel as of 1 May 2019, i.e. the date the Executive Leadership Team became effective. The senior managers therefore became a related party in the context of IAS 24.19f as of that date. Since the senior managers were not a related party in the period 1 January 2019 to 30 April 2019, their compensation for this period was excluded from the table above. The Board of Management and Supervisory Board are a related party and part of the key management personnel in the context of IAS 24 for the twelve month period ended 31 December 2019. Accordingly, their compensation for the twelve month period 2019 was included in the table above.

The Dutch Civil Code disclosures with respect to remuneration of individual members of the Board of Management and Supervisory Board are included in the Remuneration report.

Other transactions with key management personnel

The Board of Management, certain senior managers and certain Supervisory Board members participated in the rights issue privately and on an arm's length basis. These transactions are not compensation and as such no expense was recorded during the period. The amount of the transactions during 2020 and the outstanding balances as of 31 December 2020 are as follows:

(in EUR)	Number of shares acquired during 2020	Issue price paid in 2020	Number of shares disposed of during 2020	Number of shares held at 31 December 2020
Board of Management	33,522	EUR 1.64 – EUR 4.69	–	59,062
Senior managers	2,189	EUR 2.12	–	2,338
Executive Leadership Team (subtotal)	**35,711**			**61,400**
Supervisory Board	44,245	EUR 1.69 – EUR 4.82	–	44,245
Total	**79,956**		**–**	**105,645**

The individual shareholdings are less than 5%.

Other related parties

The Group has not entered into any material transaction with other related parties.

41 SUBSEQUENT EVENTS

On 9 February 2021, the articles of association of Fugro (as approved by the EGM on 30 November 2020) were amended, consisting of the reduction of the nominal value of the issued ordinary shares from EUR 0,10 to EUR 0,05. This reduced the total issued share capital from EUR 10,319,036.60 to EUR 5,159,518.30. As a result of this reduction of issued share capital, the amount of EUR 5,159,518.30 was added to the share premium reserve. Consequently, the shares have again one vote for one share. The authorised share capital has also been reduced by this amendment from EUR 30,000,000 to EUR 16,000,000.

42 SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD OF FUGRO N.V.

Unless stated otherwise, the direct or indirect interest of Fugro in the subsidiaries listed below is 100%. Insignificant, but consolidated, subsidiaries have not been included. For entities where the direct or indirect interest of Fugro is less than 50%, the Group consolidates financial information of such entities based on the definition of control.

The subsidiaries listed below have been fully incorporated into the consolidated financial statements of Fugro, unless indicated otherwise.

The information as required by sections 2:379 and 2:414 of the Dutch Civil Code has been filed at the trade registry of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro Albania sh.p.k.		Tirana, Albania
Fugro Angola Limitada	49%	Luanda, Angola
Fugro ROAMES Pty Ltd		Brisbane, Australia
Fugro TSM Finance Pty Ltd		Perth, Australia
Fugro Exploration Pty Ltd		Perth, Australia
Fugro Survey Pty Ltd.		Balcatta, Australia
Fugro LADS Corporation Pty Ltd		Kidman Park, Australia
Fugro Holdings (Australia) Pty Ltd		Perth, Australia
Fugro Australia Land Pty Ltd		Perth, Australia
Fugro Australia Marine Pty Ltd		Perth, Australia
Fugro Satellite Positioning Pty Ltd		Balcatta, Australia
Fugro AG Pty Ltd		Perth, Australia
Fugro Austria GmbH		Bruck an der Mur, Austria
SOCAR-Fugro LLC	49%*	Baku, Azerbaijan
Fugro Belgium SRL		Brussels, Belgium
Fugro In Situ Geotecnia Ltda.		Pinhais, Brazil
Fugro Brasil Levantamentos Ltda.		Rio de Janeiro, Brazil
Sudeste Serviços Ltda.		Rio de Janeiro, Brazil
Fugro Sendirian Berhad		Bandar Seri, Brunei Darussalam
Fugro Marine (B) Sdn Bhd	70%	Kuala Belait, Brunei Darussalam

Company	%	Office, Country
Fugro Cameroun SA		Douala, Cameroun
GIE GEOFOR Afrique		Douala, Cameroun
Fugro Canada, Corp.		St. John's, Canada
Fugro Chile S.A.		Santiago, Chile
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%*	Shekou, Shenzhen, China
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro Financial International N.V.		Willemstad, Curaçao
Fugro S.A.E.		Cairo, Egypt
Fugro Holding France S.A.S.		Nanterre, France
Geofor Gabon SA		Libreville, Gabon
Fugro Gabon SARL		Port Gentil, Gabon
Fugro Germany Land GmbH		Berlin, Germany
Fugro Germany Marine GmbH		Bremen, Germany
Fugro Certification Services Ltd.		Kwai Fong, Hong Kong
Fugro Technical Services Ltd.		Tuen Mun, Hong Kong
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Hydrographic Surveys Ltd.		Wanchai, Hong Kong
Fugro Geospatial Services (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geotechnics Vietnam (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Marine Survey International Ltd.		Wanchai, Hong Kong
Fugro SEA Ltd.		Wanchai, Hong Kong
Fugro Subsea Services Ltd.		Wanchai, Hong Kong
Fugro Survey Ltd.		Wanchai, Hong Kong
Fugro International (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Satellite Positioning (Hong Kong) Ltd.		Wanchai, Hong Kong
MateriaLab Consultants Ltd.		Kwai Fong, Hong Kong
Fugro Consult Kft		Budapest, Hungary

Company	%	Office, Country
Fugro Geotech (India) Private Limited		Navi Mumbai, India
Fugro Survey (India) Private Limited		Navi Mumbai, India
PT Fugro Indonesia		Jakarta Selatan, Indonesia
PT Fugro Geosolutions Indonesia		Jakarta, Indonesia
Fugro-ETW LLC	50%*	Basra, Iraq
FAZ Technology Ltd.		Dublin, Ireland
FAZ Research Ltd.		Dublin, Ireland
Fugro Italy S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
MAPS SARL		Beirut, Lebanon
Fugro Eco Consult GmbH		Munsbach, Luxembourg
Fugro Technical Services (Macau) Ltd.		Macau, Macau
Fugro Malaysia Marine Sdn Bhd	30%	Kuala Lumpur, Malaysia
Fugro Geosciences (Malaysia) Sdn Bhd	30%	Kuala Lumpur, Malaysia
Fugro Malaysia Land Sdn Bhd		Puchong, Malaysia
Fugro TSM Labuan Pty Ltd		Federal Territory of Labuan, Malaysia
Geofor International SA		Quatre Bornes, Mauritius
Fugro Mauritius Ltd.		Quatre Bornes, Mauritius
Fugro Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Geomundo S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro Mozambique Lda.		Maputo, Mozambique
Fugro CIS B.V.		Leidschendam, The Netherlands
Fugro-Elbocon B.V.		Leidschendam, The Netherlands
Fugro Netherlands Marine B.V.		Nootdorp, The Netherlands
Fugro Finance B.V.		Leidschendam, The Netherlands
Fugro Financial Resources B.V.		Leidschendam, The Netherlands
Fugro NL Land B.V.		Leidschendam, The Netherlands
Fugro Innovation & Technology B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Nederland B.V.		Leidschendam, The Netherlands

Company	%	Office, Country
Fugro South America B.V.		Leidschendam, The Netherlands
Fugro Survey B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
FNV IP B.V.		Leidschendam, The Netherlands
Seabed Geosolutions B.V.		Leidschendam, The Netherlands
Agung Shipping B.V.		Leidschendam, The Netherlands
Alutan Shipping B.V.		Leidschendam, The Netherlands
Arjuna Shipping B.V.		Leidschendam, The Netherlands
Erebus Shipping B.V.		Leidschendam, The Netherlands
FNV IP B.V.		Leidschendam, The Netherlands
Foster Shipping B.V.		Leidschendam, The Netherlands
Fugro Middle East B.V.		Leidschendam, The Netherlands
Katla Shipping B.V.		Leidschendam, The Netherlands
Mayon Shipping B.V.		Leidschendam, The Netherlands
Scenery Shipping B.V.		Leidschendam, The Netherlands
Semeru Shipping B.V.		Leidschendam, The Netherlands
Stromboli Shipping B.V.		Leidschendam, The Netherlands
Taranaki Shipping B.V.		Leidschendam, The Netherlands
Tongariro Shipping B.V.		Leidschendam, The Netherlands
Ngauruhoe Administration B.V.		Leidschendam, The Netherlands
Wavewalker B.V.	50%*	Leidschendam, The Netherlands
Fugro New Zealand Ltd.		New Plymouth, New Zealand
Fugro Survey (Nigeria) Ltd.		Port Harcourt, Nigeria
Fugro Nigeria Ltd.		Port Harcourt, Nigeria
Fugro Norway AS		Oslo, Norway
Fugro Middle East & Partners LLC	70%	Muscat, Oman
Fugro Symphony Inc.		Panama City, Panama
Fugro Peru S.A.		Lima, Peru
Fugro Peninsular Services Co. W.L.L.	49%	Doha, Qatar
GEOINGSERVICE LLP		Moscow, Russia
Geofor Sao Tome Ltda.		Sao Tome City, Sao Tome
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Decca Survey Saudi Arabia Ltd.	40%	Dammam, Saudi Arabia

Company	%	Office, Country
Fugro Saudi Arabia Ltd.	83%	Dammam, Saudi Arabia
Fugro Satellite Positioning Pte Ltd		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd		Singapore, Singapore
Fugro Singapore Marine Pte Ltd		Singapore, Singapore
Eastern Equator Pte Ltd.		Singapore, Singapore
Eastern Mariner Pte Ltd.		Singapore, Singapore
Fugro Holding (Singapore) Pte Ltd.		Singapore, Singapore
Fugro Marine Personnel Pte Ltd.		Singapore, Singapore
Southern Evolution Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Maps South Africa (Pty) Ltd.		Cape Town, South Africa
Fugro South Africa Land (Pty) Ltd.		Johannesburg, South Africa
Fugro Geodetic AG		Zug, Switzerland
Fugro South America GmbH		Zug, Switzerland
Fugro Sial Ltd.		Ankara, Turkey
Fugro Subsea LLC	49%	Abu Dhabi, United Arab Emirates
Fugro GB (North) Marine Limited		Aberdeen, United Kingdom
Fugro Subsea Services Limited		Aberdeen, United Kingdom
Fugro-BKS Limited		Coleraine, United Kingdom
Fugro GeoServices Limited		Falmouth, United Kingdom

Company	%	Office, Country
Fugro GB Marine Limited		Wallingford, United Kingdom
Fugro Holdings Limited		Wallingford, United Kingdom
Global Marine Holdings LLC	23.6%*	Delaware, United States
Fugro (USA) Holdings, Inc.		Houston, United States
Fugro Enterprise, Inc.		Houston, United States
Fugro Synergy, Inc.		Houston, United States
Fugro Roadware, Inc.		Richmond, United States
Fugro USA Land, Inc.		Houston, United States
Fugro USA Marine, Inc.		Lafayette, United States
Fugro Geotechnics Vietnam LLC		Ho Chi Minh City, Vietnam
Fugro Philippines Inc.		Manila, Philippines
Fugro Advance Pty Ltd.		Perth, Australia
Fugro Properties (Australia) Pty Ltd		Perth, Australia
Fugro Properties Limited		Wallingford, United Kingdom
Fugro Properties Pte Ltd		Singapore, Singapore
Hush Craft Ltd	49%*	Suffolk, United Kingdom
Fugro IOVTEC Co. Ltd.	49%*	Taipei City, Taiwan
Orex S.C.		Wavre, Belgium
Labomosan S.A.	66.5%	Floreffe, Belgium

* Joint arrangements classified as joint ventures or associates that are equity-accounted.

COMPANY BALANCE SHEET

As at 31 December, before result appropriation

Notes	(EUR x 1,000)	2020	2019
	ASSETS		
44	Financial fixed assets	788,115	930,583
	Deferred tax assets	3,201	161
	Total non-current assets	**791,316**	**930,744**
45	Trade and other receivables	83,701	15,046
	Cash and cash equivalents	1,021	800
	Total current assets	**84,722**	**15,846**
	Total assets	**876,038**	**946,590**
	EQUITY		
	Share capital	10,319	4,228
	Share premium	757,336	431,227
	Translation reserve	(136,494)	(101,233)
	Other reserves	(138,694)	(315,936)
	Retained earnings	383,427	687,463
	Unappropriated result	(173,824)	(108,492)
46	**Total equity**	**702,070**	**597,257**
	Provisions		
47	Provisions	11,024	11,727
	LIABILITIES		
48	Loans and borrowings	89,521	262,392
	Total non-current liabilities	**100,545**	**274,119**
48	Loans and borrowings	56,953	–
49	Trade and other payables	14,296	74,313
	Other taxes and social security charges	2,174	901
	Total current liabilities	**73,423**	**75,214**
	Total liabilities	**173,968**	**349,333**
	Total equity and liabilities	**876,038**	**946,590**

COMPANY INCOME STATEMENT

For the year ended 31 December

Notes	(EUR x 1,000)	2020	2019
50	Revenue	37,509	44,710
	Other income	–	9,800
51	Personnel expenses	(30,507)	(27,075)
	Amortisation	–	–
52	Other expenses	(25,419)	(26,818)
	Results from operating activities (EBIT)	**(18,417)**	**617**
	Finance income	3,448	1,819
	Finance expenses	(21,202)	(24,367)
53	**Net finance income/(expenses)**	**(17,754)**	**(22,548)**
	Profit/(loss) before income tax	(36,171)	(21,931)
54	Income tax gain/(expense)	12,131	7,575
	Share in results from participating interests, after taxation	**(149,784)**	**(94,136)**
	Profit/(loss) for the period	**(173,824)**	**(108,492)**

43 BASIS OF PREPARATION

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Fugro makes use of the option provided in Clause 8 Section 2:362 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Fugro N.V. are the same as those applied for the consolidated IFRS-EU financial statements. Investments in subsidiaries are accounted for at net asset value which comprises the cost, excluding goodwill, of Fugro's share in the net assets of the subsidiaries. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. Reference is made to the significant accounting policies in the notes to the consolidated financial statements.

The share in the result of participating interests consists of the share of Fugro in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Fugro and its participating interests, and mutually between participating interests themselves, are not incorporated as far as they can be deemed to be unrealised. Fugro N.V. is neither lessee nor lessor.

44 FINANCIAL FIXED ASSETS

Subsidiaries

(EUR x 1,000)	**2020**	2019
Balance at 1 January	**930,583**	996,227
Share in result of participating interests	(149,784)	(94,136)
Capital increase/(decrease)	49,604	18,000
Dividends	(3,048)	(3,144)
Currency exchange differences	(33,586)	16,387
Other	(5,654)	(2,751)
Balance at 31 December	**788,115**	930,583

45 TRADE AND OTHER RECEIVABLES

(EUR x 1,000)	**2020**	2019
Receivables from Group companies	75,090	14,122
Other receivables	8,611	924
Balance at 31 December	**83,701**	15,046

The Receivable from Group companies mainly relate to the cash-pool of Fugro N.V. The interest is calculated on the total balance of the cash pool. Reference is made to the financial risk management note in the consolidated financial statements.

46 EQUITY

Reference is made to the equity movement schedule included in the consolidated financial statements and the corresponding disclosure note. The translation reserve qualifies as legal reserves (Dutch: 'wettelijke reserve') in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

47 PROVISIONS

Reference is made to the provisions note in the consolidated financial statements. Fugro has accounted for certain tax indemnities and warranties under procedures in respect of the sale of the majority of the Geoscience business to CGG in 2013, for liabilities arising from tax exposures amounting to EUR 9.8 million as at 31 December 2020 (31 December 2019: EUR 10.1 million). An amount of EUR 0.1 million (31 December 2019: EUR 0.5 million) and EUR 1.1 million (31 December 2019: EUR 1.1 million) relate to a restructuring provision respectively employee benefit obligations. An amount of EUR 0.1 million is expected to be settled within one year.

48 LOANS AND BORROWINGS

(EUR x 1,000)	**2020**	2019
Subordinated unsecured convertible bonds EUR 190,000	56,953	175,278
Subordinated unsecured convertible bonds EUR 100,000	89,521	87,114
Balance at 31 December	**146,474**	262,392

Reference is made to the financial liabilities note in the consolidated financial statements. The average interest on loans and borrowings amounts to 4.2% per annum (2019: 4.2%).

49 TRADE AND OTHER PAYABLES

(EUR x 1,000)	2020	2019
Trade payables	2,431	2,329
Payables to Group companies	1,386	65,524
Other payables	10,479	6,460
Balance at 31 December	**14,296**	**74,313**

50 REVENUE

Revenue relates to the services provided by Fugro N.V. to subsidiaries in respect of their management activities and responsibilities.

51 PERSONNEL EXPENSES

(EUR x 1,000)	2020	2019
Wages and salaries	27,751	22,253
Compulsory social security contributions	1,027	1,189
Equity-settled share-based payments	1,910	2,506
Contributions to defined contribution plans	(61)	1,112
Expense related to defined benefit plans	(120)	15
Total	**30,507**	**27,075**

The Dutch Civil Code disclosures with respect to remuneration of the Board of Management and Supervisory Board is included in the Remuneration report. The average number of employees within Fugro N.V. during the year was 24 (2019: 47), all posted in the Netherlands as in last year.

52 OTHER EXPENSES

(EUR x 1,000)	2020	2019
Indirect operating expenses	939	3,275
Occupancy costs	179	27
Communication and office equipment	1,324	1,875
Restructuring costs	317	450
Marketing and advertising costs	333	491
Release provision tax indemnities	–	(1,947)
Professional services	22,327	22,647
Total	**25,419**	**26,818**

Audit fees

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by EY to the company and its subsidiaries:

(EUR x 1,000)	2020			2019		
	Ernst & Young Accountants LLP	Other EY network	Total EY	Ernst & Young Accountants LLP	Other EY network	Total EY
Statutory audit of financial statements	1,505	1,746	3,251	1,740	2,012	3,752
Other audit services	–	–	–	–	13	13
Other assurance related services	669	9	678	56	9	65
Tax advisory services	–	25	25	–	20	20
Total	**2,174**	**1,780**	**3,954**	**1,796**	**2,054**	**3,850**

Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis. The fees paid for the above mentioned services, which are included in profit or loss of the consolidated financial statements in the line other expenses, are evaluated on a regular basis and in line with the market. Other assurance related services 2020 related to the refinancing.

53 NET FINANCE (INCOME)/EXPENSES

(EUR x 1,000)	2020	2019
Interest income on loans and receivables from Group companies	(16)	(1,819)
Net foreign exchange variance	(3,432)	–
Finance income	**(3,448)**	**(1,819)**
Interest expense on financial liabilities measured at amortised cost	21,202	22,678
Net foreign exchange variance	–	1,689
Finance expense	**21,202**	**24,367**
Net finance (income)/expenses recognised in profit or loss	**17,754**	**22,548**

54 INCOME TAX

Fugro NV is head of the fiscal unity that exists for Dutch corporate income taxes.
The effective tax rate in 2019 deviates compared to the Dutch statutory rate of 25%, mainly due to deferred tax entries.

55 CONTINGENCIES

Fiscal unity

Fugro N.V. and the Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

Bank guarantees

As per 31 December 2020, Fugro's bank has issued bank guarantees to clients for an amount of EUR 72.3 million (2019: EUR 91 million).

Other guarantees

Fugro has filed declarations of joint and several liabilities for a number of subsidiaries at the Chambers of Commerce. Fugro has filed a list with the Chamber of Commerce, which includes all financial interests of the Group in subsidiaries as well as a reference to each subsidiary for which such a declaration of liability has been deposited.

Other contingencies

Reference is made to the note 'commitments not included in the statement of financial position' of the consolidated financial statements.

56 RELATED PARTIES

Reference is made to the related parties note of the consolidated financial statements, which included the remuneration of the Board of Management and Supervisory Board.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervision Act.

Fugro will not propose to the annual general meeting on 22 April 2021 to declare a dividend for 2020 to shareholders.

Leidschendam, 19 February 2021

Board of Management

M.R.F. Heine, Chairman Board of Management, Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer

Supervisory Board

H.L.J. Noy, Chairman
A.J. Campo
P.H.M. Hofsté
A.H. Montijn
D.J. Wall
R. Mobed
Sj.S. Vollebregt