

## **Focus on safe and responsible travel after sharp fall in traffic due to COVID-19 pandemic**

### **2020 Interim Results of Royal Schiphol Group**

Today, 28 August 2020, Royal Schiphol Group publishes the interim results for the first six months of 2020. The COVID-19 pandemic has had an unprecedented impact on the airports of Royal Schiphol Group and the aviation industry as a whole. In the first six months, Amsterdam Airport Schiphol experienced a drop in passenger numbers of 62.1% to 13.1 million (HY 2019: 34.5 million). The number of air transport movements at Schiphol was down by 52.1% to 115,952 (HY 2019: 242,107). Cargo volumes showed a decline of 14.5% to 656,000 tonnes (HY 2019: 767,000 tonnes). Eindhoven Airport and Rotterdam The Hague Airport saw a significant decline in traffic as well.

The net result for the first half of 2020 resulted in a loss of 246 million euros compared with a profit of 133 million euros for the first half of 2019. By reducing its operations and closing part of Schiphol's terminal during the first months of the crisis, Schiphol Group adapted to the new situation while remaining open and reducing its operational expenses. Schiphol Group has received the NOW1 government grant (Noodmaatregel Overbrugging Werkgelegenheid; temporary governmental compensation for labour costs) and applied for the NOW2 grant.

#### **Safe and responsible travel**

To prevent transmission of COVID-19 and to give passengers and staff confidence in safe and responsible air travel, a full set of measures is in place. This includes information for passengers, the use of health questionnaires, social distancing at the airports, the wearing of face masks, improved ventilation and cleaning, the installation of sanitising equipment (including UV-C cleaning) and risk-based testing of passengers. There is a need for further international collaboration to align travel requirements. Schiphol is in favour of a system of testing for travel to and from countries with an orange or red risk profile. This can reduce the need for travel bans and quarantine measures. The international response is currently insufficiently aligned and coordinated. This impacts air travel, and therefore economic recovery.

#### **Impact on the Schiphol organisation**

For 2020, Schiphol Group at this moment expects a decrease in passenger numbers of between 55% and 72% compared with 2019. The outlook for the coming years is very uncertain, and depends on the course of the pandemic, whether a vaccine becomes available, international coordination in travel measures, the profile of the economic recovery and behavioural changes by passengers and businesses. Scenarios for the return to 2019 traffic levels indicate that this will not happen until the 2023-2025 time frame. In light of this, Schiphol Group has decided to adjust its expenses to reflect the new outlook.

Schiphol Group aims to reduce overall operating expenses by approximately 20-25% in 2021 and 2022. The cost savings will be realised across all operating expenses, including services and contracts. This will, however, also mean a reduction in the number of jobs at Schiphol Group. The Management Board has put a request for advice to the Central Works Council ('Centrale Ondernemingsraad') on the organisational adjustments. A social plan will be developed with the unions. The job impact is still uncertain, but is expected to be in the order of several hundred positions out of a total workforce of around 3,000.

Various cost-saving measures have already been implemented. Schiphol has pro-actively decided not to pay out dividends for shareholders and variable income for management over 2019.

Schiphol Group has 1.5 billion euros in liquidity at its disposal per 30 June 2020, consisting of 0.5 billion euros in cash and deposits and 1.0 billion euros in committed undrawn bank facilities. This liquidity position is sufficient to cover at least a 12 month period in the various scenarios considered by management.

### **Impact on projects**

The COVID-19 crisis has an impact on investment levels at Schiphol as well. However, in 2020 and 2021 combined, Schiphol still expects to invest approximately 1.5 billion euros. Schiphol will prioritise safety and hygiene measures and will continue to invest in maintenance, safety, sustainability, quality of service and innovation. Schiphol accelerated a number of innovation and maintenance projects during the months with very low traffic volumes. The construction of the new pier and the redevelopment of Departure Hall 1 is progressing. Other projects have been postponed, including the construction of the new terminal - for at least two years.

### **Ambition**

The current crisis also offers us an opportunity for reflection. Not only are we adapting to the new circumstances, we have a clear ambition to improve as well; building back better instead of a return to business-as-usual. Steps forward can be taken towards realising the widely shared ambition of achieving sustainable aviation connecting the Netherlands to the world with a multimodal Schiphol that improves the quality of life.

### **Other key developments in the first half of 2020**

- The total number of passengers at the airports of Schiphol Group fell by 63% to 14.5 million (HY 2019: 38.7 million). The number of passengers at Eindhoven Airport dropped to 1.1 million (-65%) and the number of air transport movements to 8,339 (-58%). Rotterdam The Hague Airport saw a decline of 71% to 274,148 passengers, with 2,514 air transport movements (-68%) in the first half of 2020. All airports remained operational.
- In June, we saw traffic recover as travel restrictions within the EU were eased. As a result, the very low passenger volume in April and May (-97%) improved in July (-80%). In the third week of August, passenger volumes further recovered to -74%. However, uncertainties will continue to exist for the time being, which makes it difficult to predict the development of traffic in the near future.
- In the first six months of 2020, Schiphol invested 411 million euros in amongst others the redevelopment of Departure Hall 1, the realisation of the new pier and other construction projects at its airports. Schiphol also acquired a strategic land position.
- Royal Schiphol Group launched and priced 750 million euros in green bonds under the Euro Medium Term Note programme.
- In May, the Ministry of Infrastructure and Water Management published its draft Aviation White Paper. Schiphol welcomes the paper, as it outlines a new long-term perspective on Schiphol's development. It also sets the course for an improved balance between the quality of the network and the quality of the living environment, in line with Schiphol Group's Vision 2050.
- In the first quarter of 2020, Schiphol launched its nitrogen action programme, following the recommendations by the Remkes Committee. Furthermore, Air Traffic Control the Netherlands (LVNL) and Schiphol announced a joint programme with measures to reduce noise disturbance, 'minderhinder.nl', for public consultation. The definitive programme will be presented to the Ministry of Infrastructure and Water Management later this year.
- The Ministry of Infrastructure and Water Management aims to allow for the opening of Lelystad Airport for commercial leisure traffic in November 2021.

- Schiphol Real Estate successfully completed the circular dismantling of Cargo Building 18, adjacent to Runway 06-24.
- VolkerWessels and Schiphol Real Estate jointly purchased 90 hectares of land south of Badhoevedorp. A large part of the land, to the south of motorway A9, will be used in order to improve Schiphol's accessibility. The land to the north of the A9 motorway is acquired for commercial development in cooperation with VolkerWessels.
- Schiphol has announced the continuation of its partnership with Hardt Hyperloop to further investigate the future role of hyperloop as an alternative to short-distance travel by air.
- Schiphol and partners started a trial with a sustainable aircraft-towing vehicle (Taxibot), which consumes 95% less fuel than taxiing with the use of the aircraft's engines.
- Schiphol was voted Best Airport in Western Europe at the Skytrax World Airports Award 2020. In addition, Schiphol is also number one for best website and digital services.

## Key figures

EUR million unless stated otherwise	HY 2020	HY 2019	%
<b>Results</b>			
Revenue	<b>390</b>	766	-49.0
Other results from investment property	<b>-34</b>	49	-169.9
Operating expenses (excluding depreciation, amortisation and impairment)	<b>435</b>	516	-15.7
<b>EBITDA<sup>1</sup></b>	<b>-79</b>	299	-126.5
Depreciation, amortisation and impairment	<b>154</b>	134	14.2
<b>Operating result</b>	<b>-233</b>	164	-241.7
Financial income and expenses	<b>-52</b>	-42	22.0
Share of results of associates and joint ventures	<b>-32</b>	43	-173.5
<b>Result before tax</b>	<b>-316</b>	165	-291.4
Corporate income tax	<b>67</b>	-30	-323.0
<b>Result for the six month period</b>	<b>-249</b>	135	-284.4
<b>Result for the period attributable to shareholders</b>	<b>-246</b>	133	-286.0
<b>Total equity</b>	<b>4,099</b>	4,120	-0.5
Investments in intangible assets and property, plant & equipment	<b>411</b>	336	22.6
Cash flow from operating activities	<b>-24</b>	137	-117.7
<b>Ratios</b>			
Leverage <sup>2</sup>	<b>46.9%</b>	38.5%	
Earnings per share (in EUR 1) <sup>3</sup>	<b>-1,324</b>	712	
<b>Business volume (in numbers)</b>			
Air transport movements <sup>4</sup>	<b>126,804</b>	269,873	-53.0
Passenger movements (x 1,000) <sup>4</sup>	<b>14,476</b>	38,676	-62.6
Cargo (x 1,000 tonnes) <sup>4</sup>	<b>656</b>	767	-14.5
Workforce in full-time equivalents <sup>4</sup>	<b>2,702</b>	2,454	10.1

1) Operating result plus depreciation, amortisation and impairment

2) Leverage: interest-bearing debt / (total equity + interest-bearing debt)

3) Based on net result attributable to shareholders

4) Schiphol Group: Amsterdam Airport Schiphol, Eindhoven Airport, Lelystad Airport and Rotterdam The Hague Airport

*This press release may contain certain forward-looking statements that are subject to risk in connection with financial factors and results of Royal Schiphol Group's operations, and in connection with certain plans and objectives of Royal Schiphol Group in this context. By their nature, forward-looking statements involve risk and uncertainty because they relate to or depend on future events and/or circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements and forecasts are based on current data and historical experience which are not necessarily indicative of future outcomes or the financial performance of Royal Schiphol Group and should therefore not be considered in isolation.*

## Revenue

EUR million	HY 2020	HY 2019	%
Airport charges	<b>187</b>	459	-59.3
Concessions	<b>39</b>	100	-61.0
Rent and leases	<b>90</b>	87	3.3
Parking fees	<b>31</b>	63	-49.9
Other activities	<b>44</b>	57	-23.8
<b>Total revenue</b>	<b>390</b>	<b>766</b>	<b>-49.0</b>

Revenue from airport charges at Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport fell by 59.3% in the first half of 2020 to 187 million euros. This result was mainly driven by a decrease in the number of passengers and air transport movements because of the COVID-19 pandemic.

At Amsterdam Airport Schiphol, passenger numbers were down by 62.1% to 13.1 million while the number of air transport movements decreased by 52.1% to 115,952. Cargo volumes fell by 14.5% to 656,000 tonnes. Revenue from airport charges at Schiphol fell by 251 million euros to 177 million euros.

At Eindhoven Airport, passenger numbers were down by 64.7% to 1.1 million and the number of air transport movements decreased by 58.0% to 8,338. Revenue from airport charges decreased to 5.7 million euros (HY 2019: 17.8 million euros).

Total revenue from airport charges at Rotterdam The Hague Airport fell by 68.4% or 9 million euros compared with the first half of 2019. The number of passengers served by Rotterdam The Hague Airport fell by 71.3% to 274,000. The number of air transport movements decreased by 68.2% to 2,514.

Compared with the first half of 2019, total revenue generated by concessions for Schiphol Group decreased by 61.0% following the decline in passenger numbers. At Amsterdam Airport Schiphol, average retail spending per departing passenger in the shops behind the security checks rose by 1.3% from 12.93 euros in the first half of 2019 to 13.10 euros in the first half of 2020, while food & beverage spending per departing passenger fell by 1.6% from 4.88 euros to 4.80 euros, partly caused by the temporary closure of food & beverage outlets.

Revenue from rents and leases increased by 3.3% from 87 million euros to 90 million euros. This is attributable to an increase in service charges and new leases in recently constructed buildings. The average occupancy rate of Schiphol's total real estate portfolio in the first half of 2020 was 94.1%, which is above the average occupancy rate of 90.8% during the same period last year.

Total parking revenue decreased by 49.9%. Parking revenue at Amsterdam Airport Schiphol decreased by 25 million euros, driven by the decrease in passenger numbers, while staff parking remained relatively stable. A similar development was seen at Eindhoven Airport and Rotterdam The Hague Airport.

Revenue from other activities decreased by 23.8% to 44 million euros, also due to the decline in passenger numbers.

### Other income and changes in the value of investment property

For the first time since 2014, the external valuations on investment properties show a decline in fair value. The COVID-19 pandemic resulted in uncertain market conditions. These uncertain conditions led to an increase of the yields, which caused a decrease in the value of the real estate portfolio by 34 million euros in the first half of 2020 (49 million euros positive in the first half of 2019). This decrease in value is mainly seen in respect of office and cargo buildings, with 31 million euros due to an increase in net initial yields.

### Operating expenses

EUR million	HY 2020	HY 2019	%
Costs of outsourced work and other external charges	<b>343</b>	397	-13.7
Depreciation and amortisation	<b>154</b>	134	14.2
Employee benefits	<b>92</b>	119	-22.4
<b>Total operating expenses</b>	<b>589</b>	<b>650</b>	<b>-9.5</b>

Total operating expenses include the NOW (Noodmaatregel Overbrugging Werkgelegenheid) government grant contribution for the months of March, April and May 2020, and costs for COVID-19 hygiene measures. Excluding these effects, operating expenses declined by 5%.

Costs of outsourced work and other external charges decreased from 397 million euros to 343 million euros, mainly caused by decreased operational costs due to lower traffic and downsizing of the Schiphol operation (Core Schiphol).

Costs of security were 22 million euros lower in the first half of 2020 (77 million euros compared with 99 million euros the year before) as a consequence of the lower passengers numbers.

Although the maintenance activities continued unabated, the costs decreased with 4 million euros as the transition to the main contracts as per April 2019 led to additional costs in the transition year.

Employee benefits fell by 27 million euros, mainly due to the NOW compensation provided by the Dutch government.

## Operating result

EUR million	HY 2020	HY 2019	%
Aviation	<b>-237</b>	-24	-906.5
Consumer Products & Services	<b>15</b>	95	-84.2
Real Estate	<b>10</b>	84	-87.6
Alliances & Participations	<b>-22</b>	8	-355.5
<b>Total operating result</b>	<b>-233</b>	<b>164</b>	<b>-241.7</b>

Relative to the same period in the preceding year, the operating result for the first half of 2020 decreased by 241.7% to 233 million euros negative (HY 2019: 164 million euros).

The operating result of Aviation decreased from 24 million euros negative to 237 million euros negative, as the fall in revenue (by 58.1%) could not be compensated by the decrease in costs. The decrease in revenue was fully attributable to the decrease in traffic numbers following the COVID-19 pandemic.

The operating result of Consumer Products & Services decreased, from 95 million euros to 15 million euros. Revenue decreased by 82 million euros (-50.4%), mainly due to lower Retail and Food & Beverage concessions which dropped by 48 million euros compared with the first half of 2019. This decrease is mainly driven by the lower passenger numbers. Food & Beverage outlets closed their doors, with the exception of a few Grab and Fly counters. In addition, many retail shops closed their doors because of the limited passengers and as a health precaution for shop staff. The impact of the COVID-19 pandemic for Public parking and Car rental was 29 million euros negative compared with the same period last year. There was no major impact on staff parking.

The operating result of Real Estate decreased by 74 million euros from 84 million euros to 10 million euros. Excluding the results from property sales and fair value changes, the operating result increased from 35 million euros to 44 million euros. This increase is mainly attributable to the increase in revenues by 7 million euros following higher service charges and new lease contracts.

Also at our regional airports the impact of the COVID-19 pandemic resulted in a negative contribution to the overall results. The operating result of Alliances & Participations decreased by 30 million euros compared with the first half of 2019 due to a decrease in revenue of the domestic airports.

## Financial income and expenses

The net financial expense for the first half of 2020 increased from 42 million euros to 52 million euros mainly as a result of the conversion of the redeemable preference shares held in Hobart International Airport (TGHC) to interest-bearing and interest-free loan notes.

## Share in results of associates and joint ventures

EUR million	HY 2020	HY 2019	%
Brisbane Airport Corporation Holdings (BACH)	-1	17	-103.3
Groupe ADP	-42	19	-318.7
Hobart International Airport (TGHC)	7	-	0.0
Other investments	4	7	-39.8
<b>Share in results of associates</b>	<b>-32</b>	<b>43</b>	<b>-173.5</b>

The share in results of associates and joint ventures decreased by 75 million euros to 32 million euros negative in the first half of 2020 (HY 2019: 43 million euros) due to the impact of COVID-19 at the various airports.

## Corporate income tax

The negative results provide us with a tax benefit, as the losses can be compensated by future benefits. In 2019, the tax burden was lower than the domestic income tax rate of 25%. The lower tax burden was mainly attributable to the application of the participation exemption to the results of associates and joint ventures. The effective tax benefit for the 2020 financial year is expected to be 21.19%.

## Net result

Due to the developments outlined above, the net result for the first half of 2020 decreased by 286.0% to 246 million euros negative (HY 2019: 133 million euros).

## Balance sheet and cash flow developments

The balance sheet total as at 30 June 2020 amounted to 8,324 million euros. This figure is up compared with 31 December 2019 (7,797 million euros).

Non-current assets increased by 183 million euros, including Assets under construction or development. The latter increased by 255 million euro, mainly due to the investments in fixed assets listed below, offset by assets which were commissioned during the first half of 2020. Within the investment property a capital expenditure of 11 million euros and a fair value loss of 34 million euros are included.

Current assets increased by 344 million euros, in particular due to an increase in cash and cash equivalents by 181 million euros, which was mainly due to an increase in bank deposits by 360 million euros. This cash is generated by Schiphol Group issuing green bonds for an amount of 750 million euros and attracting privately placed loans for an amount of 240 million euros. Of this total cash amount, 360 million euros are placed on bank deposits, 463 million euros was spent on investment activities and 157 million euros was used in order to repay loans.

The total cash, cash equivalents and deposits (disclosed as part of trade and other receivables in the condensed consolidated interim financial statements) amounted to 521 million euros as at 30 June 2020 (155 million euros as at 31 December 2019).

In the first six months of 2020, Schiphol invested 411 million euros in assets (HY 2019: 336 million euros). The most significant investments in the first half of 2020 are listed below:

- development of the new pier;
- redevelopment of Departure Hall 1;
- execution of the multi-year maintenance plan at airside;
- acquisition of a strategic land position;
- upgrading piers;
- completion of dual taxiway;
- execution of the multi-year maintenance plan in the terminal.

With shareholders' equity of 4,099 million euros and interest-bearing debts of 3,622 million euros, the leverage is 46.9% (compared with 38.5% as at 31 December 2019).

Cash flow from operating activities amounted to 24 million euros negative in the first half of 2020, compared with 137 million euros in the first half of 2019. This decrease was attributable to the negative operating result due to the COVID-19 pandemic.

Cash flow from investing activities amounted to 628 million euros negative compared with 123 million euros negative over the same period last year. Capital expenditures went up to 305 million euros.

Cash flow from financing activities amounted to 833 million euros positive due to the result of issuing green bonds of 750 million euros and attracting privately placed loans of 240 million euros.

Mainly as a consequence of the aforementioned negative developments in the operating result and the positive cash flow from financing activities, the net cash flow in the first half of 2020 amounted to 181 million euros positive (HY 2019: 165 million euros negative). As a result, the net amount of cash balances, taking account of exchange and translation differences, increased from 155 million euros as at 31 December 2019 to 336 million euros as at 30 June 2020.

In addition to these cash balances, Royal Schiphol Group has access to 1,023 million euros in committed and 330 million euros in uncommitted undrawn bank facilities. In the first half of 2020 Schiphol Group entered into a 100 million euros committed facility with BNP Paribas, a 300 million euros committed facility with ABN Amro, ING and Rabobank and a 95 million euros committed facility with KfW, of which 47.5 million euros were drawn on 30 June.

## Other developments

### *COVID-19 pandemic*

From the end of January, when the COVID-19 pandemic started affecting air traffic (in particular from China), Schiphol immediately has been taking measures to promote hygiene as well as to provide passengers and airport staff with information. Since mid-March, restrictions for air traffic have been in place, while the airports of the Group prepared for a long and strong decline in passengers as well as flights. All airports of the Group have remained open for repatriation flights, cargo and ongoing commercial flights. Rotterdam The Hague Airport did not have any commercial passenger flights scheduled from the end of March to 18 June.

Schiphol reduced its operations to a scaled-down 'Core Schiphol', closing part of the terminal for passengers until mid-June. Runway 18L-36R was used for parking aircraft. By scaling down, Schiphol could decrease its operational costs. While part of the terminal was not in use, a number of construction or maintenance projects were accelerated. Other projects and investments are currently put on hold.

To help and support its partners as well as its tenants, Schiphol Group has offered extended payments terms, deferred increases in airport charges and did not charge aircraft parking fees.

In order to accommodate an increase in air traffic after the dramatic drop from mid-March to mid-June, a protocol has been developed to facilitate safe and responsible travel.

The airports of Schiphol Group implement all measures prescribed by the government and the National Institute for Public Health and the Environment (Rijksinstituut voor Volksgezondheid en Milieu, RIVM), such as social distancing, a Health Screening Form, personal protection via screens, as well as face masks for passengers and staff in certain areas where a distance of 1.5 metres cannot be maintained at all times. A COVID-19 test facility for arriving passengers from risk-areas was installed in mid-August and Schiphol has installed Sanitising Service points with UV-C light disinfection.

For several destinations, additional measures are in place which apply to airlines and people on board planes.

As it is expected that the pandemic will affect travel for a long time, investments in the provision of information as well as in safe and healthy travel will remain a top priority.

#### *Investments*

During the first half of 2020, work continued on the redevelopment of Departure Hall 1 and the construction of the new pier. In March, Schiphol Real Estate and VolkerWessels jointly purchased 90 hectares of land south of Badhoevedorp from area development company Chipshol. The land at the southern part of motorway A9 will be used in order to improve Schiphol's accessibility, such as the future extension of the Noord/Zuid metro line, as soon as this project is greenlighted.

For the years to come, substantial investments were planned to create capacity, quality and accessibility. As a result of the pandemic, the investment portfolio has been adjusted.

#### *Sustainable and controlled growth*

On 15 May, the Ministry of Infrastructure and Water Management published its draft Aviation White Paper, outlining its perspective on the development of Schiphol after 2020. In 2019, the government decided that the number of air transport movements at Schiphol should be allowed to rise moderately from 2021 onwards to 540,000 movements, provided that this rise can be accomplished demonstrably safely and with less disturbance. In the draft Aviation White Paper, the Ministry sets the course for an improved balance between the quality of the network and the quality of the living environment.

As this course aligns with Schiphol Group's Vision 2050, Schiphol is already acting on this strategy. Among other things, Schiphol Group launched its nitrogen action programme in the first quarter of 2020, intensifying the policy already adopted as well as keeping with the goal that all Group airports should be emission-free by 2030. Together with Air Traffic Control the Netherlands (LVNL), a programme has been set up with new measures to reduce noise disturbance. This programme is now open for public consultation, after which the definitive programme will be presented to the Minister of Infrastructure and Water Management later this year.

#### *Runway usage and maintenance*

On 28 March, Runway 18L-36R was taken out of use for the purpose of parking aircraft until 6 July. Aircraft not operating due to the COVID-19 lockdown were also parked at the piers not in use during Core Schiphol and at remote handling locations. The decrease of air traffic made it possible to reschedule runway

maintenance to this period with strongly decreased traffic. From 16 March to 28 April, major maintenance took place on Runway 04-22. Between 11 and 19 May, Runway 18C-36C was out of service for maintenance. From 22 May to 16 June, Runway 09-27 and a taxiway underwent maintenance.

#### *Towards a more sustainable airport*

In line with Royal Schiphol Group's ambition to create the world's most sustainable, high-quality airports, Schiphol continues to invest in sustainable solutions and innovations.

On 2 April, Royal Schiphol Group N.V. launched and priced 750 million euros in green bonds under the Euro Medium Term Note programme. This green bond issue will support Royal Schiphol Group's investments in green buildings and clean transportation at its airports, thus reflecting Schiphol's Vision 2050 ambitions and underpinning the actions in the 'Most sustainable airports' road map.

In our journey towards a more sustainable airport, one of the highlights in the first half of 2020 was, amongst others, the circular dismantling of Cargo Building 18. The cargo building had to make way for the completion of Schiphol's expanded dual aircraft taxiway system. The entire structure was disassembled and moved to a new location.

In April, together with aviation partners, a trial started with sustainable taxiing of aircraft to and from the aircraft stand. A special towing vehicle is used, Taxibot, which is one of only ten in the world. It is powered by a hybrid combination of an electric and a diesel engine, consuming 95% less fuel when taxiing than aircraft engines would normally use.

On 10 June, Schiphol announced the continuation of its partnership with hyperloop organisation Hardt Hyperloop. Hardt and Schiphol have released a joint study of how hyperloop can replace a share of short-distance flights in 2050. By that date, Hyperloop could substitute 12.5 million passengers travelling by air.

The municipality of Amsterdam and Schiphol have entered into a three-year partnership, involving the Greater Amsterdam Employers' Service Point and the Aviation Community Schiphol to help people with difficulties accessing the labour market into employment.

#### *Credit ratings*

On 3 July 2020 Moody's reaffirmed Royal Schiphol Group's credit rating of A1 (negative outlook). S&P downgraded the rating on 15 July 2020 from A+ (creditwatch negative) to A (negative outlook).

#### *International*

In February, JFK International Air Terminal (JFKIAT), the operator of Terminal 4 at JFK International Airport in New York, reached an agreement on key terms with the Port Authority of New York and New Jersey and Delta Air Lines to expand and redevelop Terminal 4. JFKIAT's managing member is Schiphol USA Inc., a U.S. affiliate of Royal Schiphol Group. The project has been postponed in view of the COVID-19 pandemic. The expansion of Terminal 4 is not expected to lead to capital requirements for Royal Schiphol Group.

On 12 July, Brisbane Airport Company celebrated the opening of its second runway, giving Brisbane Airport the highest capacity of any capital city airport in Australia.

#### *Appointments*

With effect from 1 June, Hanne Buis has been appointed as Chief Projects & Assets Officer (CPAO) of Royal Schiphol Group and will form part of the Management Board. Buis will be responsible for projects such as the new pier and terminal, asset management, real estate and IT. She succeeds André van den Berg, who indicated that he would not serve a second term as Chief Commercial Officer.

Wilma van Dijk, Director of Safety, Security and Environment, will succeed Buis as Managing Director of Lelystad Airport. Van Dijk remains Director of Safety, Security and Environment at Amsterdam Airport Schiphol.

#### *Principal risks and risk management*

As a result of its vital role in Dutch infrastructure to connect the Netherlands and as a safe as well as financially robust business, Royal Schiphol Group is subject to a range of strategic, operational, financial and compliance risks. Risk management (the identification and mitigation of risks) is an integral part of our business processes. The 2019 Annual Report describes Schiphol Group's risk management policy and the most important risks facing Schiphol Group.

As part of the company's regular risk management assessment, these risks have been evaluated, particularly in light of COVID-19. This assessment has led to the introduction of two new risk categories, 'Finance & Value Management' and 'Towards Sustainable Airports & Aviation'. The former category reflects the importance of maintaining the financial robustness of the Group and the latter encompasses the focus on sustainability in the Group's strategy. For reference purposes, certain specific financial risks are noted in the section on the management of financial risks and financial instruments. A number of underlying risks, mainly in the risk category of business continuity, have been added. Risks in response to COVID-19 are the occurrence of calamities and the bankruptcy of critical partners. Newly recognised risks, not necessarily related to COVID-19, concern digital assets and data. Mitigations and action plans are in place to address all risks identified.

The principal risk categories are:

- Connectivity Performance
- Airport Accessibility & Capacity
- Towards Sustainable Airports & Aviation
- Project Execution
- Business Continuity Management
- Availability & Reliability of IT
- Safety & Security
- Regulation & Compliance
- Finance & Value Management
- Workforce

#### *Outlook for 2020*

Royal Schiphol Group has withdrawn its outlook and financial targets for 2020 as announced on February 14, 2020. The COVID-19 pandemic has had and continues to have an adverse effect on passenger demand for air travel at Royal Schiphol Group's airports. Since it remains unclear how the COVID-19 virus will develop, the scale of the impact from the COVID-19 outbreak on Royal Schiphol Group's business, operational result, prospects as well as financial position in the next months and years is difficult to predict, but it will be significant. Based on current information, we estimate that the recovery of passenger volumes to 2019 levels will not happen before 2023. For 2020, Schiphol Group expects a decrease in the number of passengers between 55% and 72%, as well as a drop in air transport movements between 46% and 62%.

The Management Board declares that to its knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial assets, liabilities, financial position and results of Schiphol Group as well as the combined consolidated enterprises;
- the interim report gives a true and fair view of the situation on the balance sheet date, developments over the course of the first half of Schiphol Group's financial year and of the associated enterprises whose data are included in the interim report.

The risks associated with business operations could result in discrepancies between the actual results and the results described in forward-looking statements in this document.

*This press release contains information that qualifies as inside information about Royal Schiphol Group within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).*

*Marije Sotthewes, Manager Compliance & Reporting*

Schiphol, 27 August 2020

**Note for editors and investors:**

- Royal Schiphol Group also provides access to the 2020 Interim Report via <https://www.schiphol.nl/en/schiphol-group/page/financial-information/>

## Royal Schiphol Group 2020 condensed consolidated interim financial statements

### Condensed consolidated statement of income for the first half of 2020

(in thousands of euros)	HY 2020	HY 2019
<b>Revenue</b>	<b>390,293</b>	<b>765,837</b>
Other results from investment property	-34,228	48,944
Cost of contracted work and other external costs	342,888	396,961
Employee benefits	92,394	119,113
Depreciation, amortisation and impairment	153,521	134,411
<b>Total operating expenses</b>	<b>588,803</b>	<b>650,485</b>
<b>Operating result</b>	<b>-232,738</b>	<b>164,296</b>
Financial income	8,523	4,038
Financial expenses	-60,186	-46,375
<b>Financial income and expenses</b>	<b>-51,663</b>	<b>-42,337</b>
Share of results of associates and joint ventures	-31,767	43,236
<b>Result before income tax</b>	<b>-316,168</b>	<b>165,195</b>
Income tax	67,011	-30,054
<b>Result for the period</b>	<b>-249,157</b>	<b>135,141</b>
Attributable to:		
Non-controlling interests	-2,714	2,638
Shareholders (net result)	-246,443	132,503
<b>Earnings per share (in euros)</b>	<b>-1,324</b>	<b>712</b>

## Consolidated statement of comprehensive income for the first half of 2020

### Condensed consolidated statement of comprehensive income

(in thousands of euros)

	HY 2020	HY 2019
<b>Result</b>	<b>-249,157</b>	<b>135,141</b>
Foreign operations - currency translation reserve	-6,165	774
Changes in fair value on hedge transactions	-3,926	-2,982
Share of OCI of associates after taxes	-13,544	-12,212
<b>Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods</b>	<b>-23,635</b>	<b>-14,420</b>
Share of OCI of associates after taxes	-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>-23,635</b>	<b>-14,420</b>
<b>Total comprehensive income</b>	<b>-272,792</b>	<b>120,721</b>
Attributable to:		
Non-controlling interests	-2,714	2,638
Shareholders (net result)	-270,078	118,082

## Consolidated statement of financial position as at 30 June 2020

### Assets

(in thousands of euros)

	30 June 2020	31 December 2019
Intangible assets	<b>142,286</b>	136,425
Assets used for operating activities	<b>3,115,735</b>	3,122,072
Assets under construction or development	<b>1,233,248</b>	978,734
Investment property	<b>1,736,190</b>	1,758,111
Deferred tax assets	<b>73,940</b>	68,245
Equity-accounted associates and joint ventures	<b>1,122,794</b>	1,170,447
Loans to associates	<b>152,494</b>	133,622
Other non-current receivables	<b>53,052</b>	78,690
<b>Non-current assets</b>	<b>7,629,739</b>	<b>7,446,346</b>
Trade and other receivables	<b>343,308</b>	180,573
Current income tax assets	<b>14,565</b>	14,560
Cash and cash equivalents	<b>336,013</b>	155,072
<b>Current assets</b>	<b>693,886</b>	<b>350,205</b>
<b>Total assets</b>	<b>8,323,625</b>	<b>7,796,551</b>

## Liabilities

### Equity and liabilities

(in thousands of euros)

30 June 2020 31 December 2019

Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,708,192	3,954,697
Other reserves	-109,003	-85,368
<b>Equity attributable to owners of the Company</b>	<b>4,046,511</b>	<b>4,316,650</b>
Non-controlling interests	52,672	55,386
<b>Total equity</b>	<b>4,099,183</b>	<b>4,372,036</b>
Loans and borrowings	3,166,307	2,609,582
Employee benefits	55,072	55,202
Other provisions	38,943	48,777
Deferred tax liabilities	12,816	13,359
Other non-current liabilities	105,299	98,351
<b>Non-current liabilities</b>	<b>3,378,437</b>	<b>2,825,270</b>
Loans and borrowings	443,405	162,880
Current income tax liabilities	295	1,672
Trade and other payables	402,305	434,693
<b>Current liabilities</b>	<b>846,005</b>	<b>599,245</b>
<b>Total liabilities</b>	<b>4,224,442</b>	<b>3,424,515</b>
<b>Total equity and liabilities</b>	<b>8,323,625</b>	<b>7,796,551</b>

## Condensed consolidated statement of changes in equity for the first half of 2020

(in thousands of euros)

	Attributable to shareholders					Non-controlling interests	Total
	Issued share capital	Share Premium	Retained profits	Other reserves			
<b>Balance at 31 December 2018</b>	<b>84,511</b>	<b>362,811</b>	<b>3,697,968</b>	<b>-76,606</b>		<b>48,673</b>	<b>4,117,357</b>
Comprehensive income	-	-	132,503	-14,420		2,638	<b>120,721</b>
Dividend paid	-	-	-117,381	-		-222	<b>-117,603</b>
Other	-	-	-	-700		-	<b>-700</b>
<b>Balance at 30 June 2019</b>	<b>84,511</b>	<b>362,811</b>	<b>3,713,090</b>	<b>-91,726</b>		<b>51,089</b>	<b>4,119,775</b>
Comprehensive income	-	-	241,607	6,369		4,314	<b>252,290</b>
Other	-	-	-	-11		-17	<b>-28</b>
<b>Balance at 31 December 2019</b>	<b>84,511</b>	<b>362,811</b>	<b>3,954,697</b>	<b>-85,368</b>		<b>55,386</b>	<b>4,372,037</b>
Comprehensive income	-	-	-246,443	-23,635		-2,714	<b>-272,792</b>
Dividend paid	-	-	-	-		-	<b>-</b>
Other	-	-	-62	-		-	<b>-62</b>
<b>Balance at 30 June 2020</b>	<b>84,511</b>	<b>362,811</b>	<b>3,708,192</b>	<b>-109,003</b>		<b>52,672</b>	<b>4,099,183</b>

	<b>dividend for 2019, paid in 2020</b>	<b>dividend for 2018, paid in 2019</b>
Dividend attributable to shareholders (in euros)	-	117,381,000
Average number of shares in issue during the year	<b>186,147</b>	186,147
Dividend per share (in euros)	-	631

Schiphol put a proposal to its shareholders to refrain from effecting payment of the dividend for 2019. The shareholders agreed to this proposal during the shareholders meeting on 14 April 2020. No dividend will be paid out.

## Consolidated statement of cash flows for the first half of 2020

(in thousands of euros)

	HY 2020	HY 2019
<b>Result</b>	<b>-249,157</b>	<b>135,141</b>
Income tax expense recognised in the profit or loss	-67,011	30,054
Share of results of associates and joint ventures	31,767	-43,236
Financial income and expenses	51,663	42,337
	<b>16,419</b>	<b>29,155</b>
<b>Operating result</b>	<b>-232,738</b>	<b>164,296</b>
Adjustments for:		
Depreciation and amortisation expenses	153,521	134,411
Result on disposal of investment property	-207	-811
Fair value changes of investment property	34,435	-48,133
Other non cash changes other receivables and liabilities	-307	-556
Result on disposal of property, plant and equipment	61	70
Change in employee benefits and other provisions	459	1,683
	<b>187,962</b>	<b>86,664</b>
<b>Operating result after adjustments</b>	<b>-44,776</b>	<b>250,960</b>
Changes in working capital	-5,517	-74,551
<b>Cash flow from operations</b>	<b>-50,293</b>	<b>176,409</b>
Income tax received (paid)	60,685	-55,197
Interest paid	-35,900	-40,547
Interest received	1,269	854
RPS receipts	-	2,773
Dividends received	-	52,851
<b>Cash flow from operating activities</b>	<b>-24,239</b>	<b>137,143</b>
Payments for intangible assets	-16,700	-24,540
Payments for property, plant and equipment and investment property	-304,562	-308,506
Proceeds from disposals of assets	-146	743
Acquisitions of associates	-3,823	-59,459
Share capital withdrawals (contributions) to associates	-	3,359
Loans to associates and joint ventures	-117,807	-
Repayment on other loans	-	53
Investments in deposits	-185,000	-40,000
Proceeds from deposits	-	305,000
<b>Cash flow from investing activities</b>	<b>-628,038</b>	<b>-123,350</b>
<b>Free cash flow</b>	<b>-652,276</b>	<b>13,793</b>

(in thousands of euros)	HY 2020	HY 2019
Proceeds from borrowings	<b>1,345,099</b>	5,485
Repayment of borrowings	<b>-506,595</b>	-65,500
Settlement of derivative financial instruments	-	1,345
Dividend paid	-	-117,603
Other non-current liabilities paid	-	-28
Payment of lease liabilities	<b>-896</b>	-47
Cash flows from collaterals	<b>-4,350</b>	-2,090
<b>Cash flow from financing activities</b>	<b>833,258</b>	<b>-178,438</b>
<b>Net cash flow</b>	<b>180,981</b>	<b>-164,645</b>
Opening balance of cash and cash equivalents	<b>155,072</b>	386,556
Net cash flow	<b>180,981</b>	-164,645
Exchange and translation differences	<b>-40</b>	-203
<b>Closing balance of cash and cash equivalents</b>	<b>336,013</b>	<b>221,708</b>

## Notes to the condensed consolidated interim financial statements

### General information

Royal Schiphol Group N.V. is a public limited liability company (two-tier status company) with its registered office in the municipality of Haarlemmermeer. The address of the company's registered office is Evert van de Beekstraat 202, 1118 CP Schiphol, the Netherlands. Royal Schiphol Group N.V. trades under the names of Schiphol Group, Luchthaven Schiphol and Royal Schiphol Group N.V.

Royal Schiphol Group N.V. is an airport company with an important socio economic function. Airports in the Group create value for society and for the economy. 'Connecting your world' embodies 'the Why' of Royal Schiphol Group: 'Connecting your world' by orchestrating inspiring journeys and creating the world's most sustainable, high-quality airports. Our airports allow international trade, tourism and knowledge exchange to flourish by providing top-quality aviation infrastructure as well as air transport facilities for passengers and cargo.

### Accounting policies

These condensed consolidated interim financial statements (hereinafter: 'interim financial statements') have been prepared in accordance with IAS 34; 'Interim Financial Reporting' and have not been audited but have been reviewed. These interim financial statements should be read in conjunction with the Schiphol Group financial statements for the financial year ended 31 December 2019.

Full details of the accounting policies for consolidation, measurements, assumptions and estimates used in these interim financial statements can be found in Schiphol Group's 2019 financial statements. These accounting policies are in accordance with IFRS and have been consistently applied to all the information presented in these interim financial statements.

The corporate income tax in the interim financial statements is based on the expected average tax rate for 2020 and was adjusted for untaxed and non-deductible items in line with the preceding year.

### New standards and amended standards which are mandatory with effect from 2020 or later

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. Schiphol Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

There are a number of standards that apply as from 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (endorsed 14 March 2019).

These standards have been determined to have no impact on the financial reporting of Schiphol Group.

## Management of financial risks and financial instruments

Due to the nature of its activities, Schiphol Group faces a variety of financial risks, including market risks, counterparty risks, liquidity risks and tax risks. These interim financial statements must be read in conjunction with the Schiphol Group 2019 financial statements, which include comprehensive descriptions of these risks. There have been no significant changes to these financial risks and other circumstances which, other than described, have an effect on the value of the assets and liabilities.

### *Fair value of financial instruments*

No shifts have occurred between the different levels of valuation at fair value. The level 1 fair value of financial instruments is based on unadjusted quoted prices in active markets for identical assets or liabilities. The level 2 fair value of financial instruments is estimated by discounting the future contractual cash flows translated into euros at current market interest rates available to the borrower for similar financial instruments. One loan is measured at fair value (level 3) in the statement of financial position, to prevent an inconsistency in the accounting for changes in the value of the loan on the one hand and the related real estate portfolio on the other. Fair value is based on the valuation reports for the real estate concerned. Derivatives are measured at fair value (level 2). Fair value is based on quoted prices for similar assets and liabilities in active markets or inputs that are derived from or corroborated by observable market data. This valuation is updated in each reporting period. With regard to trade receivables, cash and cash equivalents, debts to suppliers and interest payable, it is assumed that the carrying amount approximates the fair value.

### *Fair value of investment property*

All building and land properties are measured at fair value. Investment property is classified as level 3 valuations. The fair value is based on the market value, being the estimated amount for which investment property can be traded on the valuation date between a buyer and a seller willing to do business in an objective, arm's length transaction. The calculation of the cash flows, which is a factor in determining the fair value at which investment property is stated in the balance sheet, takes into account the lease incentives granted. After all, the lease incentives are recognised separately as assets on the balance sheet under other non-current receivables and trade and other receivables.

At 30 June 2020, 100% of the building portfolio was externally appraised by independent external appraisers. In 2020, the appraisers are JLL, CBRE and Savills. The fair value of the land positions is based on internal valuations with reference to externally validated input variables.

The valuation method used in order to appraise buildings is a combination of the net initial yield (NIY) method and the discounted cash flow (DCF) method. The NIY method uses a net market rent which is capitalised with an NIY and is adjusted for all elements that differ from the market assumptions. The NIY is determined on the basis of comparable market transactions, supplemented with market and object-specific knowledge. Deviating assumptions include contractual rent, vacancy information, deferred maintenance and rent holidays. The net cash flows estimated via the DCF method are discounted at a risk-adjusted discount rate which includes specific object and location assumptions.

## Information on seasonal effects

Operating airports is subject to seasonal effects. Usually, the income and expenditure included in these interim financial statements for the first six months of 2020 relate to approximately 49% of the expected number of air transport movements for the full year and approximately 49% of the expected number of passenger

movements for the full year. Considering the current impact and unpredictability of the development of the COVID-19 virus, this assumption is now uncertain.

#### **Impact of COVID-19 on the financial statements**

##### *Schiphol Group's ability to continue as a going concern:*

The COVID-19 outbreak has developed rapidly in 2020 and has impacted the operations and cash flows of Schiphol Group significantly. A loss of 246 million euros was recognised for the six months ending 30 June 2020, mainly as a result of the (air) travel restrictions imposed by governments to contain the spread of the virus. The result was a significant decrease in passenger numbers and therefore in revenues.

Schiphol Group focused on financial and operational optimisation. By reducing its operations and closing part of the terminal of Schiphol during the first months of the crisis, Schiphol Group reduced its operational expenses. Besides this, it was possible to reschedule runway maintenance to this period with strongly decreased traffic. As a result of the impact of the pandemic, other projects and investments are in the process of being temporised to optimise annual capital spend.

The timing, speed and extend of recovery of the results of operations, prospects and financial conditions in the next few months and years from the impact of COVID-19 is uncertain and difficult to predict. Based on current information, an estimated recovery of passenger volumes to 2019 levels will not occur before 2023.

As a result Schiphol Group evaluated its ability to continue as a going concern. Schiphol has sufficient funding available and raised adequate resources in the first half of 2020 from the issuance of green bonds under the EMTN programme and facilities drawn to fulfill its debt redemption obligations in 2021 while continuing to finance the ongoing operational cash flows and the committed capital investments of approximately 500 million euros. Therefore, Schiphol Group will be able to maintain liquidity requirements for at least a 12 month period. The interim financial statements have been prepared on the basis of the going concern assumption.

##### *Fair value loss on investment property:*

The outbreak of COVID-19 has affected economic activity in many sectors. As possible negative market evidence only gradually manifests itself on real estate markets, the appraisers assume that they can attach less weight to previous market evidence for comparison purposes, to form opinions on the value of the properties. In the period from March to June 2020 fewer transactions took place as well, which also means that less weight can be attached to the transactions that did take place.

Valuations are therefore reported on the basis of material valuation uncertainty (MVU) as per VPS 3 and VGPA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, appraisers recommend to keep the valuation of the property under frequent review.

Out of the total externally appraised building portfolio of Schiphol, 84% (based on value), includes such a MVU paragraph. The total amount of investment property with an MVU paragraph equals 1 billion euros, which is 63% of the total investment property (excluding IPUC). In all of the office building valuations this paragraph is included. For the valuation of cargo buildings, this paragraph is mainly included for first-tier cargo buildings.

A fair value loss of 34 million euros was recognised for the six months ending 30 June 2020 due to the negative impact of the COVID-19 pandemic.

*Sensitivities valuations:*

The value of the building portfolio implies an average net initial yield of 5.2% (December 2019: 5.1%).

Valuations can be affected by the general macroeconomic and market environment, but also by local factors.

COVID-19 is considered a significantly changed macro-economic factor. Given the limited amount of market evidence during the COVID pandemic in the investment market, Royal Schiphol Group performed an extensive sensitivity analysis on the Net Initial Yield to get a better view of possible consequences.

(in EUR 1.000)	Portfolio value	Deviation in euros	%	% Total
Building and land investment properties (NIY 5,2%)	1,681			
Portfolio with MVU paragraph	1,040			
Scenario 1: NIY +2,5% (+13 basis points)	1,013	(28)	-2.7%	-1.7%
Scenario 2: NIY +5,0% (+26 basis points)	987	(54)	-5.2%	-3.2%
Scenario 3: NIY +7,5% (+39 basis points)	962	(79)	-7.5%	-4.7%
Scenario 4: NIY +10,0% (+52 basis points)	938	(102)	-9.8%	-6.1%
Scenario 1: NIY -2,5% (-13 basis points)	1,069	28	2.7%	1.7%
Scenario 2: NIY -5,0% (-26 basis points)	1,099	58	5.6%	3.5%
Scenario 3: NIY -7,5% (-39 basis points)	1,131	90	8.7%	5.4%
Scenario 4: NIY -10,0% (-52 basis points)	1,164	124	11.9%	7.4%

In the unlikely scenario that NIY applied to the valuation of the building portfolio (which includes an MVU paragraph) had been 10% (equal to 50 basis points) higher on 30 June 2020 than the yields currently applied, the value of our investment property would decrease by 102 million euros (6.2%).

The above sensitivity analysis is provided for the sake of completeness only and at present is not deemed a likely scenario.

*Government grants:*

Schiphol Group received a government grant (Noodmaatregel Overbrugging Werkgelegenheid, NOW) for March, April and May 2020 to the amount of 37.6 million euros, of which Schiphol Group already received a prepayment of 80%. This support grant is a temporary governmental compensation for labour costs and is granted to companies which lost a substantial amount of income due to the pandemic.

The grant was recognised as a deduction to the related operating expenses in the condensed consolidated statement of profit and loss and OCI.

As of July 2020, a second government grant (NOW 2) became available. Schiphol Group filed for this grant over the months of June to September 2020. This second grant is not yet recognised in the consolidated statement of profit and loss and OCI. The final amount for both grants is subject to an external audit.

*Income tax expenses:*

Also due to the COVID-19 pandemic, the government provided organisations with the possibility to recognise a provision for the resulting losses (fiscal coronavirus reserve). This provision is deducted from the taxable result for the 2019 financial year. Schiphol Group has used this new regulation, which was approved and paid out by the Dutch Tax and Customs Administration. The prepaid VPB for 2020 has been reversed as a result of the adjusted result forecast. This amount was also paid back by the Dutch Tax and Customs Administration. The total effect on the balance is 50.2 million euros, while the total effect on the comparable figures in the consolidated statement of cash flows is 97.2 million euros.

*Impairment assessments of non-financial assets:*

Several external sources of information indicate the possible existence of impairment as a result of the COVID-19 pandemic. Pursuant with IAS 36 *Impairment of Assets* and the Impairment Policy of Schiphol Group, all investments in subsidiaries, associates and joint arrangements have been assessed for possible impairments by Schiphol Group.

For the period ending 30 June 2020, it was assessed that no impairment is required for CGU Amsterdam Airport Schiphol, Schiphol Airport Retail, Eindhoven Airport, Lelystad Airport, Rotterdam The Hague Airport, Groupe ADP, Hobart International Airport and Brisbane Airport. The fair value of each investment and CGU will exceed the invested capital.

Judgement is required in projecting future cash flows for the CGU and investments given the unprecedented volatility and uncertainty of the effects of COVID-19. The duration and impact of the limitations to operate as a result of COVID-19 is uncertain. The forecasts (with the exception of Groupe ADP) were prepared under the assumption of a recovery to 2019 passenger volumes within a three year planning horizon.

The investment in Hobart International Airport is fairly new as the initial acquisition took place in October 2019. The business case of the impairment analysis is based on key growth assumptions. It is currently assumed that Hobart will recover to the initial acquisition case by 2029. Change in developments can result in an adjustment of the assumptions used in the analysis which might result in an impairment of the investment. Management is timely reviewing the developments and possible impact on the business case.

The market share price of Groupe ADP is volatile as a result of the impact of COVID-19 on the business as a whole. Based on the share price as at 30 June 2020, no impairment was required on the investment. It should, however, be noted that a further decrease in the share price can lead to an impairment of the investment.

**Other information**

*Update on investments in associates and joint ventures:*

In June and October 2019, Royal Schiphol Group expanded its share in Brisbane Airport (BACH) by 0.89% to 19.61% and acquired a 35% share in Hobart International Airport (TGHC) respectively. At the end of December 2019, all information relating to the fair value of the assets and liabilities were not yet known and provisional amounts were recognised in terms of IFRS 3 *Business Combinations*.

Schiphol Group has received new information from Brisbane Airport and Hobart International Airport since the last annual reporting period and has assessed the impact thereof in terms of IFRS 3. It was noted that several balance sheet reclassifications occurred in comparison with the figures that were recognised in December 2019. The preliminary accounting period for Hobart International Airport remains open and will be

finalised in the last quarter of 2020. It was, however, assessed that there is no material impact on the reported figures as at 30 June 2020.

Additional acquisition costs of 6 million Australian dollars were incurred in 2020 to finalise the acquisition of Hobart International Airport. The total consideration paid for Royal Schiphol Group's 35% share in Hobart International Airport therefore amounts to 305 million Australian dollar (at 31 December 2019: 299 Australian dollars).

The Redeemable Preference Shares (RPS) held in Hobart International Airport were replaced with a mixture of interest-bearing and interest-free loan notes. It was assessed that there is no material impact on the reported half-year figures of 2020 as a result of the replacement.

*Groupe ADP agreement - update on extension:*

Since 2008, Royal Schiphol Group has had a long-term industrial cooperation and cross-participation with Groupe ADP. The agreement has an initial duration of 12 years and expires per 30 November 2020. Groupe ADP and Royal Schiphol Group are discussing a potential extension of the agreement.

*Acquisition of land:*

In March 2020, VolkerWessels and Schiphol Real Estate acquired approximately 90 hectares of land from the development company Chipshol. These lands are located to the south of Badhoevedorp/Schiphol-Northwest. The total area is split into an area south and an area north of motorway A9. The southern area is primarily a strategic reserve for infrastructure and ancillary aviation purposes. The area north of motorway A9 provides ample space for the development of commercial real estate. The commercial development will be performed in a joint venture with VolkerWessels. The deal was structured by acquiring several entities and qualifies as an asset acquisition.

*Settlement of claim Groenenberg terrein:*

In May 2020, Schiphol Real Estate settled the legal claim in respect of the construction freeze of the land known as the 'Groenenbergterrein'. This settlement was reached by acquiring the entity that holds the claims, Chip(s)hol III B.V. For this long standing claim, Schiphol already recognised a provision in the past; as a result of the settled legal claim, this provision was also released during the six-month period.

## Other notes

### Segment information

<b>HY 2020</b>	<b>Aviation</b>	<b>Consumer Products &amp; Services</b>	<b>Real Estate</b>	<b>Alliances &amp; Participations</b>	<b>Total</b>
(in thousands of euros)					
Airport charges	176,522	-	-	10,186	<b>186,708</b>
Concessions	4,102	32,661	230	2,059	<b>39,052</b>
Rent and leases	103	8,356	93,765	2,424	<b>104,649</b>
Parking fees	-	25,627	2,954	3,858	<b>32,439</b>
Other activities	9,978	14,192	3,953	48,429	<b>76,552</b>
<b>Total revenue</b>	<b>190,705</b>	<b>80,836</b>	<b>100,903</b>	<b>66,956</b>	<b>439,400</b>
Elimination of intercompany revenue	-600	-11,830	-4,349	-32,328	<b>-49,107</b>
<b>Revenue</b>	<b>190,105</b>	<b>69,006</b>	<b>96,554</b>	<b>34,628</b>	<b>390,293</b>
Other income and results from investment property	-	-	-33,901	-327	<b>-34,228</b>
Operating result	-236,582	15,097	10,406	-21,659	<b>-232,738</b>
Total assets	3,485,021	629,071	2,500,612	1,708,921	<b>8,323,625</b>

<b>HY 2019</b>	<b>Aviation</b>	<b>Consumer Products &amp; Services</b>	<b>Real Estate</b>	<b>Alliances &amp; Participations</b>	<b>Total</b>
(in thousands of euros)					
Airport charges	427,541	-	-	31,576	<b>459,117</b>
Concessions	7,598	86,822	571	5,164	<b>100,155</b>
Rent and leases	103	9,187	88,594	2,191	<b>100,076</b>
Parking fees	-	50,845	2,490	10,278	<b>63,613</b>
Other activities	20,168	16,106	2,649	48,741	<b>87,664</b>
<b>Total revenue</b>	<b>455,409</b>	<b>162,960</b>	<b>94,304</b>	<b>97,951</b>	<b>810,624</b>
Elimination of intercompany revenue	-1,322	-879	-13,896	-28,690	<b>-44,787</b>
<b>Revenue</b>	<b>454,087</b>	<b>162,081</b>	<b>80,408</b>	<b>69,261</b>	<b>765,837</b>
Other income and results from investment property	-	-	48,944	-	<b>48,944</b>
Operating result	-23,505	95,328	83,994	8,479	<b>164,296</b>
Total assets	2,967,345	471,642	2,392,862	1,440,786	<b>7,272,636</b>

## Aviation

(in thousands of euros)

	Aviation		Security		Total	
	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019
Airport charges	<b>115,196</b>	264,962	<b>61,326</b>	162,579	<b>176,522</b>	427,541
Concessions	<b>4,102</b>	7,598	-	-	<b>4,102</b>	7,598
Rent and leases	-	-	<b>103</b>	103	<b>103</b>	103
Other activities	<b>8,516</b>	16,496	<b>1,462</b>	3,672	<b>9,978</b>	20,168
<b>Total revenue</b>	<b>127,814</b>	<b>289,056</b>	<b>62,891</b>	<b>166,353</b>	<b>190,705</b>	<b>455,409</b>
Elimination of intercompany revenue	<b>-452</b>	-827	<b>-148</b>	-495	<b>-600</b>	-1,322
<b>Revenue</b>	<b>127,362</b>	<b>288,229</b>	<b>62,743</b>	<b>165,859</b>	<b>190,105</b>	<b>454,087</b>
Operating result	<b>-150,277</b>	-23,513	<b>-86,305</b>	8	<b>-236,582</b>	-23,505
Total assets	<b>3,041,781</b>	2,606,936	<b>443,240</b>	360,409	<b>3,485,021</b>	2,967,345

## Consumer Products & Services

(in thousands of euros)

	Concessions		Parking		Other		Total	
	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019
Concessions	<b>30,953</b>	83,346	<b>1,703</b>	3,476	<b>5</b>	-	<b>32,661</b>	86,822
Rent and leases	<b>8,111</b>	8,962	<b>245</b>	225	-	-	<b>8,356</b>	9,187
Parking fees	-	-	<b>25,627</b>	50,845	-	-	<b>25,627</b>	50,845
Other activities	<b>110</b>	-471	<b>580</b>	859	<b>13,502</b>	15,718	<b>14,192</b>	16,106
<b>Total revenue</b>	<b>39,174</b>	<b>91,837</b>	<b>28,155</b>	<b>55,405</b>	<b>13,507</b>	<b>15,718</b>	<b>80,836</b>	<b>162,960</b>
Elimination of intercompany revenue	<b>-10</b>	-65	<b>-764</b>	-784	<b>-11,056</b>	-31	<b>-11,830</b>	-879
<b>Revenue</b>	<b>39,164</b>	<b>91,772</b>	<b>27,391</b>	<b>54,622</b>	<b>2,451</b>	<b>15,687</b>	<b>69,006</b>	<b>162,081</b>
Operating result	<b>12,333</b>	65,302	<b>-1,969</b>	25,166	<b>4,733</b>	4,860	<b>15,097</b>	95,328
Total assets	<b>208,290</b>	203,204	<b>390,857</b>	247,828	<b>29,924</b>	20,610	<b>629,071</b>	471,642

## Real Estate

(in thousands of euros)

	Total	
	HY 2020	HY 2019
Concessions	230	571
Rent and leases	93,765	88,594
Parking fees	2,954	2,490
Other activities	3,953	2,649
<b>Total revenue</b>	<b>100,903</b>	<b>94,304</b>
Elimination of intercompany revenue	-4,349	-13,896
<b>Revenue</b>	<b>96,554</b>	<b>80,408</b>
Other income and results from investment property	-33,901	48,944
Operating result	10,406	83,994
Total assets	2,500,612	2,392,862

## Alliances & Participations

(in thousands of euros)

	International airports		Domestic airports		Other subsidiaries		Total	
	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019	HY 2020	HY 2019
Airport charges	-	-	10,186	31,576	-	-	10,186	31,576
Concessions	-	-	2,059	5,164	-	-	2,059	5,164
Rent and leases	-	-	2,424	2,191	-	-	2,424	2,191
Parking fees	-	-	3,858	10,278	-	-	3,858	10,278
Other activities	6,337	5,768	1,985	2,644	40,107 <sup>1</sup>	40,329	48,429	48,741
<b>Total revenue</b>	<b>6,337</b>	<b>5,768</b>	<b>20,512</b>	<b>51,854</b>	<b>40,107</b>	<b>40,329</b>	<b>66,956</b>	<b>97,951</b>
Elimination of intercompany revenue	-671	-2	-13,200	-714	-18,457	-27,974	-32,328	-28,690
<b>Revenue</b>	<b>5,666</b>	<b>5,765</b>	<b>7,313</b>	<b>51,140</b>	<b>21,650</b>	<b>12,355</b>	<b>34,628</b>	<b>69,261</b>
Fair value gains and losses on investment property	-	-	-327	-	-	-	-327	-
Operating result	2,641	3,034	-21,892	4,390	-2,408	1,055	-21,659	8,479
	1,266,27							
Total assets	2	1,052,050	349,340	308,030	93,309	80,707	1,708,921	1,440,786

1) The other activities includes revenues from Utilities (supply of gas, electricity and water) and telecommunication services.

## Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
<b>Carrying amount as at 31 December 2018</b>	<b>394,457</b>	<b>494,743</b>	<b>1,032,209</b>	<b>768,102</b>	<b>166,142</b>	<b>2,855,652</b>
IFRS 16 adjustment	-	-	3,638	-	1,903	<b>5,541</b>
<b>Carrying amount as at 1 January 2019</b>	<b>394,457</b>	<b>494,743</b>	<b>1,035,847</b>	<b>768,102</b>	<b>168,045</b>	<b>2,861,193</b>
<b>Movements in first half of 2019</b>						
Completions	8,045	7,362	30,766	98,109	16,345	<b>160,627</b>
Depreciation	-14,676	-6,754	-30,335	-53,169	-19,861	<b>-124,795</b>
Disposals	-	-	-76	-	-	<b>-76</b>
Reclassifications	5	-3,366	-6,507	58	-6,348	<b>-16,159</b>
Other	-	-	-	-	1,362	<b>1,362</b>
<b>Total movements</b>	<b>-6,626</b>	<b>-2,758</b>	<b>-6,152</b>	<b>44,998</b>	<b>-8,502</b>	<b>20,960</b>
<b>Carrying amount as at 30 June 2019</b>	<b>387,831</b>	<b>491,985</b>	<b>1,029,695</b>	<b>813,100</b>	<b>159,543</b>	<b>2,882,152</b>
<b>Movements in second half of 2019</b>						
Completions	71,993	43,082	89,388	118,920	57,914	<b>381,297</b>
Lease	-	-	-	-	7,757	<b>7,757</b>
Depreciation	-15,644	-8,149	-31,850	-60,255	-23,149	<b>-139,047</b>
Disposals	-	-1,065	-2,646	-1,138	-1,308	<b>-6,157</b>
Reclassifications	-1,281	1,585	-234	41	126	<b>238</b>
Sale	-	-	-779	-1,173	-	<b>-1,952</b>
Other	-	-10	-	61	-2,268	<b>-2,217</b>
<b>Total movements</b>	<b>55,069</b>	<b>35,443</b>	<b>53,879</b>	<b>56,455</b>	<b>39,073</b>	<b>239,920</b>
<b>Carrying amount as at 31 December 2019</b>	<b>442,900</b>	<b>527,428</b>	<b>1,083,574</b>	<b>869,555</b>	<b>198,616</b>	<b>3,122,072</b>
<b>Movements in first half of 2020</b>						
Completions	33,116	10,646	10,749	37,611	42,173	<b>134,295</b>
Depreciation	-16,346	-8,486	-32,519	-57,798	-23,811	<b>-138,960</b>
Disposals	-	-	-0	-	-	<b>-0</b>
Reclassifications	1,289	-	-1,080	-	-113	<b>96</b>
Other	-	-1,767	-	-	-1	<b>-1,768</b>
<b>Total movements</b>	<b>18,059</b>	<b>393</b>	<b>-22,850</b>	<b>-20,187</b>	<b>18,248</b>	<b>-6,337</b>
<b>Carrying amount as at 30 June 2020</b>	<b>460,959</b>	<b>527,821</b>	<b>1,060,724</b>	<b>849,368</b>	<b>216,864</b>	<b>3,115,735</b>

## Assets under construction or development

(in thousands of euros)

Assets under construction  
for operating activities

<b>Carrying amount as at 1 January 2019</b>	<b>700,043</b>
<b>Movements in first half of 2019</b>	
Capital expenditure	286,974
Construction period borrowing cost capitalised	3,069
Completed assets	-158,980
Reclassifications	54,640
<b>Total movements</b>	<b>185,703</b>
<b>Carrying amount as at 30 June 2019</b>	<b>885,746</b>
<b>Movements in second half of 2019</b>	
Capital expenditure	471,571
Construction period borrowing cost capitalised	3,831
Completed assets	-382,944
Reclassifications	530
Other	-
<b>Total movements</b>	<b>92,988</b>
<b>Carrying amount as at 31 December 2019</b>	<b>978,734</b>
<b>Movements in first half of 2020</b>	
Capital expenditure	383,974
Construction period borrowing cost capitalised	4,825
Completed assets	-134,295
Reclassifications	-
Other	10
<b>Total movements</b>	<b>254,514</b>
<b>Carrying amount as at 30 June 2020</b>	<b>1,233,248</b>

## Investment property

(in thousands of euros)	Buildings	Sites	Assets under construction	Total
<b>Carrying amount as at 1 January 2019</b>	<b>1,097,612</b>	<b>436,104</b>	<b>108,569</b>	<b>1,642,285</b>
<b>Movements in first half of 2019</b>				
Capital expenditure	-	-	24,049	<b>24,049</b>
Construction period borrowing cost capitalised	-	-	192	<b>192</b>
Completions	11,632	-	-12,124	<b>-492</b>
Fair value gains and losses	32,665	11,054	4,414	<b>48,133</b>
Reclassifications	-40,197	1,713	-	<b>-38,484</b>
<b>Total movements</b>	<b>4,100</b>	<b>12,767</b>	<b>16,531</b>	<b>33,398</b>
<b>Carrying amount as at 30 June 2019</b>	<b>1,101,712</b>	<b>448,871</b>	<b>125,100</b>	<b>1,675,683</b>
<b>Movements in second half of 2019</b>				
Capital expenditure	-	-	15,612	<b>15,612</b>
Construction period borrowing cost capitalised	-	-	129	<b>129</b>
Completions	61,730	-	-61,238	<b>492</b>
Fair value gains and losses	36,680	11,603	17,985	<b>66,268</b>
Impairments	-	-	700	<b>700</b>
Reclassifications	-6,350	-5,361	10,946	<b>-765</b>
Other	-8	-	-	<b>-8</b>
<b>Total movements</b>	<b>92,053</b>	<b>6,242</b>	<b>-15,867</b>	<b>82,428</b>
<b>Carrying amount as at 31 December 2019</b>	<b>1,193,765</b>	<b>455,113</b>	<b>109,233</b>	<b>1,758,111</b>
<b>Movements in first half of 2020</b>				
Capital expenditure	-	-	10,742	<b>10,742</b>
Construction period borrowing cost capitalised	-	-	6	<b>6</b>
Completions	2,611	7,049	-9,660	<b>-0</b>
Fair value gains and losses	-27,621	-8,882	2,067	<b>-34,436</b>
Reclassifications	10	1,767	-10	<b>1,767</b>
<b>Total movements</b>	<b>-25,000</b>	<b>-66</b>	<b>3,145</b>	<b>-21,921</b>
<b>Carrying amount as at 30 June 2020</b>	<b>1,168,765</b>	<b>455,047</b>	<b>112,378</b>	<b>1,736,190</b>

## Borrowings

The movements in borrowings during the six-month period were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings <= 1 year	Total
<b>Carrying amount as at 1 January 2019</b>	<b>2,366,235</b>	<b>200,655</b>	<b>2,566,890</b>
<b>Movements in 2019</b>			
New borrowings	299,287	100,000	<b>399,287</b>
Fair value movement	4,500	-	<b>4,500</b>
Transferred to current liabilities	-69,089	69,089	-
Repayments	-	-211,000	<b>-211,000</b>
Exchange differences	8,650	-	<b>8,650</b>
Other movements	-	4,136	<b>4,136</b>
<b>Total movements in the year</b>	<b>243,347</b>	<b>-37,775</b>	<b>205,572</b>
<b>Carrying amount as at 31 December 2019</b>	<b>2,609,582</b>	<b>162,880</b>	<b>2,772,462</b>
<b>Movements in 2020</b>			
New borrowings	995,099	350,000	<b>1,345,099</b>
Fair value movement	-	-	-
Transferred to current liabilities	-437,121	437,121	-
Repayments	-	-506,595	<b>-506,595</b>
Exchange differences	-3,430	-1	<b>-3,431</b>
Other movements	2,177	-	<b>2,177</b>
<b>Total movements in the year</b>	<b>556,725</b>	<b>280,525</b>	<b>837,250</b>
<b>Carrying amount as at 30 June 2020</b>	<b>3,166,307</b>	<b>443,405</b>	<b>3,609,712</b>

Green bonds to the value of 750 million euros under the Euro Medium Term Note (EMTN) programme were issued in April 2020. The senior unsecured bonds are due on 6 April 2029 and carry an annual coupon of 2.0%.

As at 30 June 2020, bonds under the programme totalled 2,681 million euros (31 December 2019: 1,936 million euros), of which 1,250 million euros (31 December 2019: 500 million euros) specifically relate to green bonds. Schiphol Group can raise funds up to 4 billion euros under the EMTN programme, provided that the prospectus is updated annually. The prospectus was updated in May 2020.

Schiphol Group has a number of facility agreements with the European Investment Bank; facilities to the amount of 95 million euros were drawn during the six month period ending 30 June 2020 with a maturity of eight years.

Schiphol Group furthermore has facility agreements with KfW IPEX-Bank to the amount of 290 million euros. Schiphol Group entered into new loan facilities under these agreements during the first half of 2020 to the amount of 142.5 million euros, maturing in 2028. 47.5 million euros are undrawn as at 30 June 2020.

The following borrowings were repaid during the six month period: Euro-Commercial Paper (ECP) programme of 50 million euros, SMBC short term loan facility of 50 million euros, Stena loan of 52.5 million euros and parts of the other borrowings.

In addition to the above facilities, Schiphol Group has access to committed undrawn bank facilities of 1,023 million euros. The undrawn facilities include two new facilities entered into in 2020. A 100 million euros committed facility with BNP Paribas was entered into during the first half of 2020. Schiphol Group also entered into a 300 million euros committed facility with ABN Amro, ING and Rabobank. These new facilities were entered into for an 18 month period and will end in the last quarter of 2021.

The remaining terms of the borrowings as at 30 June 2020 are as follows:

(in thousands of euros)	Total	> 1 year and			
		<= 1 year	> 1 year	<= 5 years	> 5 years
EMTN programme	<b>2,680,513</b>	435,456	2,245,057	473,409	1,771,648
European Investment Bank	<b>648,500</b>	-	648,500	370,000	278,500
KfW IPEX-Bank	<b>242,347</b>	-	242,347	99,847	142,500
Namensschuldverschreibung	<b>24,878</b>	-	24,878	24,878	-
Other borrowings	<b>13,474</b>	7,949	5,525	5,525	-
<b>Total borrowings</b>	<b>3,609,712</b>	<b>443,405</b>	<b>3,166,307</b>	<b>973,659</b>	<b>2,192,648</b>

**Events after the balance sheet date**

There are no events after the balance sheet date.

Schiphol, 28 August 2020

For the 2020 interim financial statements:

*Management Board*

D.A. Benschop, President and Chief Executive Officer

J.T.M. van der Meijs, Chief Financial Officer

B.I. Otto, Chief Operations Officer

H.L. Buis, Chief Projects & Assets Officer

*Supervisory Board*

L.J. Gunning-Schepers, Chair

J.G. Wijn, Vice-Chair

E. Arkwright

S.G. Brummelhuis

D. Collier

R.J. van de Kraats

A.B.M. Olsson

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To: the Supervisory Board and Management Board of Royal Schiphol Group N.V.

### **Our conclusion**

We have reviewed the accompanying 2020 condensed consolidated interim financial statements of Royal Schiphol Group N.V. (or hereafter: the "Company") based in Schiphol, as set out on pages 14 to 36 of the 2020 Interim Results Royal Schiphol Group. Based on our review, nothing has come to our attention that causes us to believe that the 2020 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The 2020 condensed consolidated interim financial statements comprise:

- the consolidated statement of financial position as at 30 June 2020;
- the following statements for the first half of 2020: the condensed consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

### **Basis for our conclusion**

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of Royal Schiphol Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

### **The impact of uncertainties due to the COVID-19 on our review**

As disclosed in the 2020 condensed consolidated interim financial statements, COVID-19 affects the Company and results in certain uncertainties for the future financial position and performance

of the Company. Uncertainties related to the potential effects of COVID-19 are relevant to understanding our review of the 2020 condensed consolidated interim financial statements. All reviews assess and challenge the reasonableness of estimates made by companies, the related disclosures and the appropriateness of the going concern assumption of financial information. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the Company's future prospects and performance. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report its effects are subject to significant levels of uncertainty. We have evaluated the situation and uncertainties as described in the aforementioned disclosure and nothing causes us to believe that the disclosure is not adequate. However, a review cannot predict and incorporate all unknown factors or all possible future implications and this is particularly the case in relation to COVID-19.

### **Responsibilities of the Management Board and the Supervisory Board for the 2020 condensed consolidated interim financial statements**

The Management Board is responsible for the preparation and presentation of the 2020 condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of 2020 condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### **Our responsibilities for the review of 2020 condensed consolidated interim financial statements**

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the 2020 condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;

- Obtaining an understanding in the internal control, as it relates to the preparation of the 2020 condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the 2020 condensed consolidated interim financial statements ;
- Obtaining assurance evidence that the 2020 condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the 2020 condensed consolidated interim financial statements; and
- Considering whether the 2020 condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

The Hague, 27 August 2020

KPMG Accountants N.V.

R.R.J. Smeets RA