SITA N.V.

Annual Report and Consolidated Financial Statements

December 31, 2020

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MANAGEMENT BOARD REPORT

(In accordance with Section 2:391 of the Dutch Civil Code)

The Management Board present their report for the year ended December 31, 2020.

SITA N.V., registered number 34123203 at the Chamber of Commerce in the Netherlands, having its official seat at ILSY-plantsoen 1, 2497 GA Den Haag, The Netherlands, and its subsidiaries (collectively the "N.V. Group" or "SITA N.V." or the "Company") was established in order to provide integrated information, infrastructure and telecommunication services at airports, at borders and for aircrafts worldwide. The Company was incorporated in The Netherlands in October 1999 by Société Internationale de Télécommunications Aéronautiques, SC ("SITA SC"), a cooperative registered in Belgium. SITA SC is the ultimate beneficial owner of the SITA Group.

Overview

- Total revenue: US$ 1.009 billion, down 29.5 % (2019: US$ 1.431 billion)
- Gross profit: US$ 150.4 million, down 53.0 % (2019: US$ 319.4 million)
- Net loss: US$ 69.1 million, down by US$ 158.9 million (2019: net profit of US$ 89.8 million)

Revenues

Over the year 2020, the impacts of the COVID-19 pandemic on the air transport industry evolved from a short-term slump to a longer-term crisis. This is evidenced by the succession of worsening annual projections from IATA, changing from an initial 24% reduction in passengers boarded in March 2020 to a 60% decrease at the end of the year. Based on SITA's figures, at week 52, year-on-year global air traffic growth stood at -44%.

As we close 2020, the coronavirus crisis continues to reshape the air transport industry, testing the financial strength of major actors and pushing airlines, airports and governments to adopt new health control measures, while focusing even more on cost effectiveness and business efficiency.

The N.V. Group management began developing scenarios and contingency plans as the pandemic expanded internationally. As the second quarter of 2020 started, SITA put in place a dedicated task force to continuously monitor the evolution of the health crisis and mitigate its impacts on revenues, margins and cash.

Aligned with revised projections, the N.V. Group reported revenues of US$ 1.009 billion, down 29.5 % compared to 2019 revenues (US$ 1.431 billion), a better performance compared to key industry indicators. The pandemic affected all the geographies in which SITA is operating, with revenue impact from -16% in the Americas to -35% in Middle East, India and Africa.

From the perspective of revenue mix, the pandemic impacted revenues from both our connectivity-led and our application-led portfolio. SITA's connectivity-led business represented 47% of our revenue in 2020 (compared to 46% in 2019), while decreasing overall by 22%. Meanwhile, our application-led business decreased by 25%.

As a strategic partner of the air transport industry, the N.V. Group supported its customers to help them weather the storm by contributing to their new priorities: safety and health as well as cost and business efficiency. SITA delivered 43 projects to customers across the globe in the first three months of lock down (March to May 2020) and developed solutions tailored to the new needs of the industry (for example, touchless passenger and baggage processing, Health Electronic Travel Authorization, and remote airport operations). These will help airports and airlines to safely resume their flights.

Result for the year

Facing limited trading conditions in 2020, due to the collapse of the industry, the N.V. Group reported a loss before tax of US$ 43.6 million (2019: a profit before tax of US$ 138.3 million), down by US$ 181.9 million compared to 2019.

Contingency plans designed in April 2020 at the onset of the crisis, and their successful implementation throughout the year, have allowed the N.V. Group to mitigate the effect of the coronavirus pandemic on our performance.

Specifically, cost containment plans were implemented early on, including a tactical review of all external spending and exceptional workforce measures such as partial unemployment, paid and unpaid leave plan and salary/bonus reductions for the executive and management teams. Other expenses such as travel, premises and marketing costs also contributed to the cost reduction.

The duration and magnitude of the coronavirus outbreak required the N.V. Group to implement other structural measures to reshape its organization through workforce reduction (including employees, consultants and contractors) in line with levels of activity. For 2020, the N.V. Group incurred US$ 28 million restructuring costs (US$ 26 million in 2019).

As the COVID-19 pandemic continued to deplete travel volumes across the world, SITA management carried out an in-depth review of its portfolio and its relevance to the market. Given the current economic outlook, this led to the recognition of losses related to the impairment of our SITA at Airports & Borders goodwill and assets (US$ 24.0 million).

In addition, faced with higher solvency risks from its customers, the N.V. Group recognized an additional US$ 14.7 million provision to cover for expected credit losses as several customers filed for bankruptcy or Chapter 11 protection.

The result was however positively impacted by one-time favorable items resulting from successful negotiations with our partners reducing the expected loss from the wind-down of our Passenger Services activity (US$ 14.8 million positive impact from provision releases).

Cash and Capital Expenditure

By end 2020, the N.V. Group's liquidity position was a cash balance of US$ 378.2 million, down US$ 41.0 million from the start of the year (2019: US$ 419.2 million).

Throughout 2020, the N.V. Group has focused on maintaining a strong liquidity position in the face of adverse circumstances. Most notably, SITA engaged with banking partners to secure and extend the N.V. Group's credit facilities, increasing its facilities with certain partners while other partnerships ended (total credit lines available to the N.V. Group represented US$ 345 million). None of these credit facilities were used over the course of 2020. The N.V. Group also benefited from Government loans in Spain and Switzerland for US$ 3.9 million. As of end 2020, SITA has no other bank debts.

In line with the activity reduction, the N.V. Group generated operating cash flows of US$ 25.7 million (2019: US$ 148.0 million).

SITA experienced a higher level of activity and billings in the last two months of 2019, which positively impacted its working capital when collected in early 2020. The N.V. Group also benefited from US$ 10.2 million tax refunds as well as lower level of corporate income taxes.

Net cash used in investing activities amounted to US$ 58.3 million (2019: US$ 122.7 million).

As the health crisis reshapes the needs of the air transport industry, SITA continues to strengthen its existing business to better respond to the industry's new expectations of a safe and frictionless journey for passengers, by deploying next generation platforms for future operations and transforming our portfolio. During the year, the N.V. Group prioritized its investments as part of the effort to conserve cash but we continued investments in intangible and tangible assets through strategic programs and revenue-generating projects. This amounted to US$ 87.8 million, 8.7% of our revenues (2019: US$ 107.2 million, 7.5% of our revenues).

During 2020, the N.V. Group reported US$ 72.2 million (2019: US$ 82.4 million) for research and development costs, relating to the design and testing of new or improved products. US$ 46.8 million of these were capitalized (2019: US$ 54.7 million). Despite the adverse conditions, SITA continued to focus on innovation with an additional 67 patents registered in 2020, leading to a total number of patents of 368 held by the Group (2019: 301 patents).

The N.V. Group's cash position was also supported by the realization of US$ 20.0 million exceptional sale on long-held non-strategic assets.

Balance Sheet

The N.V. Group equity decreased by US$ 45.0 million to US$ 515.8 million, benefiting from an US$ 18 million share premium reimbursement from its parent company, SITA SC.

Total assets amounted to US$ 1,209 million, a decrease of US$ 178.7 million compared to 2019, as our trade and receivables were impacted by the lower volume of activity and the increased provisions taken to reflect expected credit loss from our customers. The assets were also impacted by the decision to impair the US$ 12.2 million goodwill related to the 2010 acquisition of WorkBridge as well as the US$ 11.8 million impairment of our SITA at Airports & Borders assets. Given the current economic outlook for the industry, the benefits expected from these assets were deemed insufficient to guarantee the full recovery of SITA investment.

Excluding these impacts, intangible assets remained stable, as our continued investments in the development of innovative products and services compensated for the depreciation of assets previously capitalized.

Similarly, liabilities decreased by US$ 133.7 million. A large part of the decrease was linked to reduced trade and employee payables in line with our reduced activity and the different measures taken to contain personnel costs (including paid and unpaid leave, bonus reviews and staff reduction).

The current ratio - current assets/current liabilities - amounts to 1.57 (2019: 1.55).

Risk Management

At SITA, risks are part of our day-to-day business: we always need to identify and control these risks. To address this need, the N.V. Group applies actions, procedures and guidelines that cover one or more risk areas. Examples include entity level controls such as internal policies and procedures, but also defined organizational structures with appropriate delegation of authority, clear reporting guidelines and systems.

SITA has also implemented an Enterprise Risk Management framework. This is a key management tool for business decisions and one of the critical inputs for the elaboration of yearly Internal Audit Plans. This Enterprise Risk Management framework is designed to identify and assess risks that may impact strategic and business objectives, including the development, implementation and operational effectiveness monitoring of appropriate risk strategy and responses. The framework is fully integrated in SITA governance: it is updated and discussed quarterly at N.V. Group management level to assess the evolution of SITA's risk environment in relation to the risk responses operated.

This year, in particular, as the COVID-19 pandemic tested SITA's financial and operational resilience, the Enterprise Risk Management framework supported a rapid identification of the main areas at risk and allowed Group management to review the effectiveness of mitigation plans implemented in response.

This process continuously drives the implementation of additional risk mitigations that may be required due to evolving internal and/or external environment and factors. Although the risks related to the pandemic for the enterprise were the main focus for this year, technology and cyber security related risks are innately part of the Enterprise Risk Management scope. They remain a key point of attention for Risk Management and SITA's Group management.

Aside from the Enterprise Risk Management framework, SITA also has policies for the specific financial risks that are related to the nature of its business.

In compliance with the Financial Risk Management Policy, foreign exchange risk is managed through utilization of currency options, forwards and swaps to hedge future transactions in addition to natural hedging of cash flows in different currencies.

In terms of Financial Risks, SITA is also exposed to credit risk through its holdings in investment securities, trade receivables, cash and cash equivalents and currency derivatives.

The N.V. Group manages this risk by requiring minimum credit quality of financial instruments. Risks linked to the credit worthiness of the customer base are managed through the continuous assessment of the financial strength of new and existing customers (credit checks) and the use of the IATA Clearing House.

Additionally, SITA's business is spread over a large number of customers in geographies across the world. SITA management ensures that no customer's net exposure exceeds five percent of the total trade receivables at any time. Credit worthiness is assessed on a regular basis for all customers in the portfolio on the basis of internal credit rating. Strong financial control procedures allow the N.V. Group to rapidly identify potential delivery or payment issues and take adequate mitigating actions.

Liquidity risk is managed through the maintenance of adequate cash reserves: banking facilities and reserve borrowing facilities. We monitor cash flows (forecast and actual), expected maturities of financial assets and liabilities and the credit worthiness of counterparts for financial arrangements.

Finally, the N.V. Group delivers services all over the world, including countries with continuous geopolitical tensions. This factor combined with increasing compliance requirements require a strong risk management and internal control environment from the approval of new contractual agreements until final delivery and customer payment.

Details on financial risk management are included in the financial statements under Note 25.

Corporate Social Responsibility

Through Corporate Social Responsibility (CSR), SITA is committed to creating a sustainable future for its employees, business, communities and the air transport industry. That commitment includes our Planet+ ambition to be a certified carbon neutral company by 2022.

SITA's CSR focus areas include:

- Environmental action: SITA has programs to measure, reduce and offset its environmental impact around the world. Environmental data is collected at 25 sites, where 81% of our office-based staff work.

From 2011 to 2019, we have reduced emissions from our operations by 41.3% and achieved a 33% reduction in energy intensity. Today, 7 SITA sites are ISO14001:2015 certified and 6 sites use 100% green energy.

- Community engagement: We support communities around the world through multiple CSR programs, local community activities and charity support, through volunteer days for SITA employees. Our education programs in Africa and India create opportunities for students in universities and schools, including the creation of over 80 new computer labs.
- Responsible business practices: SITA's business is guided by core principles and practices, and a code of conduct to ensure we remain a responsible business, everywhere we operate. This is managed through multiple policies, standards, governance, employee training and communications
- Aviation Sustainability: We are committed to delivering products and solutions that support sustainable aviation and collaborating with the industry on sustainable aviation initiatives. Our solutions can help airlines and airports to reduce fuel burn and associated emissions, with more sustainable flying. In 2020, this included a partnership with Safety Line to introduce solutions for efficient flight planning using less fuel. This included the launch of eWAS Pilot to alleviate flight disruption costs, enabling fuel savings.

Personnel & Diversity

The N.V. Group employs over 4,700 people representing 140 nationalities worldwide, who ultimately put into practice the N.V. Group's business strategy. From the very early start of the COVID-19 pandemic, SITA made health and safety a top priority for employees, whether located in a SITA office or in airports. Employees usually working in an office have been provided with necessary hardware and software, guidelines and support to work from home, while employees in airports were provided with protective equipment well before any local legislation came into force.

More than ever, given the transformational impact of the pandemic on the air transport industry, SITA's objective with regard to personnel is to ensure our people always have the right skillset. Ambitious learning and career focus targets have been set for staff to foster their continuous development.

As a result, the number of staff occupied in the professions identified as key for SITA has remained comparable to last year at 39.2% of all personnel (40.1% in 2019).

Diversity has always been a key value for the N.V. Group. As an Equal Employment Opportunity (EEO) Employer, we do not discriminate, and we drive diversity across our teams. Currently, women represent 33% of the members of the Management Board of the Company.

Outlook for 2021

COVID-19 generated significant downturn for the air transport industry in 2020, testing the financial resistance of many actors in the market and reshaping the competitive landscape. In 2021, however, we are seeing strong indications that this year will mark the start of the market recovery. This is despite remaining uncertainties about vaccine availability and the continued impact of the pandemic, with ensuing lockdowns of the global economy.

In 2020, SITA's Management Team focused on consolidating the financial position of the N.V. Group through cost savings and cash conservation initiatives. The team also conducted a strategic review of our portfolio of products while investing to provide innovative solutions to address the new challenges faced by the industry. As a result, the N.V. Group is strongly positioned to benefit from the recovery anticipated to start in 2021, although full return to pre-pandemic 2019 performance is not expected before 2023.

In 2021, the N.V. Group will continue its effort to streamline its processes and reduce costs while pursuing its transformation.

The SimplySITA program aims to simplify SITA's structure and reinforce SITA's position as a sustainable provider of connected IT products and services to the air transport industry, while meeting evolving market demands and the challenges of global compliance requirements. After completion, all our activities will be run in a single, robust business structure allowing SITA to fully embrace its potential with increased agility and efficiency.

Despite the dramatic impact of the COVID-19 pandemic on the industry, SITA has retained a strong position in the market and developed its leadership and expertise in key areas, such as low-touch and contactless passenger processing and border technology. This will support SITA's ambition to remain a strategic partner for stakeholders at airports, at borders and for aircrafts.

Building on our 2020 achievements, SITA's Management Team will focus its effort in 2021 on four main areas: caring for our people, remaining a trusted air transport industry partner, building a sustainable SITA, and gaining profitable market share.

Looking to the future, SITA's Management Team is also focused on strengthening the N.V. Group's position for 2022 and beyond, reviewing partnerships and evaluating the potential of adjacent markets, where customers may have similar needs and expectations as the air transport industry.

Post balance sheet events

In February 2021, SITA, through its subsidiary SITA Passenger Service System (US) Inc. was the victim of a cyber-attack, leading to a data security incident involving certain passenger data that was stored on SITA PSS (Passenger Service System) servers.

After confirmation of the seriousness of the data security incident on 24 February, SITA took immediate action to contact affected PSS customers and all related organizations.

We recognize that the COVID-19 pandemic has raised concerns about security threats and personal data being stolen and, at the same time, cyber-criminals have become more sophisticated and active. This was a highly sophisticated attack. SITA acted swiftly and initiated targeted containment measures. The matter remains under continued investigation by SITA's Security Incident Response Team with the support of external experts in cyber-security.

At this stage, the Company is still assessing the scope of this incident and reviewing with its stakeholders the potential impact.

We take the safety and security of our customers' information very seriously, and we are taking all necessary measures to remediate and mitigate any impact to customers who have been affected by this incident.

Name: SITA MANCO B.V. Title: Director A Name: Barbara M. Ploux Dalibard Title Director	Name: SITA MANCO B.V. Title: Director A Name: Nicolas E. Husson Title Director	Name: Jeroen Van Brussel Title: Director B

Den Haag, 5 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue	3	**1.008.610**	**1.431.163**
Cost of sales		(858.237)	(1.111.768)
Gross profit/(loss)		**150.373**	**319.395**
Selling and marketing expenses[1]		(77.046)	(89.485)
General and administrative expenses[1]		(63.958)	(76.169)
Other income and expenses	5	(50.943)	(10.090)
Operating profit/(loss)		**(41.574)**	**143.651**
Financial income	6	7.059	7.305
Financial expense	6	(9.051)	(12.662)
Profit/(loss) before tax		**(43.566)**	**138.294**
Income tax expense	7	(25.575)	(48.515)
Net profit/(loss) for the year		**(69.141)**	**89.779**
Net profit/(loss) attributable to:			
Equity holders of the Company		(63.555)	88.002
Non-controlling interests		(5.586)	1.777

[1] expenses are mainly related to employee benefits (see Note 4 and Note 19) and depreciations (see Note 9, Note 10 and Note 24)

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
Net profit/(loss) for the year		**(69.141)**	**89.779**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of Defined Benefit Plans	19	(3.145)	(14.696)
Income tax effect		1.147	2.560
Remeasurements of Defined Benefit Plans net of taxes		**(1.998)**	**(12.136)**
Changes in fair value of investments	12	(190)	-
Income tax effect		-	-
Changes in fair value of investments net of taxes		**(190)**	**-**
Items that may be reclassified to profit and loss			
Changes in fair value of cash flow hedges	18	3.304	5.852
Income tax effect		(826)	(1.463)
Changes in fair value of cash flow hedges net of taxes		**2.478**	**4.389**
Exchange differences on translation of foreign operations	18	6.686	(2.323)
Other comprehensive income for the year, net of tax		**6.976**	**(10.070)**
Total comprehensive income/(loss) for the year, net of tax		**(62.165)**	**79.709**
Attributable to:			
Equity holders of the Company		(59.013)	78.975
Non-controlling interests		(3.152)	734

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

ASSETS	Note	December 31, 2020	December 31, 2019
Non-current assets			
Intangible assets	9	165.074	177.869
Goodwill	8	63.866	72.239
Property, plant and equipment	10	97.268	98.185
Right-of-use assets	24	38.676	52.787
Contract assets	11	34.380	45.494
Other financial assets	12	4.723	4.950
Pension assets	19	22.203	15.811
Deferred tax assets	13	40.747	33.237
		466.937	**500.572**
Current assets			
Contract assets	11	40.174	52.537
Inventories	14	9.176	14.199
Trade and other receivables	15	295.856	380.738
Derivative financial instruments	16	5.639	2.432
Income tax receivables	7	13.434	18.427
Cash and cash equivalents	17	378.216	419.228
		742.495	**887.561**
TOTAL ASSETS		**1.209.432**	**1.388.133**

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

EQUITY AND LIABILITIES	Note	December 31, 2020	December 31, 2019
Equity	18		
Issued capital		20.477	18.642
Share premium		307.553	289.144
Reserves		167.196	228.023
Non-controlling interests		20.617	24.986
Total equity		**515.843**	**560.795**
Non-current liabilities			
Pensions and end of service provisions	19	88.216	77.266
Deferred tax liabilities	13	9.646	9.950
Contract liabilities	11	38.031	31.305
Loan payables	23	4.137	-
Other liabilities	21	15.064	17.536
Provisions	20	35.571	75.885
Lease liabilities	24	30.134	42.387
		220.799	**254.329**
Current liabilities			
Contract liabilities	11	54.265	81.819
Trade and other payables	22	214.777	318.074
Loan payables	23	2.624	-
Income tax payables	7	105.244	93.658
Provisions	20	77.201	63.507
Lease liabilities	24	18.662	15.836
Derivative financial instruments	16	17	115
		472.790	**573.009**
TOTAL EQUITY AND LIABILITIES		**1.209.432**	**1.388.133**

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

	Issued capital	Share Premium	Other Legal Reserves	Hedging reserve	Revaluation reserves	Reserves	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at December 31, 2018	**19.054**	**289.144**	**4.674**	**(2.651)**	**(22.881)**	**169.284**	**456.624**	**25.748**	**482.372**
Net profit for the year	-	-	-	-	-	88.002	**88.002**	1.777	**89.779**
Other comprehensive income	-	-	-	4.389	(13.416)	-	**(9.027)**	(1.043)	**(10.070)**
Total Comprehensive income	-	-	-	4.389	(13.416)	88.002	**78.975**	734	**79.709**
Transfer of reserves	-	-	(360)	-	-	360	**-**	-	**-**
Translation of capital	(412)	-	-	-	-	412	**-**	-	**-**
Dividend paid to non-controlling interest	-	-	-	-	-	-	**-**	(1.710)	**(1.710)**
Other	-	-	-	-	-	210	**210**	214	**424**
Balance at December 31, 2019	**18.642**	**289.144**	**4.314**	**1.738**	**(36.297)**	**258.268**	**535.809**	**24.986**	**560.795**
Net profit/(loss) for the year	-	-	-	-	-	(63.555)	**(63.555)**	(5.586)	**(69.141)**
Other comprehensive income	-	-	-	2.478	2.064	-	**4.542**	2.434	**6.976**
Total Comprehensive income/(loss)	-	-	-	2.478	2.064	(63.555)	**(59.013)**	(3.152)	**(62.165)**
Transfer of reserves	-	-	(1.061)	-	-	1.061	-	-	-
Translation of capital	1.835	-	-	-	-	(1.835)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(1.217)	(1.217)
Other	-	18.409	-	-	(5)	26	18.430	-	18.430
Balance at December 31, 2020	**20.477**	**307.553**	**3.253**	**4.216**	**(34.238)**	**193.965**	**495.226**	**20.617**	**515.843**

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

	Note	December 31, 2020	December 31, 2019
Cash flow from operating activities			
Net profit/(loss) for the period		**(69.141)**	**89.779**
Adjustments for non cash items		151.137	131.674
Operating cash flows before movements in working capital		**81.996**	**221.453**
(Increase)/decrease in inventories	14	5.023	7.017
(Increase)/decrease in trade & other receivables, net of non-cash items		91.191	(34.771)
Increase/(decrease) in trade & other payables, net of non-cash items		(133.764)	10.652
Net cash from operations		**44.446**	**204.351**
Interest paid	6	(1.923)	(2.686)
Income taxes paid		(16.802)	(53.639)
Net cash from operating activities		**25.721**	**148.026**
Cash flow from investing activities			
Interest received	6	9.295	5.249
Purchase of tangible assets	10	(33.230)	(45.360)
Purchase of intangible assets	9	(54.530)	(61.837)
Proceeds from disposal of tangible and intangible assets		20.021	-
Other proceeds		1.853	-
Acquisition of subsidiaries and associates	26	(1.706)	(20.716)
Net cash used in investing activities		**(58.297)**	**(122.664)**
Cash flow from financing activities			
Dividend paid to non-controlling interests		(1.213)	(2.084)
Increase/ (Decrease) in loan payables	23	6.761	-
Increase/(decrease) in lease liabilities	24	(17.080)	(17.058)
Net cash (used in)/provided by financing activities		**(11.532)**	**(19.142)**
Net increase/(decrease) in cash and cash equivalents		**(44.108)**	**6.220**
Translation differences on cash and cash equivalents		3.096	(835)
Net movement in cash and cash equivalents		**(41.012)**	**5.385**
Cash and cash equivalents beginning of the year		419.228	413.843
Cash and cash equivalents end of the year		378.216	419.228
		(41.012)	**5.385**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expressed in US$ ‘000, except where otherwise stated.

1. GENERAL INFORMATION & SIGNIFICANT EVENTS

Business activities and background

SITA N.V., registered number 34123203 at the Chamber of Commerce in the Netherlands, having its official seat at ILSY-plantsoen 1, 2497 GA Den Haag, The Netherlands, and its subsidiaries (collectively the “N.V. Group” or “SITA N.V.” or the “Company”) was established in order to provide integrated information, infrastructure and telecommunication services for Airports, at Borders and for Aircrafts. The Company was incorporated in The Netherlands in October 1999 by Société Internationale de Télécommunications Aéronautiques, SC (“SITA SC”), a cooperative registered in Belgium. SITA SC is the ultimate beneficial owner of the SITA Group.

The number of shares issued by SITA N.V. to SITA SC represented 45.23% of its total share capital (40.31% held directly and 4.92% held indirectly). The number of shares to be issued was established by taking into account a valuation of SITA N.V. performed by an independent third party at that time.

The non-controlling interest referred to on the face of the Statement of Financial Position mainly consists of 49% shareholding of Champ Cargosystems and 30% shareholding of SITA Airport IT GmbH.

COVID-19 crisis and impact on SITA business

The COVID-19 pandemic has had significant impact on the Air Transport Industry, resulting in material consequences for the N.V. Group in terms of revenue, margin and cash.

The principal impacts identified are the following:

Business impact

The N.V. Group faced a significant drop in business volumes with a 2020 revenue decreasing by 29.5% to US$ 1.0 billion. The adverse impact of this decrease was partially compensated by immediate cost savings measures. As the recovery for the industry is slower than initially expected, the N.V. Group also implemented longer-term measures, looking to replace one-off savings by sustainable savings and reviewing its strategic positioning.

N.V. Group Transformation Program “EVOLVE”

To face the “new normal” of the ATI, the N.V. Group reshaped its transformation program “EVOLVE” around 4 pillars:

- Summarizing our beliefs: The N.V. Group has analyzed the evolution of the Air Transport Industry and of our customers’ needs to identify where we need to invest, given our current market position and our strengths.
- Portfolio relevance: The N.V. Group has reviewed the profile of each product included in our portfolio, looking to simplify our portfolio and identify the products where we need to invest to grow profitably.
- Lean and cost-effective SITA: Under this pillar, the N.V. Group has pursued short-term and medium-term cost efficiency measures addressing both variable costs and fixed costs.
- Prepare for 2022 and beyond: Through the SimplySITA project, the N.V. Group is simplifying its legal structure.

Group liquidity & going concern

Throughout 2020, the N.V. Group has focused on maintaining a strong liquidity position. In a context where the ATI industry faced degradation by 2 notches, negatively impacting the cost of short-term credit facilities and our ability to renew or extend them, SITA managed to secure US$ 345 million of credit facilities for 2021 with an average remaining maturity of 15 months at end December 2020.

In 2020, the N.V. Group also benefited from 2 Government loans for US$ 3.9 million in Switzerland and Spain.

With a cash consumption of US$ 41.0 million in 2020 (2020 closing position: US$ 378.2 million vs 2019 closing position: US$ 419.2 million), and taking into account the actions undertaken to secure its liquidity position, the N.V. Group can confirm that it will be able to continue as a going concern.

Credit risk

Credit risk is defined as the risk that adverse movements in the credit quality of the N.V. Group's counterparties may affect the value of the N.V. Group's positions. The exposure to credit risk comes from both treasury and customer operations.

Treasury credit risk

The N.V. Group continues its selective acceptance of treasury counterparties and only deals with financial partners that are regularly used and are evaluated as financially strong (see Note 25). At the end of 2020, the N.V. Group's investments are held through 10 major banks with a rating of high quality (BBB-rating and above).

Customer counterparty risk

In a deteriorating context, with an increased number of bankruptcies and companies opting for Chapter 11 protection, the N.V. Group faced a significant decrease of revenue but also a higher level of Expected Credit Loss ("ECL") provision.

In 2020, the N.V. Group has continued to mitigate its customer credit risk by:

- Assessing the credit worthiness of customers;
- Using in priority the IATA Clearing House;
- Requesting financial and other types of guarantees.

As a response to the COVID-19 pandemic, the N.V. Group strengthened its credit policy for the calculation of the ECL provision and, for accounts identified as having a high credit risk profile, decided to fully provision receivables above 90 days with subsequent revenues to be recognized on a payment basis only.

The N.V. Group also ensured a strict application of the credit limit granted to our customers before service suspension/disconnection to enforce cash collection. This led to an increase of the ECL provision from US$ 24.7 million in December 2019 to US$ 39.4 million in December 2020 (see Note 15).

Valuation of assets

In line with IFRS Standards, the N.V. Group monitors goodwill at the level of the cash generating units which represent the business levels at which the N.V. Group expects to benefit from the synergies generated by the acquisitions.

The COVID-19 pandemic has generated significant adverse impacts on the global economic environment and, more specifically, on the Air Transport Industry financial stability. This event has been considered as a “triggering event” by the N.V. Group and has led to in-depth reviews of our goodwill and of our portfolio of assets.

From a goodwill impairment testing perspective, we have developed a base case scenario for our 2021-2025 plan based on available market data from the Industry. The N.V. Group has been able to conclude that there is no evidence of impairment for any of our CGU (refer to Note 8) and that there is still sufficient headroom to sustain incremental adverse effects.

The N.V. Group has however decided to impair the US$ 12.2 million goodwill related to the 2010 acquisition of the Workbridge entity as the IP acquired will no longer be used in the upcoming versions of the SITA at Airports & Borders products.

The situation has also led the N.V. Group to carry out specific detailed reviews of our asset portfolio, leading to impairment losses of US$ 11.8 million mainly in our SITA at Airports & Borders – Applications & Devices business line. Given the current economic outlook for the industry, the benefits expected from these assets were deemed insufficient to guarantee the full recovery of SITA investment.

Authorization for issue

The Financial Statements were authorized for issue by the Management Board on 5 March, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation

The accompanying consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") effective for 2020 as endorsed by the European Union ("EU") and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements have been prepared under the historical cost convention, except for certain accounts for which IFRS requires another convention. Such deviation from historical cost is disclosed in the notes.

Since the N.V. Group has no publicly traded equity or debt securities IAS 33 Earnings per Share and IFRS 8 Operating Segments are not applicable.

The financial records are maintained in US dollars as the N.V. Group's primary revenues and expenses are denominated in US dollars. The N.V. Group uses US dollars as its reporting currency. All amounts are rounded in thousands, except where otherwise stated.

These consolidated financial statements have been prepared on going concern basis as described in the Note 1.

The total equity and profit in the N.V. Group financial statements are equal to the consolidated equity and profit excluding non-controlling interest. In accordance with section 402 of Part 9 of Book 2 of the Dutch Civil Code, a condensed company statement of profit or loss is included in the N.V. Group financial statements.

(B) Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous financial year amended to take into account the following newly endorsed or amended IFRS and IFRIC interpretations as of 1 January 2020:

- Amendment to IFRS 3, Business combinations (effective 1 January 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (effective 1 January 2020);
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020);
- Conceptual Framework (effective 1 January 2020);
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) (effective 1 June 2020).

The adoption of these standards and interpretations has not led to any changes in the N.V. Group's accounting policies and did not materially impact these consolidated financial statements.

(C) New and Revised International Financial Reporting Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations, which are relevant to the N.V. Group, were issued but not yet effective or not yet endorsed by the EU:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16) (effective 1 January 2021) subject to EU endorsement;
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (effective 1 January 2022) subject to EU endorsement;

- Annual improvements (Amendments to IFRS 3, IAS 16, IAS 37, IFRS 1, IFRS 9, IAS 41 and IFRS 16) (effective 1 January 2022) subject to EU endorsement.

The adoption of these new or amended IFRS standards and interpretations in future periods is anticipated to have no material impact on the N.V. Group's consolidated financial statements in the period of initial application.

(D) Critical accounting estimates and judgments

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions the N.V. Group may undertake in the future, actual results ultimately may differ from those estimates. Application of the following accounting policies requires certain assumptions and estimates that have the potential for the most significant impact on N.V. Group's consolidated financial statements.

Revenue recognition

In making their judgment, management considered the detailed criteria for the recognition of revenue from the contracts with customers set out in IFRS 15 Revenue from Contracts with Customers.

This includes:

- Criteria for the identification of the separate performance obligations within the contracts and allocate the transaction prices accordingly;
- Criteria for the recognition of revenue at a point in time from the sale of goods & services and, in particular, whether the N.V. Group had transferred to the buyer the control of the goods;
- Criteria for the recognition of revenue over time from managed services and construction contracts and, in particular, the revenue recognition pattern linked to the fulfillment of the performance obligation; and
- Criteria for the identification of costs incurred to obtain or fulfil the contracts.

Impairment of financial instruments measured at amortized cost

The expected credit loss model to be used under IFRS 9 for financial instrument measured at amortized cost requires management estimates in the assessment of probably-weighted futures outcomes of a financial instrument's credit risk. See Note 15 and Note 25.

Impairment testing for goodwill, intangible assets, property plant and equipment & right-of-use assets

The estimates and judgments with regard to impairment testing are applied consistently year over year. The expected cash flows relating to the cash generating units (CGU), or individual assets, are based on the Three-Year Business Plan. The discount rate applied in the impairment testing is derived from market data for relevant sectors or similar companies. See Notes 8, 9, 10 and 24.

Assets and liabilities accounted for at fair value

These assets and liabilities relate to the derivative financial instruments (Note 16). The measurement of assets and liabilities accounted for at fair value is primarily based on market available data or external parties have assisted in providing a fair value estimate.

Provisions

The N.V. Group is required to use estimates in measuring provisions. The principal assumptions relate to the expected cash outflows. For legal cases in which the N.V. Group is involved, an assessment is made by management following appropriate legal advice. See Note 20.

Useful life and residual values of assets

The estimated useful lives require an estimate by type of asset. The basis for the estimated useful lives follows the underlying use of the asset and the expected economic life.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Lease liabilities

The measurement of a lease liability requires the N.V. Group to define the payments to be made to the lessor on the remaining contract duration. This implies the necessity to make assumptions regarding early termination, extension and other options embedded in lease contracts.

Taxes

The N.V. Group is routinely subject to tax audits by the tax authorities in the territories in which it operates. The N.V. Group considers each tax uncertainty on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise.

(E) Consolidation principles

The consolidated financial statements incorporate the financial statements of the N.V. Group and entities controlled by the N.V. Group (refer to Note 33 for subsidiaries included in consolidation) as at December 31 each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. Control is achieved on an investee when the parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, on which control is transferred to the N.V. Group. They are de-consolidated from the date that control ceases. All inter-company transactions and accounts are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to a non-controlling interest even if that results in a deficit balance.

If the N.V. Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of the non-controlling interest, derecognizes the cumulative translation differences, recorded in other comprehensive income, recognizes the fair value of the consideration received, recognizes the fair value of any investment retained, recognizes any surplus or deficit in profit or loss and reclassifies the components recognized in other comprehensive income to profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquiree measures the non-controlling interest in the acquiree at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed.

When the N.V. Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If a business combination is achieved in stages, the acquisition date fair value of the N.V. Group’s previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as liability, will be recognized in accordance with IFRS 9 in the statement of profit or loss. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

In absence of accounting treatment prescribed for contingent consideration in IAS 27 and IFRS 10 for acquisition of non-controlling interests, the N.V. Group follows IFRS 3 guidance as described here above.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The cash-generating unit(s) to which the goodwill is allocated, is tested for impairment annually and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In case the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognized immediately in the statement of profit or loss.

(F) Investments in associates

An associate is an entity over which the N.V. Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Where a N.V. Group entity transacts with an associate of the N.V. Group, unrealized profits and losses are eliminated to the extent of the N.V. Group's interest in the relevant associate, except to the extent that unrealized losses provide evidence of an impairment of the asset transferred.

Losses of an associate in excess of the N.V. Group's interest in that associate (which includes any long-term interests that, in substance, form part of the N.V. Group's net investment in the associate) are not recognized.

The share of profit of associates is shown on the face of the statement of profit or loss and reflects the results of the operations of the associate.

(G) Interest in a joint arrangement

The N.V. Group has no investment in joint ventures or in joint operations.

(H) Foreign currencies

Foreign currency transactions

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the dates of the transaction. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the statement of profit or loss under financial income and expense.

Exchange differences arising on the retranslation of non-monetary items carried at fair value through profit or loss are recorded as exchange gain or loss in the statement of profit or loss for the period. For non-monetary items carried at fair value through other comprehensive income, any exchange component of the remeasurement gain or loss is recognized in other comprehensive income.

Foreign entities

The individual financial statements of each N.V. Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For most entities and branches of the N.V. Group, the functional currency is US dollar. For the purpose of the presentation of the consolidated financial statements, the results and financial position of each entity are presented in US dollar.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the N.V. Group's foreign operations (including comparatives) are expressed in US dollar using the rate of exchange prevailing on the balance sheet date.

Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the N.V. Group's translation reserves. Such translation differences are recognized in the statement of profit or loss in the period in which the foreign operation is disposed of.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

During 2020, some countries had hyperinflationary economy. The functional currency of the SITA entities active in these regions being the US dollar, this situation didn't impact significantly the N.V. Group financial statements.

(I) Intangible assets

Acquired intangible assets

Licenses, patents, trademarks, similar rights and software are measured initially at cost. The cost of intangible assets obtained in a business combination is initially measured at fair value. After initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

They are amortized on a straight-line basis over their estimated economic useful life, which is not considered to exceed 20 years. At the end of each annual reporting period the amortization method and period are reviewed.

Computer software development costs

Costs that are directly associated with identifiable and unique software products controlled by the N.V. Group that have probable economic benefits exceeding the cost beyond one year, are recognized as assets. Other costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads that are necessary to generate the asset and that can be allocated on a reasonable and consistent basis to the asset.

Computer software costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful lives. Normal useful life of developed software is estimated at maximum 5 years.

However, some software requiring significant investment and being considered as highly strategic for the N.V. Group are expected to have a longer useful life that can last up to 10 years.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge, is recognized in the statement of profit or loss as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the asset can be clearly identified, when the development costs can be measured reliably and to the extent that it is probable that the asset created will generate future economic benefits. Other development expenditures are recognized as an expense as incurred. Development cost previously recognized as an expense is not recognized as an asset in a subsequent period.

Development costs that have been capitalized are amortized on a straight-line basis over their useful live, which is usually 3 to 5 years, but can be up to 10 years given the nature of the assets.

Given the fast obsolescence of technology used by SITA, the development phase rarely exceeds one year, consequently amortization generally starts at the latest on 1 January of the year following the investment. During the period of development, the asset is tested for impairment annually. When the asset becomes in use, testing for impairment is performed, if there is an indication for impairment.

Other intangible assets

The other intangible assets consist of contractual rights and software. Most of these assets are amortized on a straight-line basis over their useful live, which is usually 3 to 5 years, but can be up to a period of 10 years. Certain assets are not amortized as management deem the assets to have an indefinite economic life. These assets are subject to an annual impairment test. Any subsequent costs are included in the statement of profit or loss.

(J) Property, plant and equipment

Owned assets

Property, plant and equipment are held at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction which is held at cost less accumulated impairment losses. Cost includes all directly attributable costs of bringing the asset to working condition and location for its intended use, including the applicable borrowing cost.

Depreciation is calculated to write off the cost, other than assets under construction, over their estimated useful lives, using the straight-line method to their estimated residual value. The depreciation is computed from the date the asset is ready to be used.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following useful lives are applicable to the main property, plant and equipment categories:

Description	
Buildings	20-40 years
Plant & Equipment	5-10 years
Furniture & Vehicles	3-5 years

The N.V. Group periodically reviews its fixed asset register and compares to assets physically on-hand. Assets that are not identified during these reviews are written off.

(K) Contract assets and Contract liabilities

Contract assets are composed of the deferred contract costs and contract accrued income.

Deferred contract costs comprise certain eligible, non-recurring costs incurred in the initial phases of service contracts that are deferred and subsequently amortized. These costs consist of fulfillment and setup costs related to the installation of applications and solutions and are amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. The current part becomes due in the coming 12 months' period.

As practical expedient, the N.V. Group uses the paragraph IFRS 15.94 that allows an entity to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

Accrued income include amounts that are eligible for revenue recognition under IFRS 15 for which the related invoice has not been sent to the customer at reporting date. The current part becomes due in the coming 12 months period.

Contract liabilities are composed of contract deferred revenue and contract payables.

Contract deferred revenue include cash amounts received from the customer for which the related performance obligation is unsatisfied by the N.V. Group at closing date.

They include cash amounts paid by the customer at the initial phase of managed service contracts that are amortized as revenue as the N.V. Group satisfies the related performance obligations. The current part corresponds to amounts that are expected to be released as revenue in the coming 12 month's period.

Contract payables are cash amounts that have to be reimbursed to the customer.

(L) Accounting for leases

Lease liabilities

Lease liabilities are initially recognized at the present value of the lease payments that are not paid at that date. Lease payments include fixed and variable payments as well as incentives received and any other payments to be made when exercising contract options if the N.V. Group expects to exercise them. Variable payments include amounts that depend on an index or a rate. Future payments are discounted using the N.V. Group's incremental borrowing rate.

After initial recognition, lease liabilities are increased to reflect the accrual of interests and are decreased to reflect the lease payments made during the period. The accrued interests are recognized as financial expenses in the Income Statements.

The carrying amounts may have to be remeasured if the N.V. Group expects a modification in the future lease payments, a reviewed contract duration or a change in assumption regarding the exercise of an option. The remeasurements have to be done using revised incremental borrowing rates measured at remeasurement dates.

As an exception, the incremental borrowing rates shouldn't be revised if the modification is due to a reassessment of variable payments such as an index or to the evolution of market rental rates.

Right-of-use assets

Right-of-use assets are initially measured at cost. The cost includes the initial measurement of the corresponding lease liability, lease payments made before the lease commencement date (less any incentive received), initial direct costs incurred and an estimate of the costs to be incurred by dismantling or restoring the underlying asset.

After initial recognition, right-of-use assets are measured applying the cost model. Under this model, the carrying amount is reduced by the accumulated depreciations and accumulated impairments (if any). It is also adjusted to reflect remeasurements of the corresponding lease liability.

The depreciable amount of a right-of-use asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the N.V. Group adopts for depreciable assets that are owned.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the underlying asset; otherwise the right-of-use asset is depreciated over the shorter of the lease term and the underlying asset useful life.

Short-term leases and leases of low asset value

As permitted by IFRS 16, the N.V. Group elected to apply a simplified approach for short-term leases (1 year or less) and leases of low value assets (US$ 5.000). For such leases, the lease payments are expensed on a straight-line basis over the lease term.

(M) Impairment of tangible, intangible and right-of-use assets excluding goodwill

At each balance sheet date, the N.V. Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the N.V. Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite lives are tested for impairment annually and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. Management is of the opinion that, considering SITA's activities, the fair value less costs to sell does not materially differ from the value in use.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized as income immediately.

(N) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

An impairment loss for old or obsolete inventory is charged to the statement of profit or loss where appropriate. Any reversal of impairment is recognized under cost of sales in the period in which the reversal occurs.

(O) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized on the N.V. Group's balance sheet when the N.V. Group becomes a party to the contractual provisions of the instrument.

The N.V. Group derecognizes financial assets when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial assets and the transfer qualifies for derecognition. The N.V. Group derecognizes financial liabilities when, and only when, the N.V. Group's obligations are discharged, cancelled or expire.

Initial recognition and measurement

Upon initial recognition, financial assets are classified as financial assets at fair value through income statement, financial assets at amortized cost, financial assets through other comprehensive income, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are classified as financial liabilities at fair value through income statement, liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The N.V. Group did not designate any financial asset as financial asset at fair value through other comprehensive income.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through margin or loss, directly attributable transactions cost. Financial liabilities are recognized initially at fair value and in case of liabilities at amortized cost, plus directly attributable costs.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

Trade receivables

Trade receivables are classified as loans and receivables and are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for lifetime expected credit losses are recognized in the statement of profit and loss. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. See Note 15.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Guarantee deposits

Guarantee deposits are classified as loans and receivables and are measured at initial recognition at fair value and are subsequently measured at cost. Appropriate allowances for lifetime expected credit losses are recognized in profit or loss if the credit risk significantly increased during the year. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the N.V. Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the N.V. Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the N.V. Group's accounting policy for borrowing costs (see below).

Trade payables and other liabilities

Trade payables and other liabilities are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the N.V. Group are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The N.V. Group uses derivative financial instruments (primarily forwards and option contract combinations known as collars) to hedge risks associated with foreign currency fluctuations relating to certain forecasted transactions. Collars are a combination of a buy and put option at such rate that the net premium is nil. The N.V. Group policy does not engage in speculative transactions nor does it issue or hold financial instruments for trading purposes.

At the inception of the hedge relationship, the N.V. Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the N.V. Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Movements in the hedging reserve in equity are also detailed in the consolidated statement of recognized income and expense and in Note 16.

Derivatives are initially recorded at and re-measured to fair value at the subsequent reporting dates. The resulting gain or loss is recognized in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit or loss depends on the nature of the hedge relationship.

(a) Cash flow hedge accounting

The N.V. Group designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Changes in fair value of derivative financial instruments that are designated as cash flow hedges are recognized immediately in other comprehensive income and accumulated in reserves in equity. The ineffective portion is recognized in the statement of profit or loss.

If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

If the cash flow hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, if it is expected that all or a portion of a loss recognized directly in equity will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified in the statement of profit or loss.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the statement of profit or loss in the same period in which the hedged item affects the statement of profit or loss.

(b) Fair value hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the statement of profit or loss relating to the hedged item. Hedge accounting is discontinued when the N.V. Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the statement of profit or loss from that date.

(c) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not (longer) qualify for hedge accounting are recognized immediately in the statement of profit or loss.

(d) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in the statement of profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices without any deduction for transaction cost. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

(P) Provisions

Provisions are recognized in the balance sheet when:

- There is a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The amount recognized as a provision is the best estimate of the expenditure to settle the present obligation at the balance sheet date. Any reimbursement that is virtually certain to be received from another party is recognized as a separate asset.

Restructuring

A restructuring provision is recognized when the N.V. Group has a detailed formal plan and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected. The measurement of a restructuring provision includes only direct expenditures arising from the restructuring in opposite to those amounts related to ongoing activities of the N.V. Group.

Onerous contracts

The N.V. Group recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(Q) Revenue recognition

Contracts with Customer

Contracts with Customers as defined by IFRS 15 Revenue from Contracts with Customers represent more than 99% of the N.V. Group's gross revenue. Revenue from contract with customers is recognized at a point in time or over time depending on the nature of the contract.

Consistently with IFRS 15 principles, revenue is recognized over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the N.V. Group's performance as the N.V. Group performs;
- The N.V. Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The N.V. Group's performance does not create an asset with an alternative use to the N.V. Group and the N.V. Group has an enforceable right to payment for performance completed to date.

If none of these criteria is met, then the revenue is recognized at a point in time.

(a) Recognition of revenue at a point in time - Sales of goods

Concerned contracts are generally contracts where the N.V. Group sells one equipment, a software, a design study, or an object code license to the customer.

Consistently with IFRS 15 indicators, revenue from sales of goods is recognized when:

- The N.V. Group has a present right to payment;
- The customer has legal title;
- The customer has physical possession;
- The customer has the significant risks and rewards of ownership;
- The customer has accepted the good.

This is usually upon acceptance of goods by the buyer.

Provisions for rebates and discounts do not represent variable consideration as they generally do not lead to any uncertainty on the transaction price. They are recorded as a reduction of revenue at the time the related revenues are recorded or when the incentives are offered.

(b) Recognition of revenue over time - Rendering of services and construction contracts

Examples of service contracts are:

- Transactional/recurring service (e.g., Baggage or telecommunication services). These services are delivered using the N.V. Group's infrastructure often hosted in the N.V. Group's data center.
- Support and maintenance contracts sold with sales of goods or construction contracts.
- Contracts where the customer completely outsources the capacity services to the N.V. Group (e.g., infrastructure as a service or software as a service).
- Professional services like consultancy or project management.

Examples of construction contracts are large implementation contracts with or without sale of equipment and where ownership is transferred to the customer. Such contracts are mainly sold through the N.V. Group's Airport Management and Border Management activities.

Revenue from rendering of services or construction contracts is recognized over time by using an input method generally based on costs incurred by reference to the stage of completion of the project.

This method is preferred as the revenue recognized using this method is then reflecting the N.V. Group's effort to fulfil the contract and because, for the construction contracts, the biggest part of implementation costs is often made of salaries, contractors and other recurring costs.

When the N.V. Group can not apply the input method due to accounting systems reason, the N.V. Group uses the output method to calculate the percentage of completion.

Where the N.V. Group is not able to reasonably determine the outcome of a performance obligation or its progress toward satisfaction of that obligation, revenue is recognized over time as the work is performed, but only to the extent of costs incurred as long as the N.V. Group expects to at least recover its costs. An expected loss on a contract is recognized immediately in the Statement of profit or loss.

(c) Principal vs Agent

In some exceptional occasions, the N.V. Group is acting as an agent for the delivery of specific contract elements. In these cases revenue is recognized on a net basis.

(d) Financing components

The N.V. Group does not have any contract where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

As a consequence, the N.V. Group uses as practical expedient the paragraph IFRS 15.63 that allows to not adjust any of the transaction prices for the time value of money if this timing difference is one year or less.

The assessment of the transaction price, including constrained variable consideration, and its allocation to the performance obligations follow the IFRS 15 principles.

As other practical expedient, the N.V. Group uses the paragraph IFRS 15.B16 that allows an entity to recognize revenue in the amount to which the entity has the right to invoice when it has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. This is the case for all the fixed-price managed service contract.

Interest

Interest is recognized on a time proportion basis using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Dividends

Dividends are recognized when the shareholder's right to receive the payment is established.

(R) Employee benefits

Pension obligations

The N.V. Group operates a number of defined benefit and defined contribution retirement benefit plans, the assets of which are held in separate trustee-administered funds or Company insurances. The N.V Group has also agreed to provide certain additional post employment healthcare benefits to employees in the United States. These benefits are unfunded.

(a) Defined contribution plans

Payments to defined contribution benefit plans are recognized as an expense in the statement of profit or loss when incurred. A defined contribution plan is a pension plan under which the N.V. Group pays fixed contributions into a separate entity. The N.V. Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

(b) Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments)
- Net interest expense or income; and
- Re-measurement.

The N.V. Group presents the majority of first two components of defined benefit costs in profit or loss in the line item costs of sales. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the N.V. Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(c) End of Service Indemnities (EOSI)

The EOSI liability is calculated using a simplified method. The cost of providing EOSI is charged to the statement of profit or loss so as to spread regular cost over the service lives of employees. The amounts charged to the statement of profit or loss consists of current service cost, interest cost, past service costs and the effect of any curtailment or settlements.

Considering the immateriality of the EOSI obligation, the N.V. Group uses a simplified method for the calculation of its obligation.

This method assumes the following:

a) Ignore estimated future salary increases (i.e., assume current salaries continue until current employees are expected to begin receiving post-employment benefits);
b) Ignore future service of current employees (i.e., assume closure of the plan for existing as well as any new employees and so no turnover is assumed and no discounting is done); and
c) Ignore possible in-service mortality of current employees between the reporting date and the date employees are expected to begin receiving post-employment benefits (i.e., assume all current employees will receive the post-employment benefits). However, mortality after service (i.e., life expectancy) is considered.

Other long-term employee benefits

The expected costs of these benefits are accrued over the period of employment.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer for the termination benefit and when the entity recognizes any related restructuring costs. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Profit-sharing and bonus plans

The N.V. Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the N.V. Group's shareholders after certain adjustments.

The N.V. Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(S) Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalize as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interests and other costs that an entity incurs in connection with the borrowing of funds.

(T) Income taxes

Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax.

The charge for current tax is measured at the amount expected to be recovered from or paid to the tax authorities and is based on the result for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognized in Other Comprehensive Income is recognized in Other Comprehensive Income and not in the statement of profit or loss.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill, except where the N.V. Group is able to control the reversal of the temporary difference and it is probable that the N.V. Group will realize the deferred tax position.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is accounted for in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the N.V. Group intends to settle its current tax assets and liabilities on a net basis.

Tax Penalties and Interests

Interest and penalties arising from income tax exposures are not covered by the definition of income taxes. However, these are amounts due to the tax authorities that are closely related to income tax.

1. Income tax penalty: the penalty has the characteristic of a tax and therefore will be accounted as income taxes under IAS 12.

2. Interests: where the interest to be paid for late payment is in substance a financing cost that will be accounted as a finance expense.

3. REVENUE

During 2020, the N.V. Group rebranded its products portfolio around the following: 'SITA at Airports', 'SITA at Borders' and 'SITA for Aircraft'. This new branding strategy led to the renaming of the organizations 'Air Travel Solutions' ('ATS') and 'SITAONAIR' to 'SITA at Airports & Borders' and 'SITA for Aircraft'.

For management purposes, the N.V. Group is organized into the following 5 Business lines: SITA at Airports & Borders – Applications & Devices, SITA at Airports & Borders – Platform & Data, SITA for Aircraft, Passenger Solution Line and Champ Cargosystems. These Business lines are the smallest identifiable groups of assets and liabilities that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets ('cash-generating units' or 'CGU').

The N.V. Group derives revenue from the transfer of goods and services over time and at a point in time in the following operating units:

In US$ 000 **For the year ended December 31**	**2020**	**2019** [1]
SITA at Airports & Borders - Applications & Devices	376.240	498.391
SITA at Airports & Borders - Platform & Data	285.491	394.742
SITA for Aircraft	221.595	326.921
Passenger Solution Line	77.013	146.560
Champ Cargosystems	48.271	64.449
	1.008.610	**1.431.163**
of which:		
Revenue recognized over time	1.007.455	1.427.283
Revenue recognized at a point in time	1.155	3.880

[1] Previous year figures have been represented to take new product classifications into account.

Compared to 2019, the revenue dropped in 2020 for all operating units as result of the COVID-19 pandemic. For the Passenger Solution Line, the decrease of revenue is also explained by contract terminations following the decision of the N.V. Group to exit the market. The revenue decrease for Champ Cargosystems is partially due to the loss of a significant contract in 2019.

The major goods and services that generated the gross revenue are the sales of IT equipment, the implementation of large projects, telecommunication and network services and support and maintenance contracts.

4. EMPLOYEE BENEFITS

The following personnel costs are included in the consolidated financial statements:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Salaries	360.665	418.348
Compulsory social security contributions	62.258	68.003
Post employment benefits – defined benefit plans (Note 19)	10.642	8.253
Post employment benefits – defined contribution plans	17.386	18.961
	450.951	**513.565**

The COVID-19 pandemic has crippled the Air Transport Industry in 2020 resulting in severe business disruptions. Thereby, the N.V. Group defined early in March 2020 some cost containment measures and saving initiatives to reduce its costs base and protect its cash flow.

Year on year, the personnel expenses decreased by US$ 62.6 million resulting from the following main changes:

- As a consequence of the non-achievement of 2020 Corporate Objectives, the N.V. Group did not recognize the variable remunerations. Instead, an exceptional incentive was implemented to reward the yearly performance considering the downturn of the activity. As a result, the variable expenses lowered by US$ 42 million in 2020.
- Personnel costs containment levers such as salary reduction, partial unemployment, paid and unpaid leave have been carried out throughout the year compensated by additional personnel costs following the transfer of employees from SITA SC to SITA N.V. in the framework of the implementation of the SimplySITA program aiming to simplify, integrate and strengthen the SITA Group.
- Following the implementation of partial unemployment and measures in favour of our workforce, the N.V. Group received some job support scheme incentives in some jurisdictions amounting to US$ 4.2 million.

The N.V. Group reviewed its organizational structure to respond to the shrinking of the market demand and industry outlook while retaining flexibility for ramp up. The restructuring costs recorded by the N.V. Group in 2020 amounted US$ 28 million (2019: US$ 26 million).

Following the decision taken by the N.V. Group in 2019 to withdraw its activities from the passenger services market, the N.V. Group received employment offers from a close business partner for a portion of its passenger services employees which were accepted. The completion of the restructuring plan aims to be finalized by June 2022.

Compulsory social security contribution includes the employer's portion of social security payments as well as employer's contribution to worker's insurance associations. Expenses related to pensions primarily contain payments for retirement pension and benefits and the additions to provisions for post-retirement benefits. Expenses for contributions to external pension funds are also shown under this item.

As further explained in Note 30, N.V. Group charges some personnel costs to SITA SC in accordance with the Master Services Agreement and these charges are recorded as a reduction of expenses. The employee benefits above are presented on a gross basis, and therefore before the recharge to SITA SC.

Employee breakdown

The year-end full-time equivalents employed by the N.V. Group were:

Operating units	2020	2019
SITA at Airports & Borders	1.316	1.401
Passenger Solution Line	116	251
SITA for Aircraft	313	340
SITA Global Services	1.725	1.857
Support Functions	754	791
Data Center	95	127
Champ Cargosystems	421	425
	4.740	**5.192**

The overall full-time equivalent decreased by 452. The main drivers for this decrease are:

- The transfer of some employees of the Passenger Solution Line to a business partner;
- The reshaping of the organization following the lower volume of activities resulting from the COVID-19 pandemic.

The employed year-end full-time equivalents for the support departments of the N.V. Group were as follows:

Operating units	2020	2019
Sales and Marketing	271	295
General and Administrative	449	465
Other Support functions	34	31
	754	**791**

There are 54 FTE's in The Netherlands.

5. OTHER INCOME AND EXPENSES

In US$ 000 For the year ended December 31	2020	2019
Bad debt expenses (Note 15)	(16.211)	(7.683)
Other Income and Expenses	(34.732)	(2.407)
Total Other Income and Expenses	**(50.943)**	**(10.090)**

Bad debt expenses increased year-on-year due to the COVID-19 pandemic as described in Note 1 and Note 15.

While no impairment loss has been recognized in 2019, during 2020, as result of its long-term strategy to resize its organization, the N.V. Group recognized impairment losses on goodwill for US$ 12.2 million (see Note 8), on intangible assets for US$ 11.8 million (see Note 9) and on right-of-use assets for US$ 3.5 million (see Note 24).

Other income includes realized gains on intangible assets for US$ 1.0 million (2019: US$ 0 million) and US$ 2.4 million of government grants related to research and development activities in UK.

In 2020, other expenses include US$ 11.3 million (2019: US$ 4.1 million) spent on the N.V. Group's transformation initiative SimplySITA.

6. FINANCIAL INCOME AND EXPENSES

In US$ 000 For the year ended December 31	**2020**	**2019**
Financial income		
Interest income	6.069	7.305
Other financial income	990	-
	7.059	**7.305**
Financial expenses		
Interest expense	(2.278)	(2.686)
Net foreign exchange loss.	(3.809)	(6.882)
Other financial expenses	(2.964)	(3.094)
	(9.051)	**(12.662)**
Total Financial Income and Expenses	**(1.992)**	**(5.357)**

Interest income is primarily derived from the Company's cash and deposit positions. The interest income and expenses all relate to assets and liabilities carried at amortized costs.

The decrease of the interest expenses is mainly explained by lower interest expenses on lease liabilities (-US$ 0.7 million).

For 2020, other financial income is related to the remeasurement of contingent considerations.

Other financial expenses relate mainly to bank charges other than interest.

7. INCOME TAX

In US$ 000 For the year ended December 31		**2020**	**2019**
Income tax payables		105.244	93.658
Income tax receivables		(13.434)	(18.427)
Net income tax payable		**91.810**	**75.231**

The components of profit before tax are as follows:

In US$ 000 **For the year ended December 31**		**2020**	**2019**
Dutch Entity and its Branches		4.253	32.431
Outside the Netherlands		(47.819)	105.863
		(43.566)	**138.294**

The Group's income tax charge consists of the following:

In US$ 000 **For the year ended December 31**	**Note**	**2020**	**2019**
Income tax charge			
Deferred:			
Related to the current period		(4.713)	1.517
Related to the previous periods		(2.847)	(4.305)
	13	**(7.560)**	**(2.788)**
Current tax:			
Related to the current period		31.278	61.160
Related to the previous periods		1.857	(9.857)
		33.135	**51.303**
Total income tax charge		**25.575**	**48.515**

The charge for the period can be reconciled to the Profit before tax as follows:

In US$ 000 **For the year ended December 31**		**2020**	**2019**
Result before tax		(43.566)	138.294
Tax at the domestic tax rate in the Netherlands of 25.0% (2019: 25.0 %)		(10.892)	34.574
Effect of Foreign tax rate differential		2.571	(8.160)
Permanent differences		18.170	27.415
Movement in net deferred tax asset not recognized		16.716	8.848
Taxes in respect of prior years		(990)	(14.162)
Income tax expense in Profit and Loss		**25.575**	**48.515**

The deferred tax accounted for in other comprehensive income is a tax gain of US$ 0.3 million (2019: tax gain of US$ 1.1 million). This deferred tax relates to deferred hedging results from cash flow hedges (US$ 0.8 million loss; 2019: US$ 1.5 million loss) and actuarial gains and losses with regard to the pensions (US$ 1.1 million gain; 2019: US$ 2.6 million gain).

8. GOODWILL

The movements in goodwill during the years ended December 31, 2020 and 2019 are as follows:

In US$ 000 For the year ended December 31	2020	2019
Balance at January 1	**72.239**	**69.695**
Additions through Business Combinations	443	3.750
Impairment (Note 5)	(12.172)	-
Translation	3.356	(1.206)
Balance at December 31	**63.866**	**72.239**

In 2019, the movement of the goodwill balance was mainly due to the US$ 3.8 million additional goodwill coming from the acquisition of GTD Air Services. Following an adjustment of the transaction price, an additional goodwill of US$ 0.4 million has been recognized in 2020.

For the year 2020, the goodwill balance has been mainly impacted by the US$ 12.2 million impairment loss recognized on Workbridge (see explanation below).

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The N.V. Group is organized in the following 5 Business lines: SITA at Airports & Borders – Applications & Devices, SITA at Airports & Borders – Platform & Data, SITA for Aircraft, Passenger Solution Line and Champ Cargosystems. These Business lines are the smallest identifiable groups of assets and liabilities that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets ('cash-generating units' or 'CGU').

The carrying amount of goodwill is allocated as follows as at 31 December:

In US$ 000 For the year ended December 31	2020	2019
SITA at Airports & Borders - Applications & Devices	51.370	60.930
Champ Cargosystems	8.303	7.559
SITA for Aircraft	4.193	3.750
	63.866	**72.239**

In line with IFRS, the N.V. Group annually reviews the carrying amount of its intangible (including goodwill) and tangible assets to determine whether there is any indication that those assets might be impaired. For each indication and for goodwill, an impairment test is performed that compares the discounted cash flows attributable to the asset with its carrying amount.

The cash flows are based on current estimation of future revenues and costs, adjusted for non-cash items. Intangibles with indefinite useful lives and goodwill are reviewed for impairment annually. The recoverable amounts of the CGU's are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rate, growth rate and terminal value.

Management estimates the discount rates using a pre-tax weighted average cost of capital that reflects the current market assessment of the time value of money and the risks specific to the CGU's.

The pre-tax discount rate applied in the impairment tests depends on the nature of the CGU. The tax rate reflects the situation the CGU's are operating in and varies from 13% to 40%, the average being 30%.

The N.V. Group prepares cash flow forecasts derived from the most recent Business Plan approved by the Board for the next three years and extrapolated to five years. The principal assumptions used, based on current IATA recovery scenario, are as follows:

For the year ended December 31	2020			
	Growth rate 2020-2023	Pre-tax Discount rate 2020	Annual Capex Movement (M$) 2020-2021	Annual Margin Increase/(Decrease) (M$) 2024-2025
SITA at Airports & Borders - Platform & Data	4,4%	12,4%	(4,50)	0,68
SITA at Airports & Borders - Applications & Devices	13,0%	14,2%	4,40	0,45
SITA for Aircraft	13,1%	9,2%	3,20	0,59
Champ Cargosystems	9,0%	11,9%	(2,20)	0,08

For the year ended December 31	2019			
	Growth rate 2019-2022	Pre-tax Discount rate 2019	Annual Capex Movement (M$) 2019-2020	Annual Margin Increase/(Decrease) (M$) 2023-2024
SITA at Airports & Borders - Platform & Data	(1,4%)	10,3%	7,86	0,78
SITA at Airports & Borders - Applications & Devices	8,5%	11,7%	11,10	0,68
SITA for Aircraft	1,6%	8,2%	1,79	0,65
Champ Cargosystems	4,8%	10,3%	1,14	0,05

The growth rates above reflect the average annual growth rate during the forecast period. Subsequent to the forecast period, the annual growth rate is set at 1% for all operating units.

Sensitivity Analysis

In addition, for each of the operating unit, sensitivity analysis has been carried out in respect of the assumptions using:

- an annual growth reduced by 1% compared to the assumption
- a terminal value growth reduced by 1% compared to the assumption
- a discount rate increased by 1% compared to the assumption
- the annual margin reduced by 1% compared to the assumption

For both cases detailed here above, the N.V. Group has been able to conclude that there is no evidence of impairment for any of our CGU and that there is still significant headroom to sustain incremental adverse effects.

However, the N.V. Group has decided to impair the goodwill related to the 2010 acquisition of the Workbridge entity as the IP acquired will no longer be used in the newer version of the SITA at Airports & Borders – Applications & Devices products.

9. INTANGIBLE ASSETS

The movements in intangible assets during the years ended December 31, 2020 and 2019 are as follows:

In US$ 000	Capitalised development costs	Intellectual property rights	Other intangibles	Total
Cost				
Balance at December 31, 2018	**437.491**	**13.773**	**32.216**	**483.480**
Transferred from assets classified as held for sale	209.382	9.849	1.217	220.448
Additions	54.705	-	7.132	61.837
Additions through business combinations	26.892	-	253	27.145
Disposals	(16.544)	-	(352)	(16.896)
Reclassification	-	-	7.788	7.788
Translation difference	(1.843)	(256)	(242)	(2.341)
Balance at December 31, 2019	**710.083**	**23.366**	**48.012**	**781.461**
Additions	46.752	-	7.778	54.530
Disposals	(1.188)	-	(505)	(1.693)
Translation difference	5.957	1.140	1.658	8.755
Balance at December 31, 2020	**761.604**	**24.506**	**56.943**	**843.053**
Amortization and impairment losses				
Balance at December 31, 2018	**(318.107)**	**(13.593)**	**(13.765)**	**(345.465)**
Transferred from assets classified as held for sale	(209.382)	(9.849)	(1.217)	(220.448)
Amortization for the year	(41.606)	(12)	(6.528)	(48.146)
Amortization through business combinations	(2.270)	-	(225)	(2.495)
Disposals	16.482	-	352	16.834
Reclassification	-	-	(5.928)	(5.928)
Translation difference	1.664	254	138	2.056
Balance at December 31, 2019	**(553.219)**	**(23.200)**	**(27.173)**	**(603.592)**
Amortization for the year	(51.185)	(116)	(5.768)	(57.069)
Disposals	370	-	46	416
Impairment (Note 5)	(11.813)	-	-	(11.813)
Translation difference	(4.586)	(1.132)	(203)	(5.921)
Balance at December 31, 2020	**(620.433)**	**(24.448)**	**(33.098)**	**(677.979)**

Carrying amount				
At December 31, 2019	**156.864**	**166**	**20.839**	**177.869**
At December 31, 2020	**141.171**	**58**	**23.845**	**165.074**

In 2020, the N.V. Group capitalized US$ 46.8 million (2019: US$ 54.7 million) of development costs. These costs are part of the US$ 72.2 million of research and development costs incurred during the year 2020 (2019: US$ 82.4 million). The rest of the research and development costs have been recognized as expenses.

The other intangibles include acquired software licenses used for internal purpose as well as to deliver our services to our customers.

The remaining amortization period of the assets is between 3 and 10 years depending on the nature of the asset.

Amortization

The amortization charge is included in cost of sales.

Impairment and subsequent reversal

In 2020, the N.V. Group recognized impairment losses of US$ 11.8 million on SITA at Airports & Borders assets with US$ 9.2 million recognized on Airport Management Systems assets. A new version of this product is currently being deployed and, given the current economic outlook for the industry, the benefits expected from historical assets were deemed insufficient to guarantee the full recovery of SITA investment.

No impairment loss has been recognized in 2019. See Note 5.

The carrying value of the assets not being amortized amounts to US$ 31.6 million (2019: US$ 49.2 million) and relates primarily to intangible assets in their development phase. These amounts have been tested as part of the annual impairment test (see Note 8) based on a Three-Year Business Plan approved by the Board, extrapolated to five years. The pre-tax discount rates applied in the impairment test vary between 9.2% and 14.2% depending on the nature of the asset.

Security

At December 31, 2020 and 2019, no intangible asset was pledged as security for liabilities.

Commitments

At the end of 2020, the N.V. Group had US$ 2.6 million of commitments for the acquisition of intangible assets (2019: US$ 7.8 million).

10. PROPERTY, PLANT AND EQUIPMENT

The movements in Property, Plant and Equipment during the years ended December 31, 2020 and 2019 are as follows:

In US$ 000	Plant and equipment	Furniture and vehicles	Total
Cost			
Balance at December 31, 2018	**423.785**	**49.696**	**473.481**
Transferred from assets classified as held for sale	5.597	1.251	6.848
Transferred to right of use assets	(17.267)	-	(17.267)
Additions	40.668	4.692	45.360
Additions through business combinations	125	458	583
Disposals	(37.534)	(665)	(38.199)
Reclassifications	-	(7.788)	(7.788)
Translation difference	(580)	6	(574)
Balance at December 31, 2019	**414.794**	**47.650**	**462.444**
Additions	30.583	2.647	33.230
Disposals	(64.687)	(7.217)	(71.904)
Reclassifications	4	(4)	-
Translation difference	2.385	32	2.417
Balance at December 31, 2020	**383.079**	**43.108**	**426.187**
Depreciation and impairment losses			
Balance at December 31, 2018	**(338.061)**	**(37.048)**	**(375.109)**
Transferred from assets classified as held for sale	(5.597)	(1.251)	(6.848)
Transfer to right of use assets	9.309	-	9.309
Depreciation for the year	(31.635)	(3.845)	(35.480)
Depreciation through business combinations	(49)	(383)	(432)
Disposals	37.252	650	37.902
Reclassification	-	5.928	5.928
Translation difference	365	106	471
Balance at December 31, 2019	**(328.416)**	**(35.843)**	**(364.259)**
Depreciation for the year	(28.590)	(4.375)	(32.965)
Disposals	64.204	7.046	71.250
Reclassification	1	(1)	-
Translation difference	(3.046)	101	(2.945)
Balance at December 31, 2020	**(295.847)**	**(33.072)**	**(328.919)**
Carrying amounts			
At December 31, 2019	**86.378**	**11.807**	**98.185**
At December 31, 2020	**87.232**	**10.036**	**97.268**

The plant and equipment relate essentially to assets used to deliver our managed services contracts to our customers.

Depreciation

The depreciation charge is mainly included in cost of sales.

Impairment loss

During 2020 and 2019, the N.V. Group did not record any impairment charge. See Note 5.

Security

At December 31, 2020 and 2019, no tangible asset was pledged as security for liabilities.

Commitments

At the end of 2020, the N.V. Group had commitments in connection with the acquisition of tangible assets for US$ 5.6 million (2019: US$ 6.7 million).

11. CONTRACT ASSETS AND LIABILITIES

The contract assets movements during the years ended December 31, 2020 and 2019 are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2029**
Balance at January 1	**98.031**	**96.132**
Transfer to/from assets held for sale	-	4.149
Addition of deferred costs	7.932	15.796
Addition of accrued income	11.355	16.113
Amortization as cost in profit or loss	(10.895)	(13.777)
Impairment loss of the year	(8.330)	-
Release as trade receivable	(23.539)	(20.382)
Balance at December 31	**74.554**	**98.031**
Non-current	34.380	45.494
Current	40.174	52.537
	74.554	**98.031**

Of this total balance of US$ 74.6 million (2019: US$ 98.0 million), US$ 43.1 million (2019: US$ 52.9 million) relate to deferred contract costs and US$ 31.5 million (2019: US$ 45.1 million) relate to contract accrued income.

In 2020, US$ 8.3 million of contract assets have been impaired as the N.V. Group does not expect the underlying contracts to provide sufficient benefits to recover their costs.

Note 2 provides background information about contract assets and liabilities.

The accrued income position is expected to be recovered with the following pattern:

Transfer to trade receivables within	**1 year**	**2 years**	**3-5 years**	**> 5 years**	**total**
2020	24.010	7.475	-	-	**31.485**
2019	36.660	1.299	7.126	-	**45.085**

The movements of contract deferred revenue during the year ended December 31, 2020 and 2019 are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Balance at January 1	**84.265**	**80.702**
Transfer to/from liabilities held for sale	-	3.865
Additions	22.030	26.992
Release	(24.293)	(27.294)
Balance at December 31	**82.002**	**84.265**
Non-current	38.031	31.305
Current	43.971	52.960
	82.002	**84.265**

The total amount of deferred revenue is expected to be released in the income statement with the following pattern:

Release to profit or loss	**1 year**	**2 years**	**3-5 years**	**> 5 years**	**total**
2020	43.971	15.194	15.084	7.753	**82.002**
2019	52.960	9.646	15.590	6.069	**84.265**

The movements of contracts payables during the year ended December 31, 2020 and 2019 are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Balance at January 1	**28.859**	**15.372**
Transfer to/from liabilities held for sale	-	-
Additions	2.881	15.545
Release to accounts payable	(21.446)	(2.058)
Balance at December 31	**10.294**	**28.859**
Non-current	-	-
Current	10.294	28.859
	10.294	**28.859**

12. OTHER FINANCIAL ASSETS

The other financial assets mainly include guarantee deposits (US$ 3.8 million). These relate to regular deposits for the rent of premises and other rent or service agreements. They also include the participation of the N.V. Group in an investment fund.

The total balance of other financial assets on 31 December 2020 amounts to US$ 4.7 million (2019: US$ 5.0 million).

13. DEFERRED TAXES

During the year, the movements in deferred tax assets were as follows:

In US$ 000 For the year ended December 31	2020	2019
Balance at January 1	**33.237**	**35.035**
Recognized through other comprehensive income	1.744	1.452
Recognized through the statement of profit or loss	5.797	(3.310)
Effect of foreign exchange differences	(31)	60
Balance at December 31	**40.747**	**33.237**

The net position of deferred tax asset can be explained as follows:

In US$ 000 For the year ended December 31	2020	2019
Potential deferred tax asset	159.470	129.891
Amount not recognized	(118.723)	(96.654)
Total deferred tax assets - recognized	**40.747**	**33.237**

As of 31 December 2020, the N.V. Group had an unrecognized deferred tax asset of US$ 118.7 million (2019: US$ 96.7 million). Such assets have not been recognized due to the extent that it is not probable that sufficient taxable profits will be available to utilize the assets. Tax benefits from the unrecognized tax loss carry-forwards in the amount of US$ 0.4 million are due to expire over the period 2021-2023.

The recognized deferred tax assets increased from US$ 33.2 million end of 2019 to US$ US$ 40.7 million as of 31 December 2020.

No deferred tax liability is recognized on the unremitted earnings of overseas subsidiaries and branches. As the earnings are continually reinvested by the N.V. Group and there is no intention for these entities to pay dividends or repatriate from its foreign branches, no tax is expected to be payable on them in the foreseeable future. If the earnings were remitted, tax of US$ 3.9 million would be payable.

During the year, the movements in deferred tax liabilities were as follows:

In US$ 000 For the year ended December 31	2020	2019
Balance at January 1	9.950	9.914
Recognized through business combinations (Note 26)	-	5.659
Recognized through other comprehensive income	1.422	357
Recognized through the statement of profit or loss	(1.763)	(6.098)
Translation	37	118
Balance at December 31	**9.646**	**9.950**

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Losses available for offset against future taxable income	19.968	19.622
Pensions and post-employement medical benefits	6.694	4.234
Revaluation of intangibles acquired in a business combination	(4.464)	(6.137)
Revaluation of cash flow hedges	(1.407)	(579)
Loss in respect of disposal group	64	32
Short term timing differences	10.246	6.115
Balance at December 31	**31.101**	**23.287**

The deferred tax charge for the year in the statement of profit or loss relates to the following:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
(Reduction) Increase in Losses available for offset against future taxable income	(2.115)	6.692
Pensions and post-employement medical benefits	457	(1.573)
Revaluation of intangibles acquired in a business combination	(1.657)	(460)
Loss in respect of disposal group	(32)	(4.232)
Other timing differences	(4.213)	(3.215)
	(7.560)	**(2.788)**

14. INVENTORIES

The US$ 9.2 million inventories (2019: US$ 14.2 million) consist of goods for resale. No inventory has been pledged as security for liabilities.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

In US$ 000 **For the year ended December 31**	**2020**	**2019** [1]
Trade receivables	158.502	209.517
Unbilled revenues	63.039	100.976
Other receivables	880	5.949
Prepayments and VAT	29.988	35.646
Current account with parent and affiliates	95.933	71.302
Credit note provision	(13.133)	(17.982)
Bad debt (ECL) provision	(39.353)	(24.670)
	295.856	**380.738**

[1] 2019 figures have been represented in order to deduct from the trade receivables the amounts with high collection risk as per the definition of contracts with customers under IFRS 15.

The carrying amount of trade and other receivables approximates their fair value. Unbilled revenues substantially represent the December activity invoiced in the following year.

The decrease in trade receivables is the consequence of a lower activity volume in 2020 compared to previous years as a result of the COVID-19 pandemic.

Trade and unbilled revenues

The N.V. Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. To manage credit risk, management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. An allowance for impairment is made using the lifetime expected credit losses assessment where, based on previous experience, management estimates the recoverability of the cash flows.

The N.V. Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The N.V. Group is a Member of IATA clearing house that provides more certainty in settlement of outstanding amounts from Members. The standard credit period granted on sales of goods is 30 days.

Before accepting a new customer, the N.V. Group assesses the potential customer's creditworthiness and uses from time to time the assistance of an external credit agency. For existing customers, the N.V. Group uses an internal SITA credit risk rating to assess the risk profile of each customer. A significant part of the N.V. Group's revenues originates from customers who either pay via IATA Clearing House or with SITA SC Members.

(a) Expected credit loss model

The assessment of the lifetime expected credit loss is made on the net receivable that the N.V. Group holds on each of its customers. It is made using a 2-steps approach.

Step 1 – Collective assessment

The net receivables are first classified by creditworthiness using buckets of aging receivables as trigger. Then, for each bucket, based on past experience and statistical information, the N.V. Group defines an amount of expected credit loss as a percentage of the outstanding bucket amount.

In 2020, the COVID-19 pandemic has been considered as a credit event triggering the need to reassess the probability of default. As a response, the N.V. Group reviewed the assumptions supporting its Expected Credit Loss (ECL) provision and, for accounts identified as having a high credit risk profile, decided to fully provision receivables above 90 days with revenues to be recognized on a payment basis only.

Step 2 – Individual assessment

When the net receivable is higher than US$ 0.1 million and a credit event has been identified, the N.V. Group excludes it from the collective assessment and performs an individual assessment of the expected recoverable amount. Elements taken into accounts for the identification of the credit event and the assessment of the expected recoverable amount are the following:

- Cancelled services by the customer while receivables are still outstanding;
- Known bankruptcy or imposed cash flow restrictions;
- Members that are on the verge of having membership cancelled;
- Customers showing signs of potential financial difficulty;
- Customers within certain regions.

Where customers have been disconnected due to non-payment, are about to have SITA SC Membership cancelled or are known to be bankrupt or to become non-operational, the N.V. Group generally fully provides for total receivables.

(b) Credit note provisions and aging of past due but not impaired receivables

Credit note provision relates to credit granted to customers as a consequence of a billing adjustment or a commercial gesture.

39% (2019: 45%) of our trade receivables are current and 34% (2019: 28%) are past due but not impaired. There is no customer whose net exposure represents more than 5% of the total balance of trade receivables at December 31, 2020 (2019: none).

The past due but not impaired trade receivables amount to US$ 54.4 million (2019: US$ 58.3 million). The amounts remaining past due at the reporting date have not been impaired as there has been no significant change in credit quality of the debtors and the amounts are still considered recoverable. The N.V. Group does not hold any collateral over these balances.

The average aging of these receivables is 36.4 days on top of the normal 30 days credit term (2019: 23.3 days).

In US$ 000	**2020**			**2019**		
For the year ended December 31	**Members**	**Non-Members**	**Total**	**Members**	**Non-Members**	**Total**
1-30 days	4.961	8.600	13.561	4.841	11.559	16.400
31-60 days	2.862	3.349	6.211	3.588	8.456	12.044
61-90 days	2.530	4.620	7.150	2.967	4.160	7.127
91-180 days	4.993	3.439	8.432	4.976	2.546	7.522
181-360 days	7.547	3.200	10.747	7.866	1.828	9.694
> 360 days	2.537	5.745	8.282	2.707	2.761	5.468
Total	**25.430**	**28.953**	**54.383**	**26.945**	**31.310**	**58.255**

(c) Movement in the allowance for bad debt – expected credit loss

In US$ 000		
For the year ended December 31	**2020**	**2019**
Balance at beginning of the year	**24.670**	**19.810**
Impairment losses recognized	24.648	15.826
Amounts written off as uncollectible	(1.528)	(2.823)
Impairment losses reversed	(8.437)	(8.143)
Balance at end of the year	**39.353**	**24.670**

There is no single customer with a significant amount of impairment and the carrying amount of trade receivables whose terms have been renegotiated is not significant.

As a result of repayment of long outstanding items, US$ 8.4 million of impairment losses have been reversed during the year 2020 (US$ 8.1 million for 2019).

Trade receivables and related expected credit loss provisions are written off when the customer goes bankrupt and/or is disconnected from SITA services.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The N.V. Group utilizes derivative instruments to hedge its foreign currency exposure. The instruments mainly include currency forwards that represent commitments to purchase or sell foreign and domestic currency.

The table below summarizes information with regard to derivatives financial instruments held at December 31, 2020:

In US$ 000	Notional amounts	Fair value assets	Fair value liabilities
Derivatives designated and effective as cash flow hedges:			
FX forwards	144.178	5.639	(17)
Total	**144.178**	**5.639**	**(17)**

The cash flows of the above derivatives are expected mainly to occur and affect the statement of profit or loss in 2021.

The table below summarizes information with regard to derivatives financial instruments held at December 31, 2019:

In US$ 000	Notional amounts	Fair value assets	Fair value liabilities
Derivatives designated and effective as cash flow hedges:			
FX forwards	172.512	2.432	(115)
Total	**172.512**	**2.432**	**(115)**

The cash flows of the above derivatives have mainly occurred and affected the statement of profit or loss in 2020.

No ineffectiveness has been recorded during the year.

The amounts are based on market values of equivalent instruments at the balance sheet date. The fair value of currency hedging instruments that are designated and effective as cash flow hedges amount to a net unrealized gain for the N.V. Group of US$ 5.6 million (2019: net unrealized gain of US$ 2.3 million) which has been deferred in other comprehensive income. This amount is entirely attributable to equity holders of the parent for 2020 and 2019.

Note 18 shows the amounts deferred and removed from equity during 2020 with regard to derivatives qualifying as an effective cash flow hedge. During 2020, a net loss of US$ 3.3 million (2019: net loss of US$ 3.6 million) has been recorded to the statement of profit or loss in respect of contracts that matured during the year (net of taxes), of which US$ 1.7 million gain (2019: US$ 2.7 million loss) was included in comprehensive income per December 31, 2019.

17. CASH AND CASH EQUIVALENTS

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Bank balances	168.697	160.054
Short-term deposits	209.498	259.163
Cash in hand	21	11
Total	**378.216**	**419.228**

Cash and cash equivalents comprise cash held by the N.V. Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

In the statement of cash flows, the cash payments made within financing activities relate mainly to lease liabilities and loan payables repayments:

In US$ 000	**Lease liabilities (Note 24)**	**Loan payables (Note 23)**	**Total**
Balance at December 31, 2019	**58.223**	**-**	**58.223**
Financing cash inflow/(outflow)	(17.080)	6.761	(10.319)
Other movements	7.653	-	7.653
Balance at December 31, 2020	**48.796**	**6.761**	**55.557**

18. EQUITY

During 2011, the N.V. Group amended its articles of association, whereby its issued shares were separated into two classes: Class A and Class B shares. Class A and Class B shares each have the same rights. The number of Class A shares at the moment of conversion amounted to 100,030,945 and the number of Class B shares at the moment of conversion amounted to 67,566,780. Through subject amendment of the Articles of Association, the share premium and retained earnings are fully allocated to a Class A reserve and a Class B reserve in proportion to the number of issued Class A and Class B shares.

During 2016, the N.V. Group repaid share premium up to an amount of US$ 15.0 million.

As of the share premium repayment the Class reserves amounted to US$ 264,366,000 for the Class A reserve, and US$ 163,569,000 for the Class B reserve. The share premium repayment was made solely on the Class B shares, at the expense of the Class B reserve.

As a result of the share premium repayment, the proportion between (x) the amount standing in the Class A reserve and (y) the mount standing in the Class B reserve ceased to correspond to the proportion between (i) the number of issued Class A shares and (ii) the issued Class B shares, which means that the profits earned in a financial year need to be applied to an accrual for the benefit of the holders of Class A shares and the holder of Class B shares respectively, in the amount of the Preferred Coupon as defined in the articles of association, being the product of (x) the relevant Class Reserve and (y) the Coupon Rate, whereby the Coupon Rate is the sum of US$ LIBOR 12 Months and the Extra Return Rate established by a financial expert (being established at 2.92% p.a. by the financial expert appointed for that purpose).

The aforementioned accruals may be appropriated to the Class reserves or paid out as dividend and the results for the year remaining after that may, either partially or in full, be appropriated to the Class reserves in proportion to the number of shares issued, appropriated to the general reserves of the N.V. Group (and not to a Class reserve) or paid out as dividend.

At the end of 2020, SITA SC reimbursed US$ 18.4 million, which resulted in the rebalancing of the reserves proportionally to the number of Class A and B shares, ending the Preferred Coupon mechanism starting financial year 2021.

At December 31, 2020, the authorized share capital of the N.V. Group comprised 250,000,000 Class A shares and 250,000,000 Class B shares (2019: 250,000,000 Class A shares and 250,000,000 Class B shares) with a par value of € 0.10. The number of issued shares is 100,052,376 Class A shares and 67,566,780 Class B shares (2019: 100,052,376 Class A shares and 67,566,780 Class B shares), which have been fully paid. None of these shares are held by the entity or any of its subsidiaries.

During 2020, the N.V. Group did not issue any share (2019: 0). The total par value of the outstanding shares is € 16,761,916 and has been translated at 31 December 2020 against the US$ exchange rate at year end of EUR/US$ of 1.222 (2019:1.112).

The legal reserves are disclosed in the N.V. Group movement in shareholders' equity.

The other legal reserve relates to the net equity value of subsidiaries whereby such reserves are not freely distributable and capitalized development costs by subsidiaries in The Netherlands. The hedging reserve and revaluation reserve are also considered legal reserves under Dutch GAAP and are not freely distributable.

The revaluation reserves comprise the cumulative actuarial gains and losses on pensions (loss of US$ 33.4 million; 2019: loss of US$ 30.9 million), the unrealized gains and losses on investments (loss of US$ 0.2 million; 2019: US$ 0 million) as well as the cumulative translation results of foreign operations.

The translation reserve (which is part of the revaluation reserves) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the N.V. Group amounting to a US$ 0.7 million loss (2019: US$ 5.4 million loss).

The revaluation of the issued share capital of US$ 1.8 million increase (2019: decrease of US$ 0.4 million) is recorded in retained earnings.

The hedging gains and losses recognized on the portion of cash flow hedge are included in the hedging reserve.

The cumulative deferred gain or loss on the hedge is recognized in the statement of profit or loss when the hedged transaction impacts the statement of profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

The movements in the hedging reserve are as follows:

In US$ 000 For the year ended December 31	2020	2019
Balance at January 1	**1.738**	**(2.651)**
Gain/(loss) recognized on cash flow hedges:		
Transferred to the statement of profit or loss	(1.738)	2.651
Net gain/(loss) added to equity	5.623	2.319
Deferred tax effect	(1.407)	(581)
Balance at December 31	**4.216**	**1.738**
Equity holders of the Company	4.216	1.738
Non-controlling interest	-	-
	4.216	**1.738**

Gains and losses transferred from other comprehensive income to the statement of profit or loss during the period are included in the following line items in the statement of profit or loss (prior to tax effect):

In US$ 000 For the year ended December 31	2020	2019
Cost of sales	1.491	(2.258)
Sales and marketing expenses	135	(221)
General and administration expenses	112	(172)
Total	**1.738**	**(2.651)**

No ineffectiveness of cash flow hedges has been recorded in the statement of profit or loss during 2019 and 2020.

19. PENSIONS AND END OF SERVICE INDEMNITIES

Various funded and non-funded defined benefit and contribution pension and end of service indemnity schemes are operated throughout the N.V. Group. The nature of each plan varies according to the country concerned. The assets of all plans are held separately from the Company.

In most countries, the N.V. Group's employees are members of state pension or defined contribution schemes and the N.V. Group's obligations are restricted to specified contributions.

In 2007, staff transferred from SITA SC to the N.V. Group. The pension obligation in connection with the transferred staff remains at SITA SC for the period until the date of transfer.

On the balance sheet, The N.V. Group recognizes a total liability of US$ 88.2 million at the end of 2020 (2019: US$ 77.3 million). This total liability can be split as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Defined Benefit plans in main countries	69.899	60.167
Other defined Benefit plans	1.352	1.830
End of service indemnities	15.606	14.111
Long-term service benefits	1.359	1.158
Total Liability	**88.216**	**77.266**

Amounts recognized in the income statement can be presented as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Defined Benefit plans in main countries	7.886	4.662
Other defined Benefit plans	226	261
End of service indemnities	2.411	3.234
Long-term service benefits	119	96
Total amount recognized in Profit and Loss	**10.642**	**8.253**

Amounts recognized in the statement of other comprehensive income can be split as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Defined Benefit plans in main countries	3.760	14.419
Other defined Benefit plans	(615)	277
Total amount in OCI	**3.145**	**14.696**

Other defined benefit plans include end of service indemnities (EOSI) for the pensions and end of service obligations related to the smaller countries where SITA is operating.

Though these obligations meet IAS 19 definition of defined benefit obligations, SITA management has assessed these obligations as below the N.V. Group's materiality level and therefore decided to adopt a simplified approach. The EOSI provision calculated for these countries is assuming a close of the plans as per 31 December of the year.

N.V. Group's Defined Benefit Plans in major countries

The N.V. Group's main defined benefit retirement plans are operated in France, Germany, Italy, Switzerland and UK. These defined benefit retirement plans have been developed in accordance with normal local practice in the countries in which the N.V. Group operates.

The N.V. Group also provides for post-retirement medical benefits to their retirees in the US. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The plan has been closed to new entrants. The same accounting methodology is used as for defined benefit pension plans.

The primary N.V. Group's defined benefit liability is in the UK with more than 28% of the N.V. Group's total liability.

UK

The N.V. Group operates a defined benefit plan from a trust. The assets of the plans are held separately from the N.V. Group and have trustees who ensure the plan's rules are strictly adhered to. A plan has been closed to new entrants since 2004, but members are still accruing benefits under the plan. Since then new employees have been offered membership of defined contributions plans which have been operated by the N.V. Group. The other plan has no active members (only deferred or pensioners). Under the defined benefit plans, each member's pension at retirement is related to their pensionable service and final salary.

Funding valuations of the defined benefit plans are carried out and agreed between the N.V. Group and the plan trustees at least once every three years. The funding target is for the plans to hold assets equal in value of the accrued benefits based on projected salaries. As part of the valuation process, if there is a shortfall against this target, then the N.V. Group and trustees will agree on deficit contributions to meet this deficit over a specified period.

There is a risk to the N.V. Group that adverse experience could lead to a requirement for the N.V. Group to make additional contributions to recover any deficit that arises.

The weighted average duration of the expected benefit payments is approximately 20 years.

The N.V. Group contributed US$ 6.1 million to this plan in 2020. The expected contribution for 2021 amounts to US$ 3.3 million.

SWITZERLAND

The N.V. Group participates in a collective foundation in Switzerland. The foundation covers all employees in Switzerland and provides benefits on a defined contribution basis. Each employee has a savings account to which the employee and the N.V. Group contribute. Each affiliated employer to the collective foundation has a benefit committee equally made up of representatives of the employees and representatives of the employer.

From January 1, 2019, the operating model of this collective foundation moved to a semi-autonomous mode where the foundation has full responsibility for the investment strategy and risk. Starting 2019, the retirement plan is presented as a defined benefit plan due to the underlying benefit guarantee. On retirement an employee is guaranteed the pension payment but can also elect a lump sum payment.

The weighted average duration of the expected benefit payments is approximately 15 years.

In 2020, the N.V. Group contributed US$ 2.4 million to this plan. The contribution that the N.V. Group expects to pay in 2021 amounts to US$ 2.4 million.

Other Main Countries

The N.V. Group sponsors defined retirement plans in the other countries where it operates. In France and Italy, the retirement plans provide for lump sum payments at retirement. The plan in Germany provides pension payments to the retirees. It is closed since 1992.

Major Pension Plans key figures

The amounts recorded in the statement of profit and loss in relation to the defined benefit pension and post-retirement medical plans are as follows:

In US$ 000	2020			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Service Cost:	1.029	4.227	1.690	6.946
Net Interest on the Net Defined Benefit Liability	419	2	300	721
Immediate recognition of (gains)/losses arising over the year	-	-	20	20
Administration Expenses	154	45	-	199
Total Charge/(Credit) Recognized in Profit and Loss	**1.602**	**4.274**	**2.010**	**7.886**

In US$ 000	2019			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Service Cost:	953	1.250	1.433	3.636
Net Interest on the Net Defined Benefit Liability	446	(1)	402	847
Immediate recognition of (gains)/losses arising over the year	-	-	(3)	(3)
Administration Expenses	151	31	-	182
Total Charge/(Credit) Recognized in Profit and Loss	**1.550**	**1.280**	**1.832**	**4.662**

The amounts recorded in the statement of comprehensive income in relation to the defined benefit pension and post-retirement medical plans are as follows:

In US$ 000	2020			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
DBO (Gain)/Loss due to Changes in Demographic Assumptions	-	-	(1.406)	(1.406)
DBO (Gain)/Loss due to Changes in Financial Assumptions	7.957	521	707	9.185
DBO (Gain)/Loss due to Experience	(374)	7.758	(1.405)	5.979
Asset (Gain)/Loss	(1.569)	(6.947)	(560)	(9.076)
Reimbursement (Gain)/Loss	-	-	(922)	(922)
Total Remeasurements Recognized in Other Comprehensive (Income)/Loss	**6.014**	**1.332**	**(3.586)**	**3.760**

In US$ 000	2019			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
DBO (Gain)/Loss due to Changes in Demographic Assumptions	(643)	(1.362)	-	(2.005)
DBO (Gain)/Loss due to Changes in Financial Assumptions	8.588	3.092	4.817	16.497
DBO (Gain)/Loss due to Experience	4.103	16.093	(92)	20.104
Asset (Gain)/Loss	(3.226)	(15.391)	19	(18.598)
Reimbursement (Gain)/Loss	-	-	(1.579)	(1.579)
Total Remeasurements Recognized in Other Comprehensive (Income)/Loss	**8.822**	**2.432**	**3.165**	**14.419**

For Switzerland, following the change in operating model in 2019, all past gains and losses have been accrued as experience losses.

The amount included in the consolidation statement of financial position arising from the N.V. Group's obligation in respect of its defined benefit plans is as follows:

In US$ 000	**2020**			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Present Value of Funded Defined Benefit Obligation	(84.233)	(73.098)	(8.173)	(165.504)
Fair Value of Plan Assets	58.791	65.670	7.689	132.150
Funded Status	**(25.442)**	**(7.428)**	**(484)**	**(33.354)**
Present Value of Unfunded Defined Benefit Obligation	-	-	(36.545)	(36.545)
Asset and (Liability) Recognized in Balance Sheet	**(25.442)**	**(7.428)**	**(37.029)**	**(69.899)**

In US$ 000	**2019**			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Present Value of Funded Defined Benefit Obligation	(72.881)	(48.880)	(6.296)	(128.057)
Fair Value of Plan Assets	49.601	45.289	4.915	99.805
Funded Status	**(23.280)**	**(3.591)**	**(1.381)**	**(28.252)**
Present Value of Unfunded Defined Benefit Obligation	-	-	(31.915)	(31.915)
Asset and (Liability) Recognized in Balance Sheet	**(23.280)**	**(3.591)**	**(33.296)**	**(60.167)**

The tables below show the movement in the net defined benefit obligation over the year, showing separate reconciliations for the present value of the Defined Benefit Obligation, the plan assets and the impact of the asset ceiling

In US$ 000	**2020**			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Defined Benefit Obligation, Beginning of Year	72.881	48.880	38.211	159.972
Net Current Service Cost	1.029	2.432	1.690	5.151
Interest Cost on DBO	1.468	51	481	2.000
Employee Contributions	-	2.302	-	2.302
Past service cost	-	1.796	-	1.796
Other events	-	-	3.538	3.538
Net Benefits Paid	(990)	2.991	(511)	1.490
Remeasurement (Gain)/(Loss):				
(Gain)/Loss due to Experience	(374)	7.758	(1.385)	5.999
(Gain)/Loss due to Demographic Assumption Changes	-	-	(1.405)	(1.405)
(Gain)/Loss due to Financial Assumption Changes	7.957	521	707	9.185
Exchange Adjustments	2.262	6.367	3.392	12.021
Defined Benefit Obligation, End of Year	**84.233**	**73.098**	**44.718**	**202.049**

In US$ 000	**2019**			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Defined Benefit Obligation, Beginning of Year	57.105	28.935	33.091	119.131
Net Current Service Cost	953	1.250	1.433	3.636
Interest Cost on DBO	1.759	256	778	2.793
Employee Contributions	-	1.175	-	1.175
Past service cost	-	-	-	-
Other events	-	-	-	-
Net Benefits Paid	(1.646)	(1.157)	(1.211)	(4.014)
Remeasurement (Gain)/(Loss):				
(Gain)/Loss due to Experience	4.103	16.093	(95)	20.101
(Gain)/Loss due to Demographic Assumption Changes	(643)	(1.362)	-	(2.005)
(Gain)/Loss due to Financial Assumption Changes	8.588	3.092	4.817	16.497
Exchange Adjustments	2.662	598	(602)	2.658
Defined Benefit Obligation, End of Year	**72.881**	**48.880**	**38.211**	**159.972**

For Switzerland, following the change in operating model in 2019, all past gains and losses have been accrued as experience losses.

The movement in the Fair Value of Plan Assets during the year can be summarized as follows:

In US$ 000	**2020**			
For the year ended December 31	**UK**	**Switzerland**	**Other**	**Total**
Fair Value of Plan Assets, Beginning of Year	49.601	45.289	4.915	99.805
Employer Contributions	6.096	2.355	511	8.962
Employee Contributions	-	2.302	-	2.302
Other Events	-	-	1.529	1.529
Net Benefits Paid	(990)	2.991	(511)	1.490
Actual Administration Expenses Paid	(154)	(45)	-	(199)
Actual Taxes Paid	-	-	-	-
Interest Income on Plan Assets	1.049	49	43	1.141
Remeasurement Gain/(Loss):				
Return on Plan Assets (excluding Amounts included in Interest Income)	1.569	6.947	560	9.076
Exchange Adjustments	1.620	5.782	642	8.044
Fair Value of Plan Assets, End of Year	**58.791**	**65.670**	**7.689**	**132.150**

In US$ 000	2019			
For the year ended December 31	UK	Switzerland	Other	Total
Fair Value of Plan Assets, Beginning of Year	42.045	27.899	5.633	75.577
Employer Contributions	2.963	1.201	521	4.685
Employee Contributions	-	1.175	-	1.175
Net Benefits Paid	(1.646)	(1.157)	(1.211)	(4.014)
Actual Administration Expenses Paid	(151)	(31)	-	(182)
Actual Taxes Paid	-	-	-	-
Interest Income on Plan Assets	1.312	257	107	1.676
Remeasurement Gain/(Loss):				
Return on Plan Assets (excluding Amounts included in Interest Income)	3.226	15.391	(19)	18.598
Exchange Adjustments	1.852	554	(116)	2.290
Fair Value of Plan Assets, End of Year	**49.601**	**45.289**	**4.915**	**99.805**

For Switzerland, following the change in operating model in 2019, the total fair value of the plan assets has been included in return on plan assets.

The movement in the Net Asset/(Liability) recognized in the statement of financial position during the year can be summarized as follows:

In US$ 000	2020			
For the year ended December 31	UK	Switzerland	Other	Total
Balance Sheet Liability, Beginning of Year	(23.278)	(3.590)	(33.299)	(60.167)
Total (Charge)/Credit Recognized in Profit and Loss	(1.602)	(4.274)	(2.148)	(8.024)
Total Remeasurements Recognized in Other Comprehensive Income/(Loss)	(6.014)	(1.332)	2.664	(4.682)
Other Events	-	-	(2.009)	(2.009)
Employer Contributions	6.096	2.355	482	8.933
One-off Employer Contributions to Finance any Special Termination Benefits	-	-	30	30
Exchange Adjustments	(644)	(587)	(2.749)	(3.980)
Balance Sheet Liability, End of Year	**(25.442)**	**(7.428)**	**(37.029)**	**(69.899)**

In US$ 000	2019			
For the year ended December 31	UK	Switzerland	Other	Total
Balance Sheet Liability, Beginning of Year	(15.060)	(1.035)	(27.458)	(43.553)
Total (Charge)/Credit Recognized in Profit and Loss	(1.550)	(1.280)	(2.100)	(4.930)
Total Remeasurements Recognized in Other Comprehensive Income/(Loss)	(8.822)	(2.432)	(4.744)	(15.998)
Other Events	-	-	-	-
Employer Contributions	2.963	1.201	520	4.684
One-off Employer Contributions to Finance any Special Termination Benefits	-	-	-	-
Exchange Adjustments	(809)	(44)	483	(370)
Balance Sheet Liability, End of Year	**(23.278)**	**(3.590)**	**(33.299)**	**(60.167)**

In addition to the Plan Assets, there are reimbursement rights of US$ 22.2 million (2019: US$ 15.8 million). These reimbursement rights relate to the German plans. There are no reimbursement rights in the other countries.

In US$ 000 **For the year ended December 31**	**2020**	**2019**
	Other	Other
Reimbursement Rights, Beginning of Year	15.811	13.785
Interest Income on Reimbursement Rights	138	268
Return on Reimbursement Rights (excluding Amounts included in Interest Income)	922	1.579
Employer Contributions	584	582
Reimbursements to company	(111)	(91)
Other Restructuring Events	2.967	-
Exchange Adjustments	1.892	(312)
Reimbursement Rights, End of Year	**22.203**	**15.811**

The following table provides details on the composition of the fair value of plan assets of the UK (all classified as level 2). The assets for the other plans in France and Switzerland are insurance assets.

The composition and fair value of plan assets at the end of year are as follows:

In US$ 000	**UK Pension Plan Asset Allocation**			
	2020		**2019**	
	Fair value	**%**	**Fair value**	**%**
Equity Securities				
Domestic	1.560	2,7%	2.281	4,6%
Foreign	12.457	21,2%	15.275	30,8%
Government Bonds				
Domestic Government Bonds	17.555	29,9%	11.536	23,3%
Foreign Government Bonds	3.525	6,0%	5.098	10,3%
Corporate Bonds				
AA and higher rated Corporate Bonds	-	0,0%	2.027	4,1%
A Corporate Bonds	7.624	13,0%	1.045	2,1%
BBB and lower rated Corporate Bonds	2.992	5,1%	2.542	5,1%
Real Estate / Property				
Domestic	2.386	4,1%	2.355	4,7%
Foreign	-	0,0%	-	0,0%
Derivatives	-	0,0%	-	0,0%
Insurance Contracts	-	0,0%	-	0,0%
Cash and Cash Equivalents	1.111	1,9%	172	0,3%
Other	9.581	16,3%	7.270	14,7%
Self investment	-	-	-	-
Total	**58.791**	**100%**	**49.601**	**100%**

The valuation of pensions requires the N.V. Group to select market assumptions on discount rates, inflation and expected returns, as well as making company specific estimates such as long-term salary increase. The N.V. Group benchmarks its market assumptions to commonly used financial indices and uses the expertise of global and local actuaries.

The N.V. Group has applied the following principal actuarial assumptions in calculating the defined benefit obligations:

	UK			**Switzerland**			**Other**		
Financial Year	*2020*	*2019*	*2018*	*2020*	*2019*	*2018*	*2020*	*2019*	*2018*
Discount Rate	1,45	2,10	3,00	0,10	0,15	*N/A*	1,13	1,41	2,53
Rate of Future Earnings Increases	2,00	1,90	1,90	0,75	0,75	*N/A*	1,67	1,92	1,92
Rate of Pension Increases	2,80	2,90	3,10	0,00	0,00	*N/A*	0,00	0,00	0,00

For the most significant pension plans, the discount rate at each measurement date is based on benchmarks of high-quality corporate bonds, with the exception of Switzerland, where a government bond benchmark is used.

In line with 2019, the N.V. Group added a spread to the benchmarks for the EU and UK to allow for the difference in duration between the underlying corporate bond benchmark (about 10 years in EU and 15 years in the UK) and the pension plans (respectively 15 and 20 years). For 2020 this leads to a spread of 40bp in Eurozone and 20bp in UK that is added to the corporate bond benchmarks. (2019: 40bp in Eurozone and 20bp in UK).

The effect of changes in the principal assumptions on the defined benefit obligation is:

Sensitivity analysis	**Increase/(Decrease) in defined benefit obligation**			
In US$ 000	**UK**	**Switzerland**	**Other**	**Total**
Effect of Decreasing the Discount Rate by 0.50%				
Increase in DBO	7.641	5.954	2.710	16.305
Effect of Increasing the Salary increase Rate by 0.50%				
Increase in DBO	4.741	3.643	63	8.447

The above sensitivity analyses are based on a change in the assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and some changes of the assumptions may be correlated.

In the UK, mortality rates are determined by adjusting the SAPS "All Pensioner" standard mortality table to reflect recent plan experience. These rates are then projected to reflect improvements in life expectancy in line with CMI projections with a long-term rate of improvement of 1.25% per annum.

In Switzerland, the mortality rates are calculated using the LPP 2015 mortality tables with CMI projections with a long-term rate of improvement of 1.25% per annum.

When calculating the sensitivity of the DBO to significant assumptions the same method has been applied as when calculating the pension liability recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

20. PROVISIONS

In US$ 000	2020			
For the year ended December 31	**Restructuring provisions**	**Litigation provisions**	**Other provisions**	**Total**
Balance at January 1	**46.063**	**9.006**	**84.323**	**139.392**
Additions	34.132	11.788	6.358	52.278
Usage	(25.667)	(5.969)	(20.498)	(52.134)
Releases	(12.776)	(3.037)	(10.951)	(26.764)
Balance at December 31	**41.752**	**11.788**	**59.232**	**112.772**
Non-current	6.210	-	29.361	35.571
Current	35.542	11.788	29.871	77.201
	41.752	**11.788**	**59.232**	**112.772**

In US$ 000	2019			
For the year ended December 31	**Restructuring provisions**	**Litigation provisions**	**Other provisions**	**Total**
Balance at January 1	**35.513**	**6.739**	**106.366**	**148.618**
Additions	32.868	2.267	759	35.893
Usage	(15.066)	-	(7.488)	(22.554)
Releases	(7.252)	-	(15.314)	(22.565)
Balance at December 31	**46.063**	**9.006**	**84.323**	**139.392**
Non-current	17.318	-	58.567	75.885
Current	28.745	9.006	25.756	63.507
	46.063	**9.006**	**84.323**	**139.392**

The restructuring provisions consist on costs related to various integration and transformation activities. Over the past years, the N.V. Group pursued its change programs through several successful initiatives to improve the quality and speed of its service delivery and lead time to market, drive efficiency and achieve operational excellence.

In the course of 2020, the Air Transport industry faced an unprecedented collapse caused by the COVID-19 pandemic with travel restrictions, quarantine measures and borders closed to limit the spread of the virus. The size of the shock has severely impacted the demand for travel and airlines services thus the airline industry reported significant losses, revenue fall, job cuts and airlines bankruptcies.

Learning from the crisis and preparing for the future of the air transport "new normal", the N.V. Group had to respond to the pandemic crisis by implementing several measures to contain costs while reshaping its business structure to be prepared for the new agile air transport business.

As such, the N.V. Group reviewed its organizational structure to respond the shrinking market demand and industry outlook while retaining flexibility for ramp up. As a result, some restructuring costs were incurred in 2020 for US$ 30.0 million.

Following the decision taken by the N.V. Group in 2019 to withdraw its activities from the passenger services market, the N.V. Group received some employment offers from a close business partner for some of its passenger services employees which were accepted. The completion of the restructuring plan aims to be finalized by June 2022.

Overview of the main movements of provisions for restructuring and termination:

- Severance and benefits payments recorded in 2020 for US$ 30.0 million;
- Restructuring provisions following the 2020 organizational transformation of the N.V. Group for some US$ 30.0 million;
- A net decrease reported for US$ 8.5 million corresponding to the remeasurement of the existing restructuring provisions.

The current balance of the restructuring provisions amounts to US$ 35.6 million and is expected to be used in 2021.

The litigation provisions amount to US$ 11.8 million (2019: US$ 9.0 million) and relate to contracts termination.

The other provisions are related to long term onerous contracts and amounts to US$ 59.2 million (2019: US$ 84.3 million). The movement of the provisions correspond to settlement for US$ 20.5 million and a net decrease of US$ 4.6 million recorded for its remeasurement.

For the recognition and remeasurement of these provisions, the Company exercised its judgment in determining the best estimate of the costs required to settle the obligation. This is Management's best estimate of the impact based on all facts and circumstances known as per 31 December 2020.

The release of provisions reported in 2020 refers primarily to the positive outcome of several contract negotiations concluded in 2020.

21. OTHER LIABILITIES

The other liabilities (US$ 15.1 million; 2019: US$ 17.5 million) are essentially related to the fair value's non-current part of the contingent earn outs of acquired companies.

22. TRADE AND OTHER PAYABLES

Trade and other payables include:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Trade payables	124.735	194.964
Other taxes	23.378	19.752
Other employees' payables	64.993	102.232
Deferred Payments related to aquisitions	1.671	1.126
Total	**214.777**	**318.074**

The carrying amount of trade and other payables approximates the fair value. The N.V. Group has financial risk management policies in place to ensure that all agreed payables are paid within the credit timeframe.

The trade payables include an amount of US$ 1.8 million (2019: US$ 0.4 million) that relates to net outstanding trade receivable credit balances.

23. LOAN PAYABLES

In 2020, the N.V. Group received 2 loan facilities by European states in the context of the COVID-19 pandemic:

- A 36-month amortizing loan of US$ 2.2 million (interest: 2.2%);
- A 60-month loan to be reimbursed at maturity of US$ 1.7 million (interest: 0%)

In addition, also in 2020, the N.V. Group contracted a 24-month amortizing loan of US$ 2.6 million (interest: 0%) for the acquisition of equipment.

24. LEASES

The movements in right-of-use assets during the years ended on 31 December 2020 and 2019 are as follows:

In US$ 000	**Land and buildings**	**Plant and equipment**	**Total**
Balance at January 1, 2019	**60.430**	**7.958**	**68.388**
Additions through business combinations	144	-	144
Adjustments for lease liability remeasurements	1.554	1.357	2.911
Depreciation for the year	(13.872)	(3.193)	(17.065)
Disposals	(1.326)	-	(1.326)
Translation	(116)	(149)	(265)
Balance at December 31, 2019	**46.814**	**5.973**	**52.787**
Adjustments for lease liability remeasurements	2.063	3.306	5.369
Depreciation for the year	(13.124)	(3.721)	(16.845)
Impairment (Note 5)	(3.550)	-	(3.550)
Reclassification	(2.214)	2.214	-
Translation	318	597	915
Balance at December 31, 2020	**30.307**	**8.369**	**38.676**

The movements in lease liabilities during the years ended on 31 December 2020 and 2019 are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Balance at January 1	**58.223**	**74.049**
Additions	5.369	2.911
Additions through business combinations	-	144
Accrued interest expenses (Note 6)	1.506	2.221
Lease payments	(18.586)	(19.379)
Disposals	-	(1.319)
Translation	2.284	(404)
Balance at December 31	**48.796**	**58.223**
Non-current	30.134	42.387
Current	18.662	15.836
	48.796	**58.223**

At 31 December 2020, the average effective borrowing rate was 1.9% (2019: 2.8%).

The N.V. Group also recognized a charge of US$ 7.9 million (2019: US$ 16.6 million) relating to short-term leases with a 1-year duration or less.

During the year, due to the COVID-19 pandemic, many leases of premises have been renegotiated and the N.V. Group received rent concessions mainly in the form of payment deferrals. The N.V. Group treated these concessions as lease modifications and did not apply the exemption provided by the IFRS 16 amendment issued in 2020.

The N.V. Group recognized a US$ 3.5 million impairment loss on right-of-use asset for one of the leased premises, mostly vacated at the end of the year.

Leases are mainly contracted by the N.V. Group for premises and equipment. Leases are negotiated for an average term between 5 and 10 years for premises and 3 to 5 years for equipment.

In most contracts, rental prices are fixed for the term of the contract, although they usually increase with a certain price index.

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the normal course of its business, SITA is exposed to credit, foreign exchange, interest rate, and liquidity risk. The N.V. Group maintains comprehensive and strict procedures and controls to identify, measure, monitor and mitigate these risks.

The N.V. Group's financial risk management strategy seeks to minimize the effects of these risks by using natural hedges or derivative financial instruments to hedge the various risk exposures.

The use of financial derivatives is governed by the N.V. Group's policies approved by the Management Board, which provide documented principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

The N.V. Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Audit and Risk Management Committee of the N.V. Group Supervisory Board receives a report on a quarterly basis from the Corporate Treasury function. The reporting comprises of the Treasury Report and the N.V. Group Risk Management Report, detailing the market risks at reporting date and the anticipated cash flows risks.

(a) Credit risk

Credit risk is defined as the risk that adverse movements in the credit quality of the N.V. Group's counterparties will affect the value of the N.V. Group's positions. Adverse changes in credit quality can occur due to specific counterparty risk or risks relating to the country in which the counterparty conducts its business. The N.V. Group is exposed to credit risk in both its regular and treasury operations. Credit risk can arise due to specific customer risk, in the form of defaults or adverse change in credit quality, due to country risks or due to specific treasury counterparty risk.

Customer Counterparty risk

Risk management on an individual customer basis is more a function of agreeing terms that minimize the N.V. Group's exposure at the negotiation stage. At the acceptance of large sales or significant projects, the credit risk is assessed by reviewing counterparties on various dimensions of financial strengths and their operations' risk.

Before accepting a new customer, the N.V. Group assesses the potential customer's credit worthiness and uses from time to time the assistance of an external credit agency. Any repeat business or new orders for existing customers are subject to overdue balance review.

Contracts with a term of more than 1 year with a negative cash flow at any stage, on a cumulative basis, of more than US$ 5 million will be subject to a 'Risk review' to establish if risk has been mitigated to the extent possible. Such mitigations can include: credit assessment, bank or sovereign guarantees, bonds or deposits received, pledge of assets, use of non-recourse (to the N.V. Group) external finance, use of IATA Clearing House for Air Transport Community customers, contracted penalties for late payment, or linkage with the provision of network services.

Customer counterparty risk is different between SC Members and Non-SC Members. Typically, SC Members are subject to IATA standards and procedures that provide additional certainty on the professionalism of the SC Member and their creditworthiness. Settlements through the IATA clearing house provides additional certainty that SC Member receivables are collectible.

Contract and customer profitability analysis can be done to assess regional political/economic risks and thus establish if there is an unacceptable exposure to one country or region.

Trade receivables consist of a large number of customers, spread across various geographical areas. Diversification of the customer portfolio mitigates the risk of high concentration of credit risk within a single geography, sector or customer type.

Ongoing credit evaluation of the customers is performed through the use of an internal SITA Credit Risk Rating. This individual rating is built based on the following criteria: financial information, qualitative information and country-specific information.

In the specific context of the COVID-19 pandemic, the customer credit risk increased significantly compared to previous years. As a response, in addition to the strict application of the policy described here above, the N.V. Group strengthened the policy by reviewing the ECL provision calculation and reviewing the credit limits per customer Tiers and its respect before service suspension/disconnection to enforce cash collection.

Treasury credit risk

In addition to credit risk resulting from its operating activities, the N.V. Group is exposed to credit risks in connection with its liquid assets, its treasury investment portfolio and the positive fair value of derivative instruments. The N.V. Group's treasury investment policy aims to limit such risks. This policy pursues a selective acceptance of treasury counterparties and only deals with financial partners that are regularly used and are evaluated as financially strong. The credit quality of the treasury investment portfolio is monitored on a regular basis.

Exposure to institutions with which the N.V. Group has contracted financial hedging products, entered into financing agreements or placed any deposits will be minimized through the following rules:

- Exposure to counter-party risk, on a group basis is capped by a US$ amount, considering the total net exposure and using "SITA rating";

- "SITA rating" is determined for each bank or financial institution and their respective Counterparty net exposure limit using the median "Long Term" rating from S&P, Moody's and Fitch (i.e. the second-best rating from the three agencies); and the nature and the maturity of the exposure.
- Maximum exposure for any counterparty is US$ 350 million.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the N.V. Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the N.V. Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Market Risk

Market risk is defined as the risk that the value of the N.V. Group's positions or the N.V. Group's profitability will fluctuate due to market movements. Market movements can be split into movements of foreign currency exchange rates, interest rates, equity prices and commodity prices. The latter two are of limited relevance to the N.V. Group. The N.V. Group is only exposed to commodity risk for purchase transactions in the context of projects or investing activities. Equity risk applies only to the N.V. Group's participation in associates and available for sale investments.

Foreign Currency risk

Currency risk is defined as the potential loss that could result from adverse changes in foreign currency exchange rates. Movements in exchange rates will affect both the N.V. Group's net income and financial position. The N.V. Group's functional and presentation currencies are the US$ (US Dollar) and the foreign currency exposure arises from:

(1) Highly probable forecast transactions (sales/purchases) denominated in foreign currencies;

(2) Firm commitments denominated in foreign currencies; and

(3) Monetary items (mainly trade receivables, trade payables) denominated in foreign currencies.

The N.V. Group will manage foreign exchange risk on expected, future cash flows ('cash flow hedges') with the objectives of protecting budget and plan profits as well as the margin on longer term contracts. Hedging instruments that can be used to manage the foreign exchange risk include forward contracts and risk reversal (zero cost collars or combination of options) to cover specific foreign currency denominated payments and receipts of the exposure generated. The N.V. Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to typically twelve months the exposure generated.

In addition, the following policies are followed to mitigate exposure to foreign exchange risk:

- Customer contracts are preferably denominated in US$ but may also use Euro or other hard currencies with the aim of increasing the natural hedging of the cost base. Split currency contracts may be used to the extent that there is a local currency cost component. When cash flow cannot be matched internally with opposite cash flows (over the same period and subject to the same variations), the remaining exposure will be hedged with the price of such hedge reflected in the profitability of the relevant underlying business venture;

- Any signature of a material supplier or customer contract (new contract or renewal) that is not US$ denominated requires approval from the Treasury department;
- When non-US$ cash flows related to customers contracts cannot be matched internally with opposite cash flows in the same currency (over the same period and subject to the same variations), the remaining exposure is part of the Foreign Exchange net exposure. This residual risk is mitigated by hedging all annual Foreign Exchange net exposures above US$ 8 million using a quarterly rolling and layering approach over 12 months;
- Foreign currency hedging is limited to 100% of the Foreign Exchange net exposure, any position over 100% would be considered as speculative;
- The minimum hedge coverage for the next coming calendar year should be at least 75% at the end of the calendar year;
- Foreign Exchange risk management can only be done through plain vanilla instruments. The use of exotic options is not permitted.

The table below summarizes the N.V. Group's exposure to currency risk at carrying values at December 31, 2020 and 2019:

In US$ 000 **Currency exposure**	**CAD/USD**	**SGD/USD**	**GBP/USD**	**CHF/USD**	**BRL/USD**	**CZK/USD**
At December 31, 2019	51.729	37.262	100.248	30.441	19.084	16.223
At December 31, 2020	50.923	18.481	90.480	26.024	11.597	14.179

If the US$ strengthens ten percent against and across the above-mentioned currencies, the N.V. Group would experience a gain of US$ 21.2 million (2019: US$ 25.5 million).

For a ten percent weakening of the US$ against the exposure currency the N.V. Group would record an opposite exchange loss of US$ 21.2 million (2019: US$ 25.5 million).

Ten percent is the sensitivity rate used when assessing the reasonably possible change in foreign exchange rates. Nominal values of individual swap legs with regard to derivative financial instruments are allocated to the relevant currency category.

For risk management purposes, currency risk exposures are measured based on expected cash flows.

Interest rate risk

Interest rate risk is defined as the risk that the value of the N.V. Group's positions or profitability will fluctuate as a result of changes in market interest rates. The length of time for which the interest rate of a financial instrument is fixed indicates to what extent it is exposed to this risk. Interest rate risk is managed by matching as closely as possible the interest rate terms of the N.V. Group's liabilities to the interest rate terms of its assets. The N.V. Group may safeguard the risk to profitability through hedging of interest rate risk.

In 2020, this risk has been materialized by the higher financing rates for ATI members as result of COVID-19 pandemic.

The table below summarizes the interest repricing characteristics for interest bearing financial assets and financial liabilities. Included in the table are the N.V. Group's assets and liability at carrying values, categorized by the earlier of contractual repricing or maturity dates.

In US$ 000 **For the year ended December 31, 2020**	**< 1 year**	**> 1 year**	**Total**
Financial assets			
Cash and cash equivalents	378.216	-	378.216
	378.216	**-**	**378.216**
Financial liabilities			
Loan payables	(2.624)	(4.137)	(6.761)
Other liabilities[1]	(1.671)	(15.064)	(16.735)
Lease liabilities	(18.662)	(30.134)	(48.796)
	(22.957)	**(49.335)**	**(72.292)**
Net interest exposure	**355.259**	**(49.335)**	**305.924**

Sensitivity within one year due to change in interest rates	50 basis points increase	50 basis points decrease
In US$ 000		
In statement of profit or loss	(1.530)	1.530
Through equity	-	-
	(1.530)	**1.530**

[1] Short-term other liabilities are contingent considerations that are presented within trade and other payables. See Note 22.

In US$ 000 **For the year ended December 31, 2019**	**< 1 year**	**> 1 year**	**Total**
Financial assets			
Cash and cash equivalents	419.228	-	419.228
	419.228	**-**	**419.228**
Financial liabilities			
Loans and other liabilities[1]	(1.126)	(17.536)	(18.662)
Lease liabilities	(15.836)	(42.387)	(58.223)
	(16.962)	**(59.923)**	**(76.885)**
Net interest exposure	**402.266**	**(59.923)**	**342.343**

Sensitivity within one year due to change in interest rates	50 basis points increase	50 basis points decrease
In US$ 000		
In statement of profit or loss	(1.712)	1.712
Through equity	-	-
	(1.712)	**1.712**

[1] Short-term loans and other liabilities are contingent considerations that are presented within trade and other payables. See Note 22.

For floating rate liabilities, the sensitivity analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used for assessing interest rate risk internally of the reasonably possible change in interest rates.

The following table shows the weighted average effective interest rates on interest-bearing financial assets at December 31, 2020 and December 31, 2019:

	2020 USD %	EUR %	2019 USD %	EUR %
Financial assets				
Short-term deposits	0,53%	N/A	2,37%	N/A

The interest due on financial liabilities consists mostly of the interest on the lease liabilities (see Note 24) and interest to be paid on the government loans issued in 2020 (see Note 23).

(c) Liquidity risk

Liquidity risk arises when there are insufficient funds to meet financial commitments, or when assets have to be sold at a price below fair value to meet such commitments.

The ultimate responsibility for liquidity risk management rests with Management. To support management of the N.V. Group's short, medium and long-term funding and liquidity requirements, an appropriate liquidity risk management framework has been set up. The N.V. Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The primary financing objective is to maintain financing arrangements that are adequate for the business, appropriate to the purpose, at an acceptable price. Such financing arrangements are to be made with counter-parties who are of reasonable creditworthiness.

To deliver this objective, the following policies are in place:

- On a rolling 18-month basis, committed facilities will be in place to finance the budget and plan requirements, with an adequate margin to follow for changes in business needs and in industry and economic conditions;
- Over the upcoming one to three years period, banking facilities will be in place to meet the level of financing anticipated to be required in 18 months' time, for the remainder of the three-year period so as to have reasonable certainty that any additional financing may be obtained from then until 3 years out;
- More than 3 years in the future, management shall ensure that financing is likely to be available to meet the business needs based on an analysis of profitability, cash flows and the relevant ratios.

The following table provides an allocation of financial liabilities into maturity groupings, based on the remaining period to the contractual repayment date. The table includes estimated interest cash flows.

In US$ 000 **For the year ended December 31, 2020**	< 3 months	3-12 months	1-2 years	2-5 years	> 5 years	Total
Financial liabilities, other than derivatives and leases cash outflow	125.391	2.916	4.539	14.660	-	147.506
Lease commitments	4.842	14.525	13.120	15.135	4.042	51.664
Derivative financial instruments	54.564	89.614	-	-	-	144.178
Interest cash outflows	(98)	(295)	-	-	-	(393)

In US$ 000 **For the year ended December 31, 2019**	**< 3 months**	**3-12 months**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Financial liabilities, other than derivatives' cash out flow	194.964	1.126	4.844	12.692	-	213.626
Lease Commitments	4.283	12.850	13.232	27.593	5.264	63.222
Derivative financial instruments	52.972	119.540	-	-		172.512
Interest cash outflows	(128)	(385)	-	-	-	(513)

The tables above have been drawn up based on the undiscounted cash flows of financial liability. Derivative instruments have been included on a net basis if they settle on a net basis and at the undiscounted gross outflows on those derivatives that require gross settlement. When the financial liabilities are not bearing fixed interest rates, the amount payable disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The bank facilities that the N.V. Group has at its disposal to further reduce liquidity risk are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Available facility expiring in:		
1 year	205.000	75.000
2 years	110.000	229.000
3 years	30.000	120.000
After 5 years	-	-

(d) Capital risk Management

The N.V. Group manages its capital to ensure that entities will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The N.V. Group's overall strategy remains unchanged from 2019. The capital structure of the N.V. Group consists mainly of equity, as disclosed in Note 18.

The N.V. Group's gearing position is summarized as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Debt	(72.292)	(76.885)
Cash and equivalents	378.216	419.228
Free cash	305.924	342.343
Equity including non-controlling interest	515.843	560.795

(e) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions traded on active liquid markets is determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values. In accordance with IFRS 7 paragraph 29, disclosure of fair value is not required when the carrying amount of financial assets and liabilities is a reasonable approximation of fair value such as short-term receivables and payables. The majority of the financial assets and liabilities are short-term and the average interest rate on outstanding leases does not significantly differ from current market interest rates.

Below is set out a comparison by class of financial instrument of the carrying value and fair value of the N.V. Group's financial instruments that are carried in the financial statements:

In US$ 000 **For the year ended December 31**	**2020** **Carrying value**	**Fair value**	**2019** **Carrying value**	**Fair value**
Financial assets				
Other financial assets	4.723	4.723	4.950	4.950
Trade and other receivables	295.856	295.856	380.738	380.738
Derivative financial assets	5.639	5.639	2.432	2.432
Cash and cash equivalents	378.216	378.216	419.228	419.228
Financial liabilities				
Loan payables	6.761	6.761	-	-
Other liabilities	15.064	15.064	17.536	17.536
Trade and other payables	214.777	214.777	318.074	318.074
Derivative financial instruments	17	17	115	115
Lease liabilities	48.796	48.796	58.223	58.223

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying values largely due to the short-term maturity of these instruments;
- Long-term fixed-rate receivables are evaluated based on parameters such as interest rate, specific country risks factors, individual creditworthiness of the customer and the risk characteristics of the financial instrument. Based on this evaluation, allowances are established to account for the expected losses on these receivables. As at December 31, 2020, the carrying amount of these receivables is not materially different from the calculated fair value;

- The fair value of unquoted instruments and obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- The fair values of derivative financial instruments are estimated using a valuation technique applying present value calculations, with market observable inputs. The model incorporates various inputs including the credit quality of the counterparty, foreign currency rates and forward rate and interest rate curves;
- The fair value of contingent consideration for the acquisition of the additional participation in the subsidiary SITAONAIR N.V. is calculated based on best estimate discounted cash flow methodology that are dependent on the estimated aircrafts that will be equipped with SITAONAIR N.V. technology in total and during the year. Payment is supposed to start as soon as a minimum number of Aircrafts have been equipped. When our best estimated cash outflow exceeds the maximum amount foreseen in the contract, this maximum amount becomes the estimated cash outflow. The discounting of cash flow is based on the 5-year US$ swap rate. The fair value is not highly sensitive to a change in assumptions as the amount of earn out is capped and not limited in time.

(f) Fair value hierarchy

The N.V. Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In US$ 000 **For the year ended December 31**	**2020**			
	Carrying value	Level 1	Level 2	Level 3
Financial assets				
Other financial assets	4.723	-	4.723	-
Trade and other receivables	295.856	-	295.856	-
Derivative financial assets	5.639	-	5.639	-
Cash and cash equivalents	378.216	378.216	-	-
Financial liabilities				
Loan payables	6.761	-	6.761	-
Other liabilities	15.064	-	-	15.064
Trade and other payables	214.777	-	214.777	-
Derivative financial instruments	17	-	17	-
Lease liabilities	48.796	-	48.796	-

In US$ 000 **For the year ended December 31**	**2019**			
	Carrying value	Level 1	Level 2	Level 3
Financial assets				
Other financial assets	4.950	-	4.950	-
Trade and other receivables	380.738	-	380.738	-
Derivative financial assets	2.432	-	2.432	-
Cash and cash equivalents	419.228	419.228	-	-
Financial liabilities				
Other liabilities	17.536	-	-	17.536
Trade and other payables	318.074	-	318.074	-
Derivative financial instruments	115	-	115	-
Lease liabilities	58.223	-	58.223	-

The valuation method used for Level 3 instruments is explained under (g) Fair value of financial instruments.

26. ACQUISITIONS OF SUBSIDIARY

In 2019, the N.V. Group acquired Software Design and GTD Air Services.

During 2020, the acquisition price of GTD Air Services has been reviewed, leading to the recognition of an additional goodwill (See Note 8). The N.V. Group did not make any other acquisition in 2020.

27. PASSENGER SERVICES ACTIVITIES

In 2019, the N.V. Group has decided to withdraw from the passenger services market.

Anticipating the future impacts on its financial performance, the N.V. Group discloses here below the results of the Passenger Services activity, including both the Passenger Services System business and the related network activity, as well as the N.V. Group results excluding this activity.

Results of the Passenger Services activity

Income statement

In US$ 000 For the year ended December 31	2020	2019
Revenue	**77.013**	**146.560**
Operating expenses	(72.085)	(159.127)
Net profit/(loss) before taxes	**4.928**	**(12.567)**
Income tax	(2.486)	-
Net profit/(loss) after taxes	**2.442**	**(12.567)**

Operating expenses are composed of direct costs and indirect costs (such as personnel costs and depreciation charges) allocated to the Passenger Services business. The direct costs are allocated through the cost center and indirect costs are allocate using internal allocation key based on revenues, headcounts or usage).

In 2020, the activity margin has been positively impacted by provision remeasurements. See Note 20.

Statement of cash flow

The analysis of net cash flows from operating, investing and financing activities is as follows:

In US$ 000 For the year ended December 31	2020	2019
Net profit/(loss) for the period	**2.442**	**(12.567)**
Adjustments for non cash items	(27.859)	7.597
Movement in the working Capital	3.929	2.803
Net cash from operations	(21.488)	(2.167)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**(21.488)**	**(2.167)**

These movements have been determined using all balance sheet elements related to the Passenger Services business activity. It thus includes movements on assets and liabilities and movements on other balanced sheet items such as account receivables and account payables. The account receivables that have been taken into account are all the receivables from the Passenger Services business customers. The account payables that have been taken into account are all the payables related to Passenger Services business cost center.

N.V. Group Results excluding Passenger Services activity

Income statement

	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue	**931.597**	**1.284.603**
Cost of sales	(795.357)	(974.522)
Gross profit/(loss)	**136.240**	**310.081**
Selling and marketing expenses	(71.401)	(78.438)
General and administrative expenses	(59.272)	(66.765)
Other income and expenses	(52.069)	(8.660)
Operating profit/(loss)	**(46.502)**	**156.218**
Financial income	7.059	7.305
Financial expense	(9.051)	(12.662)
Profit/(loss) before tax	**(48.494)**	**150.861**
Income tax expense	(23.089)	(48.515)
Net profit/(loss) for the year	**(71.583)**	**102.346**

Statement of cash flow

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Net profit/(loss) for the period	**(71.583)**	**102.346**
Adjustments for non cash items	178.996	124.077
Working Capital, Interests and Tax paid	(60.204)	(76.230)
Net cash from operations	47.209	150.193
Net cash used in investing activities	(58.297)	(122.664)
Net cash used in financing activities	(11.532)	(19.142)
Net increase/(decrease) in cash and cash equivalents	**(22.620)**	**8.387**

28. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The N.V. Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. As at December 31, 2020, there is no pending or threatened litigation of claim of a material nature against the N.V. Group for which provisions have not been made or further disclosures required (2019: none). At the end of 2020, part of the litigation provisions is covered by a contingent asset as the N.V. Group expects a third-party reimbursement.

Bid, performance bonds and standby letters of credit

As part of its normal business the N.V. Group issues performance bonds to customers. The N.V. Group is not aware of non-performance on any of the contracts, which might lead to the execution of a bond. Consequently, no provisions have been recorded.

At the end of 2020, the amount outstanding of bonds and other guarantees was US$ 104.6 million (2019: US$ 93.4 million). Note that the amount of US$ 104.6 million includes the insurance bonds required by customers to backup contract delivery commitments for an amount of US$ 37.8 million.

Credit lines

At December 31, 2020, the lines of credit with financial institutions secured jointly by SITA N.V. amounted to US$ 345.0 million (2019: US$ 424.0 million). As at December 31, 2020 and 2019, there were no drawings by either SITA SC or SITA N.V.

SITA N.V. has joint and several liabilities for bank loans taken up by its parent company SITA SC (refer to the caption 'Credit lines' above). These loans are subject to debt covenants on EBITDA and debt to equity ratios, and the N.V. Group was in compliance with these covenants at the end of 2020 and 2019.

The N.V. Group has guaranteed the liabilities of SITA Information Networking Computing B.V. and SITA Technologies B.V., in accordance with the provisions of article 403, paragraph 1, Part 9, Book 2 of the Dutch Civil Code. As a consequence, these companies are exempt from publication requirements. In addition, the N.V. Group forms a fiscal unity with several of its wholly-owned subsidiaries in the Netherlands. In this respect the N.V. Group bears joint and several liabilities for corporate income taxes.

29. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management paid during the year is as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Short-term benefits	7.146	5.633
Long-term and post-employment benefits	3.061	563
Total	**10.207**	**6.196**

The management personnel are composed of the Board Members, the SVP of Strategy and Business Support, the SVP of SITA at Airports and Borders and the four Geography Presidents. For 2020, the amounts include the bonuses related to the year 2019 that have been paid in 2020.

30. TRANSACTIONS WITH RELATED PARTIES

The trading transactions with the parent company, SITA SC, are as follows:

In US$ 000 **For the year ended December 31**	**2020**	**2019**
Revenue	83.112	118.933
Costs charged by the Group to SITA SC	114.290	132.529
Costs charged by SITA SC to the Group	121.895	176.904

Of the total SITA N.V. revenue of US$ 1.009 million (2019: US$ 1.431 million) SITA SC billed US$ 83.1 million (2019: US$ 118.9 million) direct to customers on behalf of SITA N.V.

The Standard IAS 24 Related Party Disclosures not taking the specific situation of non-for-profit entities into account, the objective of this Standard could lead to consider the Members of SITA SC and associates as related parties. Providing details of transactions and balances with related parties would, therefore, provide little additional information that would be of any value.

SITA N.V. and SITA SC have agreed to Master Service Agreements (MSA). The substance of the MSA is that SITA N.V. performs Network support services and sales relationship management services for of SITA SC, and administrative support services are shared between the two companies. The future economic benefits related to the employment costs do not flow to SITA N.V.; the significant economic risks related to the employment, such as restructuring, remain with SITA SC. This implies that SITA N.V. is in substance bearing these costs on behalf of SITA SC. With regards to the pension obligation the MSA states that the pension obligation in connection with the transferred staff will remain at SITA SC for the period until the date of transfer.

All transactions with related parties are at arms' length.

31. AUDIT AND NON-ATTESTATION FEES

The N.V. Group used the exemption from disclosing the auditor's remuneration based on Dutch law article 382a paragraph 3. The financial statements of the N.V. Group and its group companies are included in the consolidated financial statements of SITA SC Group which include the auditor's remuneration and are available through the N.V. Group's registered office.

32. EVENTS AFTER THE BALANCE SHEET DATE

In February 2021, SITA, through its subsidiary SITA Passenger Service System (US) Inc. was the victim of a cyber-attack, leading to a data security incident involving certain passenger data that was stored on SITA PSS (Passenger Service System) servers.

After confirmation of the seriousness of the data security incident on 24 February, SITA took immediate action to contact affected PSS customers and all related organizations.

We recognize that the COVID-19 pandemic has raised concerns about security threats and personal data being stolen and, at the same time, cyber-criminals have become more sophisticated and active. This was a highly sophisticated attack. SITA acted swiftly and initiated targeted containment measures. The matter remains under continued investigation by SITA's Security Incident Response Team with the support of external experts in cyber-security.

At this stage, the Company is still assessing the scope of this incident and reviewing with its stakeholders the potential impact.

We take the safety and security of our customers' information very seriously, and we are taking all necessary measures to remediate and mitigate any impact to customers who have been affected by this incident.

No other material post balance sheet events occurred after December 31, 2020.

33. LIST OF SUBSIDIARIES AND ASSOCIATES

Subsidiary Name	Location	City	2020 Owner ship interest (%)	2020 voting power held (%)	2019 Owner ship interest (%)	2019 voting power held (%)
SITA B.V. (formerly SITA Information Networking Computing B.V.)	The Netherlands	Den Haag	100	100	100	100
SITA Technologies B.V.	The Netherlands	Den Haag	100	100	100	100
SITA Ypenburg B.V.	The Netherlands	Den Haag	100	100	100	100
SITA MANCO B.V.	The Netherlands	Den Haag	100	100	-	-
SITA Tonga B.V.	The Netherlands	Den Haag	100	100	-	-
SITA Advanced Travel Solutions Pty. Limited	Australia	Sydney	100	100	100	100
SITA Advanced Travel Solutions Limited	UK	London	100	100	100	100
SITA Advanced Travel Solutions Inc.	USA	Delaware	100	100	100	100
SITA Information Networking Computing Ireland Limited	Ireland	Letterkenny	100	100	100	100
SITA Information Networking Computing (India) Private Limited	India	Mumbai	100	100	100	100
SITA IT Services Burundi	Burundi	Bujumbura	100	100	-	-
SITA IT Services France S.A.S.	France	Paris	100	100	100	100
SITA IT Services Kenya Ltd	Kenya	Nairobi	100	100	-	-
SITA IT Services Turks and Caicos Island LTD	Turks & Caicos	Providenciales	100	100	-	-
SITA INC Do Brasil Holdings Ltda.	Brazil	Rio de Janeiro	100	100	100	100
SITA INC Do Brasil Ltda.	Brazil	Rio de Janeiro	100	100	100	100
SITA Cameroon Sarl	Cameroon	Duala	100	100	100	100
SITA Information Networking Computing Canada Inc.	Canada	Montreal	100	100	100	100
SITA Information Networking Computing Colombia S.A.	Colombia	Bogota	100	100	100	100
SITA Information Networking Computing B.V./Jordan	Jordan	Amman	100	100	100	100
ATS IT Services Mexico S. de R.L. de C.V.	Mexico	Mexico	100	100	100	100
SITA Air Transport Industry Solutions Sdn. Bhd.	Malaysia	Petaling Jaya	100	100	100	100
SITA IT Services Lebanon (OS) Sal	Lebanon	Beirut	100	100	100	100
SITA Telecommunications Nigeria Limited	Nigeria	Lagos	100	100	100	100
SITA IT Services LLC	Oman	Muscat	100	100	100	100
SITA Pakistan (Private) Limited	Pakistan	Karachi	100	100	100	100
SITA Information Networking Computing (Asia Pacific) Pte. Ltd.	Singapore	Singapore	100	100	100	100
SITA Information Networking Computing Indonesia, PT	Indonesia	Jakarta	100	100	100	100
Société Internationale de Télécommunications Aéronautiques Greater China Holdings Pte. Ltd.	Singapore	Singapore	100	100	100	100
SITA Information Networking Computing Sarl (merged with SITA Switzerland SARL)	Switzerland	Geneva	-	-	100	100
SITA Bureau Services S.A. (liquidated)	Switzerland	Geneva	-	-	100	100
SITA Information Networking Computing Thailand Co. Ltd.	Thailand	Bangkok	49	49	49	49
LLC SITA Information Networking Computing (Ukraine) Limited	Ukraine	Kiev	100	100	100	100
SITA Information Networking Computing UK Limited	UK	London	100	100	100	100
SITA Information Networking Computing USA Inc.	USA	Delaware	100	100	100	100
SITA Ventures Inc.	USA	Delaware	100	100	100	100
Champ Cargosystems S.A.	Luxembourg	Contern	51	51	51	51
Champ Cargosystems (UK) Limited*	UK	London	51	51	51	51
Champ Cargosystems Philippines, Inc*	Philippines	Manilla	51	51	51	51
SITA Telecom S.A.S.	France	Paris	100	100	100	100
SITA Airport IT GmbH	Germany	Dusseldorf	70	70	70	70
SITA OnAir N.V.	The Netherlands	Den Haag	100	100	100	100
SITA OnAir USA Inc.	USA	Seattle	100	100	100	100
SITA Switzerland Sarl	Switzerland	Geneva	100	100	100	100
Champ Cargosystems (Switzerland) AG	Switzerland	Zurich	51	51	51	51
SITA IT Services Switzerland Sarl	Switzerland	Geneva	100	100	100	100
CPS Systems Pty Ltd	Australia	Sydney	100	100	100	100
SITA Technologies Australia Pty. Ltd.	Australia	Sydney	100	100	100	100
SITA (Cambodia) Ltd	Cambodia	Phnom Penh	100	100	100	100
SITA It Services (Beijing) Co. Ltd.	China	Beijing	100	100	100	100
SITA Workbridge A/S	Denmark	Copenhagen	100	100	100	100
Signature Technologies, Inc.	USA	Miamisburg, Ohio	100	100	100	100
SITA IT Services LLC	Mongolia	Ulaanbaatar	100	100	100	100
Regulis S.A.	Luxembourg	Luxembourg	100	100	100	100
SITA Passenger Service System Operations (US) LLC	USA	Delaware	100	100	100	100
SITA Passenger Service System (US) Inc.	USA	Delaware	100	100	100	100
LLC SITA IT Services (ООО СИТА ИТ Сервисес) (Russia)	Russia	Moscow	100	100	100	100
SOFTWARE DESIGN S.P.A.	Italy	Naples	100	100	100	100
SITA IT SERVICES BY LLC	Belarussia	Minsk	100	100	100	100

Champ Forwarding Systems S.A.*	Luxembourg	Contern	85	85	85	85
SITA Hong Kong Technology Ltd**	Hong Kong	Hong Kong	40	40	40	40
CHAMP Cargosystems GmbH*	Germany	Frankfurt	51	51	51	51
Global Logistics Worldwide Company for Development Freight Information Networks GmbH***	Germany	Frankfurt	24	24	24	24
Cargo Information Network France***	France	Paris	12	12	12	12

* Subsidiary of Champ Cargosystems S.A.
** Associate
*** (In)directly held by Champ Cargosystems Gmbh

Management is not aware of any restrictions known to access or use assets or settle liabilities of the N.V. Group's subsidiaries.

SITA N.V.

Company financial statements

December 31, 2020

COMPANY STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
Other income and expense after taxation		(11.360)	180.471
Net profit/(loss) from subsidiaries	3	(52.195)	(92.469)
Net profit/(loss) for the year		**(63.555)**	**88.002**

The accompanying Notes form an integral part of the Company financial statements.

COMPANY BALANCE SHEET (BEFORE RESULT APPROPRIATION)

As at December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

ASSETS	Notes	December 31, 2020	December 31, 2019
Non-current assets			
Intangible fixed assets		-	-
Investments in subsidiaries & long term intercompany receivables	3	657.832	634.530
Loans to subsidiaries	3	17.611	16.952
Deferred tax asset		-	-
		675.443	**651.482**
Current assets			
Inventories		160	244
Trade and other receivables	4	9.298	8.854
Loans to subsidiaries	3	6.416	7.053
Derivative financial instruments		5.637	2.432
Cash and cash equivalents		265.732	284.846
		287.243	**303.429**
TOTAL ASSETS		**962.686**	**954.911**

The accompanying Notes form an integral part of the Company financial statements.

COMPANY BALANCE SHEET (BEFORE RESULT APPROPRIATION)

As at December 31, 2020.

Expressed in US$ 000, except where otherwise stated.

EQUITY AND LIABILITIES	Notes	December 31, 2020	December 31, 2019
Shareholders' equity	5		
Issued share capital		20.477	18.642
Share premium		307.553	289.144
Other legal reserve		3.253	4.314
Hedging reserve		4.216	1.738
Revaluation reserve		(34.238)	(36.297)
General reserve		257.520	170.266
Profit/(loss) for the year		(63.555)	88.002
Total shareholders' equity		**495.226**	**535.809**
Provisions			
Provisions for investment liabilities	3	83.043	106.031
Deferred tax liabilities		1.405	579
		84.448	**106.610**
Non-current liabilities			
Intercompany payable	6	370.000	270.000
		370.000	**270.000**
Current liabilities			
Trade and other payables		6.179	40.156
Income taxes		6.816	2.221
Derivative financial instruments		17	115
		13.012	**42.492**
TOTAL EQUITY AND LIABILITIES		**962.686**	**954.911**

The accompanying Notes form an integral part of the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Expressed in US$ ‘000, except where otherwise stated.

1. GENERAL INFORMATION

SITA N.V. (the “Company”) was incorporated on October 28, 1999 and commenced its main operations in July 2000. The Company provides integrated information, infrastructure and telecommunication services mainly to the Air Transport Community. Most of its transactions are denominated in US dollars. The financial records are maintained in US dollars.

The Company financial statements are part of the 2020 financial statements of SITA N.V.

With respect to the company statement of profit or loss of SITA N.V., the Company made use of the exemption pursuant to Section 402 of Part 9 of Book 2 of the Dutch Civil Code.

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result of its company financial statements, SITA N.V. makes use of the option provided in Section 2:362 (8) of the Dutch Civil Code. This means that the principles of the recognition and measurements of assets and liabilities and determination of the result (hereinafter referred to as “accounting policies”) of the Company financial statements SITA N.V. are the same those applied for the consolidated financial statements under IFRS as adopted by the European Union (refer to Note 2).

In the Company financial statements, investments in group companies are presented at net asset value if the Company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the accounting principles applied by the company. In case the net asset value of an investment in a group company is negative, the loss will first be allocated to any existing loan to group companies considered as net investment. A provision for any remaining equity deficit is recognized when an outflow of resources is probable and can be reliably estimated.

The Company employed on average 5.0 full-time equivalent in 2020 in The Netherlands and 0 outside The Netherlands.

The total equity and profit in the N.V. Group financial statements are equal to the consolidated equity and profit excluding non-controlling interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principles for the valuation of assets, provisions and liabilities and the determination of earnings used in the presentation of the Company financial statements are the same as those used in the preparation of the consolidated financial statements.

The Company’s share in the undistributed earnings of subsidiaries and associated companies is taken to retained earnings, except when the Company is unable to secure payment of dividend. In such cases, the share in undistributed earnings is recorded in a legal reserve.

In addition to those accounting principles the following applies: IFRS 9 Financial instruments: recognition and Measurement for financial guarantee contracts to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be subsequently measured at the higher of the amount determined in accordance with IAS 37 Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative Amortization recognized in accordance with IFRS 15 Revenue from Contracts with Customers.

Although the Company has a number of financial guarantees outstanding on behalf of its subsidiaries, this amendment does not have an effect on the Company financial statements of SITA N.V. because these are prepared in accordance with Title 9 of Book 2. Only IFRS accounting policies applied in the consolidated financial statements are followed in order to maintain consistency.

3. FINANCIAL FIXED ASSETS

The investments in subsidiaries are valued at net asset value consistent with Note 1. The movements are as follows:

In US$ 000

	2020	2019
Balance at January 1	**634.530**	**294.278**
Additions	100.000	440.000
Currency translation	4.714	(1.649)
Unrealized gains/losses on investments, net	(190)	-
Actuarial results at subsidiaries	(2.458)	(11.768)
Other	-	214
Transfer to long term receivables	(3.581)	558
Transfer to investment liabilities	(22.988)	5.366
Share of profit/(loss) in subsidiaries	(52.195)	(92.469)
Balance at December 31	**657.832**	**634.530**

The amount of transfer from/to long term receivables represents the net movement of the long-term receivables considered as net investment and the amount of transfer from/to investment liabilities represents the net movement of the provision for equity deficit as described in Note 1.

The amount of profit/(loss) in subsidiaries includes the Company share in the result of each subsidiary less dividends paid to the Company.

The loans to subsidiaries amount to US$ 24.0 million (2019: US$ 24.0 million) and are partially denominated in US Dollars and partially in Euro. The movements are as follows:

In US$ 000

	2020	2019
Balance at January 1	24.005	21.495
Additions/(decrease)	22	2.510
Balance at December 31	**24.027**	**24.005**
Current	6.416	7.053
Non current	17.611	16.952
	24.027	**24.005**

The loans to subsidiaries, for most of them, have 3-month duration with automatic renewals. Depending on the loan currency, they are Libor based or Euribor based. They are initially recognized at fair value and subsequently at amortized cost. The fair value approximates the book value.

4. TRADE AND OTHER RECEIVABLES

In US$ 000

For the year ended December 31	2020	2019
Trade and unbilled receivables	7.415	5.372
Intercompany and shareholder receivables	1.286	-
Other receivables	597	3.482
Total	**9.298**	**8.854**

All the above receivables fall due within one year. The fair value approximates the book value.

5. SHAREHOLDERS' EQUITY

The movement in shareholders' equity can be summarized as follows:

In US$ 000

	Issued capital	Share premium	Other legal reserve	Hedging reserve	Revaluation reserves	General reserves	Reserves	Total equity
Balance at January 1, 2019	**19.054**	**289.144**	**4.674**	**(2.651)**	**(22.881)**	**169.284**	**148.426**	**456.624**
Translation of capital	(412)	-	-	-	-	412	412	**-**
Changes in the fair value of cash flow hedges	-	-	-	4.389	-	-	4.389	**4.389**
Actuarial gains/(losses), net	-	-	-	-	(11.768)	-	(11.768)	**(11.768)**
Transfer of reserves	-	-	(360)	-	-	360	-	**-**
Change in non-controlling interest	-	-	-	-	-	224	224	**224**
Translation differences	-	-	-	-	(1.648)	-	(1.648)	**(1.648)**
Net profit/(loss) for the year	-	-	-	-	-	88.002	88.002	**88.002**
Other	-	-	-	-	-	(14)	(14)	**(14)**
Balance at December 31, 2019	**18.642**	**289.144**	**4.314**	**1.738**	**(36.297)**	**258.268**	**228.023**	**535.809**
Translation of capital	1.835	-	-	-	-	(1.835)	(1.835)	**-**
Changes in the fair value of cash flow hedges	-	-	-	2.478	-	-	2.478	**2.478**
Unrealised gains/(losses) on available for sale investments, net	-	-	-	-	(190)	-	(190)	**(190)**
Actuarial gains/(losses), net	-	-	-	-	(2.458)	-	(2.458)	**(2.458)**
Transfer of reserves	-	-	(1.061)	-	-	1.061	-	**-**
Translation differences	-	-	-	-	4.713	-	4.713	**4.713**
Receipt of share premium	-	18.409	-	-	-	-	-	**18.409**
Net profit/(loss) for the year	-	-	-	-	-	(63.555)	(63.555)	**(63.555)**
Other	-	-	-	-	(6)	26	20	**20**
Balance at December 31, 2020	**20.477**	**307.553**	**3.253**	**4.216**	**(34.238)**	**193.965**	**167.196**	**495.226**

During 2011, the Company amended its articles of association, whereby its issued shares were separated into two distinct classes: Class A and Class B ordinary shares. Class A and Class B shares each have the same rights.

The number of Class A shares at the moment of conversion amounted to 100,030,945 and the number of Class B shares at the moment of conversion amounted to 67,566,780.

Through subject amendment of the Articles of Association, the share premium and retained earnings are fully allocated to a Class A reserve and a Class B reserve in proportion to the number of issued Class A and Class B shares.

During 2016, the Company repaid share premium for an amount of US$ 15.0 million.

As of the share premium repayment the Class reserves amounted to US$ 264,366,000 for the Class A reserve, and US$ 163,569,000 for the Class B reserve.

The share premium repayment was made solely on the Class B shares, at the expense of the Class B reserve.

As a result of the share premium repayment, the proportion between (x) the amount standing in the Class A reserve and (y) the mount standing in the Class B reserve ceased to correspond to the proportion between (i) the number of issued Class A shares and (ii) the issued Class B shares, which means that the profits earned in a financial year need to be applied to an accrual for the benefit of the holders of Class A shares and the holder of Class B shares respectively, in the amount of the Preferred Coupon as defined in the articles of association, being the product of (x) the relevant Class Reserve and (y) the Coupon Rate, whereby the Coupon Rate is the sum of US$ LIBOR 12 Months and the Extra Return Rate established by a financial expert (being established at 2.92% p.a. by the financial expert appointed for that purpose).

The aforementioned accruals may appropriate to the Class reserves or paid out as dividend and the results for the year remaining after that may, either partially or in full, be appropriated to the Class reserves in proportion to the number of shares issued, appropriated to the general reserves of the Company (and not to a Class reserve) or paid out as dividend.

At the end of 2020, SITA SC reimbursed US$ 18.4 million, representing the sum of US$ 15 million received in 2016 and US$ 3.4 million of preferred coupon rate cumulated on the 2016-2020 period, to SITA N.V. as share premium. As a result of this, on 30 December 2020, the proportion between (x) the amount standing in the Class A reserve and (y) the mount standing in the Class B reserve corresponds again to the proportion between (i) the number of issued Class A shares and (ii) the issued Class B shares, ending the Preferred Coupon mechanism starting financial year 2021.

At December 31, 2020, the authorized share capital of the Company comprised 250,000,000 Class A shares and 250,000,000 Class B shares (2019: 500,000,000 ordinary shares) with a par value of € 0.10. The number of issued shares is 100,052,376 Class A shares and 67,566,780 Class B shares (2019: 100,052,376 Class A shares and 67,566,780 Class B shares), which have been fully paid. None of these shares are held by the entity or any of its subsidiaries. The total par value of the outstanding shares is €16,761,916 and has been translated at December 31, 2020 against the USD exchange rate at year end of EUR/USD of 1.222 (2019: 1.112).

The movement in the Class reserves and the general reserve is as follows:

In US$ 000, for the year ended December 31

	Class A share premium	Class B share premium	Total share premium	Class A retained earnings	Class B retained earnings	Total Class retained earnings	Total Class reserves	General reserve	Total unrestricted reserves
Upon allocation	181.536	107.608	289.144	138.799	91.173	229.972	519.116	28.296	547.412
Receipt of share premium	-	18.409	18.409	-	-	-	18.409	-	18.409
Net profit/(loss) for the year	-	-	-	(37.936)	(25.619)	(63.555)	(63.555)	-	(63.555)
Translation of capital	-	-	-	-	-	-	-	(1.835)	(1.835)
Transfer of reserves	-	-	-	15.748	9.773	25.521	25.521	(24.460)	1.061
Other	-	-	-	-	-	-	-	26	26
Balance at December 31, 2020	181.536	126.017	307.553	116.611	75.327	191.938	499.491	2.027	501.518

The other legal reserve relates to the net equity value of subsidiaries whereby such reserves are not freely distributable and capitalized development costs by subsidiaries in The Netherlands. The hedging reserve and translation reserve are also considered legal reserves under Dutch law and are not freely distributable.

6. NON-CURRENT INTERCOMPANY PAYABLE

The non-current intercompany payables results from refinancing of SITA Information Networking USA, Inc ("SITA US").

During 2020 the Company increased its non-current intercompany payable due to SITA B.V by US$ 100,000,000 following an additional refinancing of SITA Information Networking USA, Inc which resulted in intercompany payables due from SITA US to SITA B.V. being repointed to the Company and subsequently converted to equity in SITA US. The Company increased its investment in SITA US and recognized also an intercompany payable due to SITA B.V.

The intercompany payable arose from the refinancing of SITA Information Networking USA, Inc ("SITA US") during 2019. An intercompany payable due from SITA US to SITA B.V. was repointed to the Company. This payable was converted to equity in SITA US and subsequently the Company recognized an intercompany payable due to SITA B.V.

At the end of 2020 and 2019, the book value of the Company liabilities approximates their fair value.

7. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 28 of the consolidated financial statements. The commitments and contingencies are also applicable to SITA N.V. Company only.

8. REMUNERATION OF STATUTORY DIRECTORS

During 2020, the remuneration of the statutory directors charged to the Company and its subsidiaries amounted to US$ 2.4 million.

9. PROPOSED APPROPRIATION OF RESULT

The annual report for 2019 was adopted in the General Meeting held on 17 June 2020. The General Meeting has determined that the result be appropriated in accordance with the proposal made in the annual report for 2019.

For 2020, the Management Board proposes to appropriate the loss for the year of US$ 63.6 million as follows: US$ -37.9 million is added to the Class A reserve (of which US$ 0 million for the Preferred Coupon), US$ -25.6 million is added to the Class B reserve (of which US$ 0 million for the Preferred Coupon) and US$ 0 million is added to the general reserve.

10. POST BALANCE SHEET EVENTS

In February 2021, SITA, through its subsidiary SITA Passenger Service System (US) Inc. was the victim of a cyber-attack, leading to a data security incident involving certain passenger data that was stored on SITA PSS (Passenger Service System) servers.

After confirmation of the seriousness of the data security incident on 24 February, SITA took immediate action to contact affected PSS customers and all related organizations.

We recognize that the COVID-19 pandemic has raised concerns about security threats and personal data being stolen and, at the same time, cyber-criminals have become more sophisticated and active. This was a highly sophisticated attack. SITA acted swiftly and initiated targeted containment measures. The matter remains under continued investigation by SITA's Security Incident Response Team with the support of external experts in cyber-security.

At this stage, the Company is still assessing the scope of this incident and reviewing with its stakeholders the potential impact.

We take the safety and security of our customers' information very seriously, and we are taking all necessary measures to remediate and mitigate any impact to customers who have been affected by this incident.

No other material post balance sheet events occurred after December 31, 2020.

SIGNING OF THE FINANCIAL STATEMENTS

Name: SITA MANCO B.V. Title: Director A Name: Barbara M. Ploux Dalibard Title Director	Name: SITA MANCO B.V. Title: Director A Name: Nicolas E. Husson Title Director	Name: Jeroen Van Brussel Title: Director B

Den Haag, 5 March 2021

OTHER INFORMATION

(US dollars in thousands, except where otherwise stated)

Independent auditor's report

Reference is made to the independent auditor's report included hereunder.

Statutory rules concerning appropriation of the profit

The Articles of Association of the Company provide for entitlement to and distribution of result in article 6.5 (b) and article 24. These provisions can be summarized as follows:

The Company may distribute result to the Shareholders and to any others entitled to result only insofar as the Equity exceeds the amount of the Company's issued and paid up share capital, increased by the reserves, which must be maintained pursuant to Dutch law.

Notwithstanding the above, there shall be no distributions of result made to the Company on Shares held by the Company and/or any of its Subsidiaries or Depository Certificates which have been acquired by the Company.

The Company shall maintain a dividend reserve and separately record share premium (hereafter jointly as well as separately: a "Class Reserve") for each class of Shares, for the exclusive benefit of the holders of Shares of the applicable class.

The result earned in a financial year, shall be at the disposal of the General Meeting, provided that,

(a) the Preferred Coupon for the Class A Shares and the Deferred Preferred Coupon A (if any) shall accrue exclusively to the holders of Class A Shares. If and to the extent that the General Meeting does not decide to pay this amount as a dividend, it will be added to the Class A Reserve;

(b) the Preferred Coupon for the Class B Shares and the Deferred Preferred Coupon B (if any) shall accrue exclusively to the holders of Class B Shares. If and to the extent that the General Meeting does not decide to pay this amount as a dividend, it will be added to the Class B Reserve; and

(c) the profits remaining after sub (a) and sub (b) above (the "Remaining Result") accrue to the Shareholders in proportion to the nominal amount paid up on their Shares, without regard of the class.

The Preferred Coupon means in relation to a Class Reserve the sum of the product of (x) the amount of that Class Reserve and (y) the Coupon Rate for the relevant financial year, with the provision that if the amount standing in the applicable Class Reserve varies during the relevant financial year, then for the purpose of calculating the Preferred Coupon, the amount in such Class Reserve shall be equal to the weighted average of such Class Reserve during the relevant financial year;

The Coupon Rate means the sum of (x) LIBOR US$ 12 months and (y) the Extra Return Rate expressed as a per cent on an annual basis of three hundred and sixty (360) days, provided, however that the Coupon Rate shall be nil if and for as long as the proportion between (x) the amount standing in the Class A Reserve and (y) the amount standing in the Class B Reserve corresponds to the proportion between (i) the number of issued Class A Shares entitled to vote and (ii) the issued Class B Shares entitled to vote;

The Preferred Coupon shall be calculated on each Coupon Calculation Date (the last business day of each financial year) and will accrue on a daily basis.

With respect to the Remaining Result the following possibilities or any combination thereof (to be decided by the General Meeting at its discretion of) shall exist:

(a) all or part of the Remaining Result may be paid out as a dividend to all Shareholders in proportion to the aggregate number of Shares held (irrespective of the Class of the Shares);

(b) all or part of the Remaining Result may be added to the general reserves of the Company (but not the Class Reserves);

(c) any part of the Remaining Result left after payment of any dividend pursuant to sub (a) and any addition to the general reserves pursuant to sub (b) above, shall be split into a part for the holders of Class A Shares (the "A-Part") and a part for the holders of Class B Shares (the "B-Part") in proportion to the aggregate number of issued Class A Shares and issued Class B Shares;

(d) the General Meeting may decide to pay out all or part of the A-Part to the holders of Class A Shares and the part of the A-Part not so paid to the holders of Class A Shares shall be added to the Class A Reserve and the General Meeting may decide to pay out all or part of the B-Part to the holders of Class B Shares and the part of the B-Part not so paid to the holders of Class B Shares shall be added to the Class B Reserve.

If and to the extent that the profits earned in a financial year do not allow for full allocation of the amount accruing to the holders of each group of Class Shares (including, for the avoidance of doubt, both the Preferred Coupon and any Deferred Preferred Coupon from the previous year), the shortfall becomes the “Deferred Preferred Coupon" for the following financial year, which amount shall during that following financial year be increased with the product of (x) the amount of the Deferred Preferred Coupon A and (y) the Coupon Rate for that financial year.

Statutory voting rights

At the General Meeting of shareholders each Share carries the right to cast one (1) vote per share held. The number of votes cast by any one Shareholder or Company of Shareholders under Common Control is limited to twenty percent of the number of votes to be cast on the aggregate number of issued shares.

Foundation voting rights

The SITA Group Foundation may exercise all voting rights in Class A shares in the share capital of SITA N.V., held by it on behalf of Depository Certificate holders, member of the International Air Transport Community.

Branches

The Company operates through branches of SITA Information Networking Computing B.V. in the following countries:

Latin America & Caribbean

Argentina, Aruba, Bonaire, Chile, Cuba, Costa Rica, Ecuador, El Salvador, Grenada, Guatemala, Jamaica, Mexico, Curaçao, Panama, Peru, St.-Maarten, Trinidad & Tobago, Venezuela, Antigua & Baruda, Saint-Vincent & Grenadine, Bermuda, Sint Eustatius and Saba, Saint Kitts and Nevis.

Europe

Albania, Belgium, Denmark, Ireland, Luxembourg, Norway, Sweden, United Kingdom, Austria, Bulgaria, Czech Republic, Germany, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Uzbekistan, France, Greece, Israel, Italy, Malta, Portugal, Spain, Croatia, Cyprus, Estonia, Latvia, Lithuania, North Macedonia, Switzerland.

Middle East and Africa

Ghana, Kenya, Mauritius, South Africa, Bahrain, Egypt, Kuwait, Lebanon, Morocco, Saudi Arabia, Turkey, UAE, Ethiopia, Mozambique, Qatar, Zambia, Benin, Rwanda.

Asia Pacific

Australia, French Polynesia, Hong Kong, Japan, New Zealand, Papua New Guinea, South Korea, Taiwan, Bangladesh, Malaysia, Nepal, Philippines, Singapore, Sri Lanka, Brunei Darussalam, Macao, Myanmar.

North America

Canada, USA.

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Independent auditor's report

To: the general meeting of SITA N.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of SITA N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of SITA N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of SITA N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flow; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet (before result appropriation) as at 31 December 2020;
- the company statement of profit or loss for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of SITA N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- world offices.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 5 March 2021
PricewaterhouseCoopers Accountants N.V.

This document is electronically signed by:

R.M. van Tongeren

R.M. van Tongeren RA

Appendix to our auditor’s report on the financial statements 2020 of SITA N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board’s use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.