



BREDERODE

ANNUAL REPORT
2020

Per aspera ad astra

Table of contents

1.	Mission and strategy	2
2.	Board of Directors	3
3.	Corporate governance statement	3
4.	Managing directors' statement	3
5.	Key figures	4
6.	Management report.....	6
6.1.	Summary of the results.....	6
6.2.	Portfolio management by Brederode and its subsidiaries	8
6.2.1.	Private Equity Portfolio	9
6.2.2.	Listed securities portfolio	18
6.3.	Financial structure	21
6.4.	Related party transactions.....	21
6.5.	Law on transparency obligations.....	21
6.6.	Activities in the field of research and development.....	21
6.7.	Events following the reporting period	21
6.8.	Proposed distribution to shareholders	21
6.9.	Outlook.....	22
6.10.	Main characteristics of internal controls and risk management.....	22
6.10.1.	Control environment	22
6.10.2.	Risk management policy	23
6.10.3.	Control activities	26
6.10.4.	Audit	26
6.11.	Corporate, social and environmental responsibility (CSR)	26
7.	Brederode shares listing.....	28
8.	Individual (non consolidated) financial statement as at 31 December	30
8.1.	Individual statement of financial position.....	30
8.2.	Individual profit and loss account.....	31
8.3.	Individual statement of cash flows.....	31
8.4.	Individual financial statement of changes in equity.....	32
8.5.	Accounting principles and policies.....	32
8.6.	Notes	39
8.7.	Management of financial risks.....	46
8.8.	Post-balance sheet events.....	48
9.	Report of the Réviseur d'Entreprises Agréé	49
10.	Financial calendar	54

1. Mission and strategy

Brederode S.A. (hereafter “Brederode”) is an international investment firm whose shares are listed on the regulated markets of Euronext Brussels and the Luxembourg Stock Exchange.

After a long history stretching back to the year 1804, the company underwent a fundamental change in strategy in 1977 at the instigation of the new reference shareholders. The new approach involved the gradual withdrawal from direct industrial and commercial activities in favour of acquiring, for its own account, positions, generally of a minority nature, in companies with no involvement in their management. Since then, Brederode’s aim has been to regularly increase its shareholders’ net worth by recurrently generating not only dividends but also (and above all) capital gains. Its portfolio is henceforth made up of two different and complementary sectors; that of investments in unlisted companies (“Private Equity”) and that of investments in listed securities.

For more than 20 years, Brederode has progressively focused on the management of its Private Equity portfolio, which has become its main centre of activity. The appeal of Private Equity is linked to the opportunity it offers of securing higher returns than those expected from the stock market. The investment style chosen is principally that of buyout i.e. the purchase, by first class private equity managers, of private companies, bringing together primarily institutional investors, such as Brederode, in dedicated funds. Success here involves the rigorous selection of an international network of top-level managers, coupled with ongoing monitoring.

The long experience that Brederode has accumulated in this domain has been one of the main contributing factors to the company’s overall performance over many years.

Beyond its own return objectives, the listed securities portfolio is increasingly regarded as an ultimate financing reserve in support of Private Equity. It continues to be subject to rigorous management, with the aim of achieving a balance between its defensive character and the objectives of profitability, liquidity and growth.

Brederode is today one of the few companies specialised in Private Equity, publicly traded and self-managed to the exclusive interest of its shareholders.

Brederode also benefits from the stability of its controlling shareholder from which the executive management emanates. This means that the latter can take a long term view, less subject to the influence of disruptive external factors and therefore less affected by short-term considerations.

Finally, Brederode benefits from an overall level of management costs lower than that of the market and an uncompromising governance structure.

2. Board of Directors

Pierre van der Mersch, Chairman
Luigi Santambrogio, Managing director
Axel van der Mersch, Managing director
René Beltjens, Independent director
Bruno Colmant, Independent director

3. Corporate governance statement

On 30 May 2014, Brederode adopted a Corporate governance charter, which entered into force on 19 July 2014. The Charter was last revised on 13 March, 2018 in order to adapt it to the 4th edition of the “X Principles of corporate governance of the Luxembourg Stock Exchange», with which Brederode is in compliance starting with the 2018 financial year. The Charter is available on the company’s website at www.brederode.eu under the “Governance» tab. The Corporate governance statement for the 2020 financial year is available in the notice of the annual general meeting.

4. Managing directors’ statement

In the name and on behalf of Brederode we hereby confirm that to our knowledge:

- a) the individual financial statements drawn up according to the applicable accounting standards give a true and fair view of the assets and liabilities, the financial position and the profits or losses pertaining to Brederode; and
- b) the Management Report contains a true account of the main events and the relevant transactions with related parties during the financial year, their effect on the set of the individual financial statements and a description of the main risks and uncertainties for the financial year.

Luxembourg, 9 March 2021
On behalf of the Board of Directors
Luigi Santambrogio & Axel van der Mersch
Managing Directors

5. Key figures

KEY FIGURES OF BREDERODE'S INDIVIDUAL (NON-CONSOLIDATED) FINANCIAL STATEMENTS (IFRS)

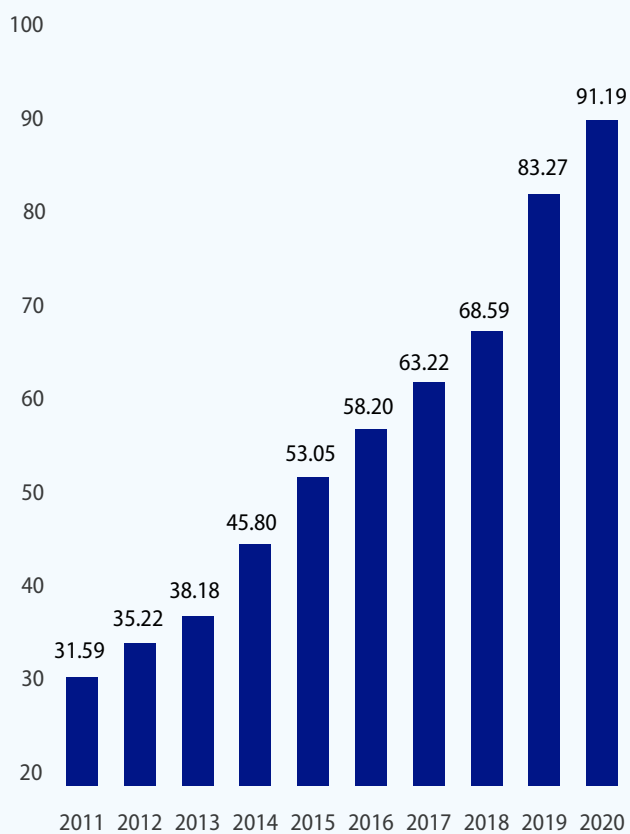
(in € million)	31 12 2020	31 12 2019
Shareholders' equity of Brederode	2,672.41	2,440.27
Profit for the period	262.03	457.65
Amounts distributed to shareholders	29.89	27.55
Adjusted figures per share (in €)		
Shareholders' equity of Brederode	91.19	83.27
Profit for the period	8.94	15.62
Amounts distributed to shareholders	1.02	0.94
Market price at the end of the period	81.20	74.60
Ratio		
Return on equity (1)	10.3%	20.6%
Number of shares used in the profit		
For shareholder equity and basic earnings	29,305,586	29,305,586
For the basic earnings	29,305,586	29,305,586

(1) Return on equity: Results for the financial year divided by the average shareholder equity. This ratio measures the internal profitability of a company.

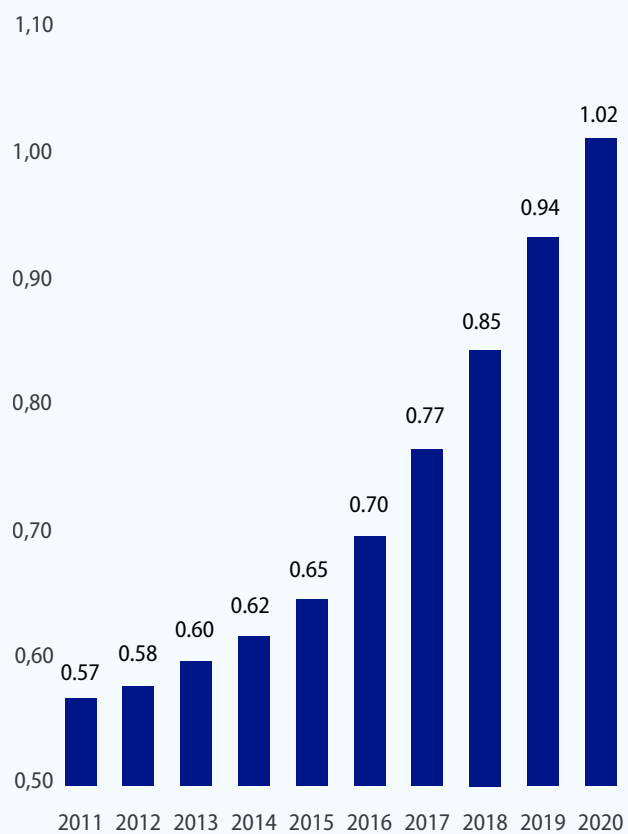
KEY FIGURES RELATED TO THE INVESTMENT ACTIVITIES OF BREDERODE AND ITS SUBSIDIARIES

The graphs on the right show the increase in net asset value per share as well as in distributions to shareholders over the last ten financial years.

LONG-TERM PERFORMANCE



Net asset value per share (EUR)



Distributions per share (EUR)

6. Management report

Ladies and gentlemen,

We are pleased to be able once again to present very solid results.

6.1. Summary of the results

The pandemic has had a significant impact on the entire global economy. As a result, the assets of Brederode and its subsidiaries were all affected, but in very different ways. Some investments were hard hit by the unprecedented crisis, while others benefited and were even able to take advantage of it. In total, the quality and the diversification of Brederode's assets meant that the results of the financial year remained positive despite the circumstances.

BREDERODE's net profit for the 2020 financial year was € 262 million, down 43% over that of the previous year.

The contribution to this result from the Private Equity portfolio was € 205 million. The annual performance of this part of the portfolio, expressed in terms of internal rate of return (IRR) amounted to 15.4%, in line with the ambitious objectives set.

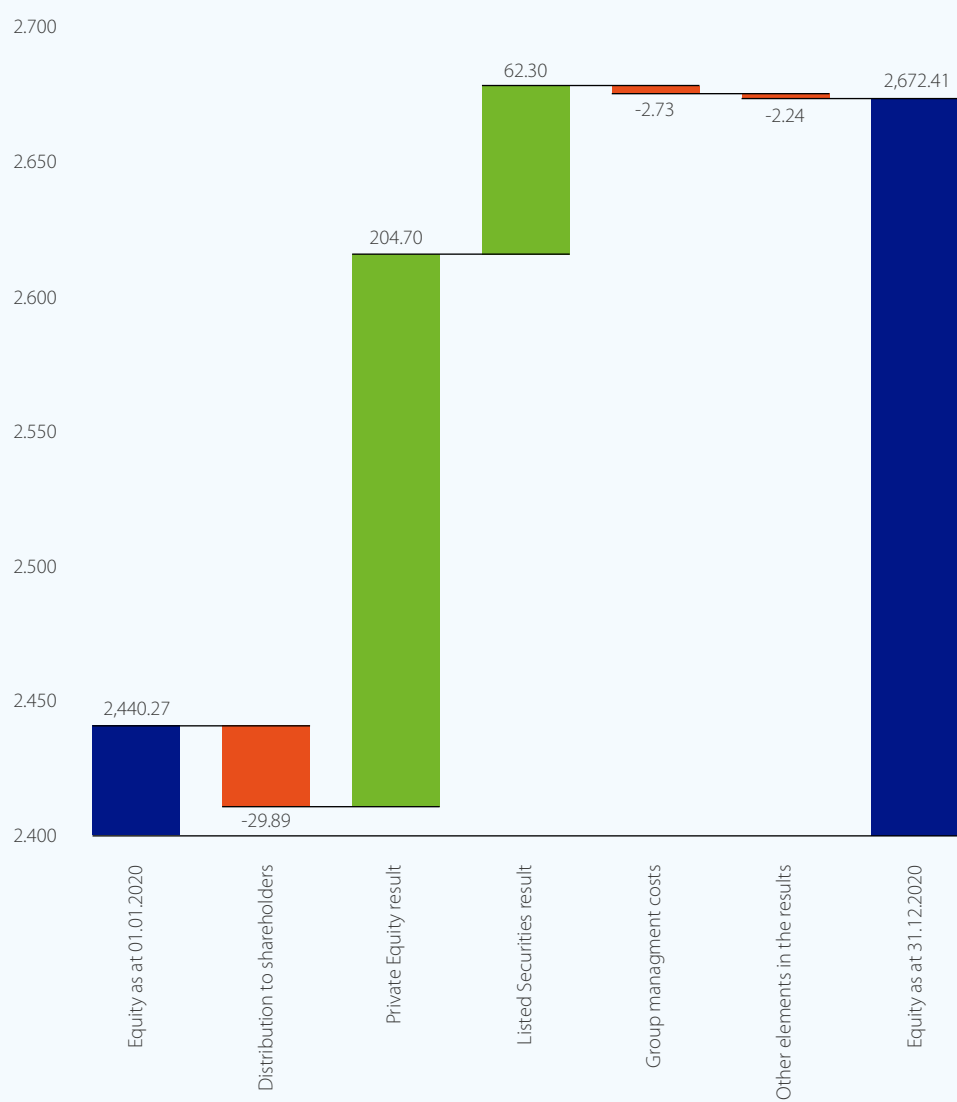
The contribution from the listed securities portfolio was €62 million. Its annual performance was 5.3%.

During the 2020 financial year, the net asset value per share of BREDERODE rose from € 83.27 to € 91.19, an increase that, taking into account the distribution of € 1.02 per share to shareholders in the course of the financial year, represents a growth of almost 10.7%. During the same period, the profit per share went from € 15.62 to € 8.94.

The Board of Directors resolved, at its meeting held on March 9th, 2021, to propose to the General Meeting to be held on May 12th to vote in favour of a distribution to shareholders of € 1.08 per share.

Such distribution would make it possible to devote € 230.4 million to augmenting the shareholders' equity. If the General Meeting approves this proposal, this would represent an increase of 6% in the remuneration of shareholders and the 18th consecutive annual increase.

VALUE CREATED IN 2020



6.2. Portfolio management by Brederode and its subsidiaries

The following table provides details of the contribution of the main assets and liabilities of Brederode and its subsidiaries to the income as expressed in the separate Financial Statements of Brederode.

(in € million)	31 12 2020	31 12 2019
Private Equity management result	204.70	191.78
Listed Securities management result	62.30	263.98
Other operating income and expenses (1)	-6.04	-0.39
OPERATING RESULT	260.96	455.37
Net financial Income (expenses)	1.00	2.04
Taxes	0.07	0.23
PROFIT FOR THE PERIOD	262.03	457.65

(1) This includes all the general expenses specific to Brederode and its subsidiaries in the amount of € 2.7 million for the 2020 financial year (€ 2.5 million for the 2019 financial year), that is, 0.1% of the portfolio.

The following table provides details of the contribution of the main assets and liabilities of Brederode and its subsidiaries to shareholders' equity as expressed in Brederode's separate financial statements.

(in € million)	31 12 2020	31 12 2019
NON CURRENT ASSETS	2,729.00	2,492.65
Intangible assets	10.83	12.21
Fixed assets	1.65	1.69
Non-current financial assets	2,704.66	2,468.35
- Private Equity Portfolio	1,554.83	1,299.70
- Listed Portfolio	1,149.83	1,168.66
Other non-current assets	11.85	10.39
CURRENT ASSETS	22.98	25.49
Cash and cash equivalents	17.99	17.36
Tax receivable	2.31	2.87
Receivables and other current assets	2.67	5.26
TOTAL ASSETS	2,751.98	2,518.14
NON CURRENT LIABILITIES	-0.06	-0.03
CURRENT LIABILITIES	-79.48	-77.81
Short term debt	-65.00	-70.00
Debts arising from purchases of financial assets	-1.59	-2.41
Tax due	-2.22	-2.36
Other current liabilities	-10.67	-3.04
TOTAL LIABILITIES	-79.54	-77.84
THIRD PARTY SHARE (minority shareholders)	-0.03	-0.03
TOTAL NET ASSETS	2,672.41	2,440.27

6.2.1. Private Equity Portfolio

Introduction

Brederode's Private Equity portfolio comprises mainly of commitments to fixed-term (10-12 years) associations most often referred to as "Limited Partnerships", or simply "Funds". These Funds consist of , on the one hand, a team of managers (the "General Partner") made up of a small group of experienced professionals, and, on the other hand, of institutional investors (the "Limited Partners"), to which Brederode belongs through its subsidiaries.

The latter undertake to respond, during a period generally limited to five years (the 'commitment period'), to capital calls from the General Partner up to a maximum amount known as the "Commitment". The General Partner invests the amounts called during the commitment period in various projects and manages them until the time of their exit, generally after 4 to 7 years.

The Brederode group has chosen to participate essentially in Funds pursuing a "buyout"-type strategy, i.e. aimed at acquiring a controlling interest, using an appropriate financial leverage ("leveraged buyout"), in already mature companies with predictable cash-flows and offering expansion or consolidation opportunities.

Brederode also analyses all opportunities of direct co-investments in certain projects deemed to be promising, in parallel with certain Funds.

Every commitment to invest in a new Fund is made only after a due diligence process which systematically includes interviews with the managers and an in-depth examination of all ad-hoc documents.

The initial analysis mainly relates to the quality and cohesion of the management teams, the investment strategy and market opportunities, past performance, deal origination, value creation capabilities, future exit options and corporate, social and environmental responsibility (CSR) matters.

Investments are monitored on the basis of detailed quarterly reports, audited annual accounts of the Funds, and through direct and frequent contacts with the managers.

Brederode's involvement in Private Equity dates back to 1992. Relying on the strength of its cumulative experience and its network of contacts, the Brederode group is able to focus on the most promising projects led by the best teams of specialised managers.

Through its involvement in Private Equity, Brederode provides risk capital to private companies with a view to helping them in their development and growth. In so doing it also allows its own shareholders to take part indirectly in investments offering above-average profitability that are in principle only accessible to institutional players.

Advantages of the Buyout style

Brederode has chosen to privilege the Buyout segment among the range of different investment styles used in the global Private Equity market for the following reasons:

1. Alignment of interests of the parties involved

The interests of each of the parties involved are optimally aligned thanks to incentives put in place aimed at encouraging both the General Partners and the management of the acquired companies to maximise the return on investment for the shareholders over a period of generally four to seven years.

2. Long-term value creation

Since the companies remain private or become private further to their acquisition, their management teams are in a position to take strategic initiatives that may generate a temporary reduction in profitability, with a view to significantly improving the company's valuation at the time of its sale. Such actions would be difficult to take for a public company as they could be interpreted as "profit warnings" and not as positive actions aimed at improving the performance of the company over the long term

3. Optimisation of financial leverage

Companies backed by PE firms are able to fine tune their capital structure with an appropriate amount of leverage that optimally fits the business plan for the investment period.

4. Rigour and discipline

The board of a PE backed company, generally controlled by representatives of the General Partner, is focused on a number of KPIs, Key Performance Indicators. Such KPIs tend to zero in on cash metrics, on the progress of operational improvements, on the speed of execution of the business plan etc. and allow to spot and correct underperformance in the business very quickly. This focus provides significant downside protection to investors and gives comfort to the company lenders. The speed of reactions of companies subject to the discipline of Private Equity is a significant competitive advantage.

5. Talent

Because of the clear incentives based on tangible performance (IRR), PE firms are able to attract the best talent for both their own business and for the portfolio companies they acquire, for the ultimate benefit of their investors.

Performance

For information, the performance of BREDERODE in Private Equity over the past ten years, drawn up in accordance with IFRS standards and based on net annual cash flows, is as follows:

(in € million)	10 years	5 years	3 years	1 year
Value at the beginning of the period	463.92	719.28	877.79	1,299.70
Cash flow during the period	131.63	-104.12	-100.72	-50.92
Value at the end of the period	1,554.83	1,554.83	1,554.83	1,554.83
IRR (Internal Rate of Return)	16.4%	14.9%	17.9%	15.4%

The valuations at the beginning and at the end of the financial year relate to the NAVs reported in the IFRS-accounts on the basis of preliminary information available at the time of the closing of the accounts. The performance variances with the final valuations are not significant.

Evolution of the Private Equity portfolio

(in € million)	31 12 2020	31 12 2019
Private Equity portfolio at the beginning of the period	1,299.70	1,049.48
Investments	303.64	297.53
Disposals	-272.34	-257.24
Change in fair value (1) (2)	223.84	209.93
Private Equity portfolio at the end of the period	1,554.83	1,299.70

(1) This includes realised net capital gains, amounting to €9.26 million in 2019 and €10.67 million in 2020.

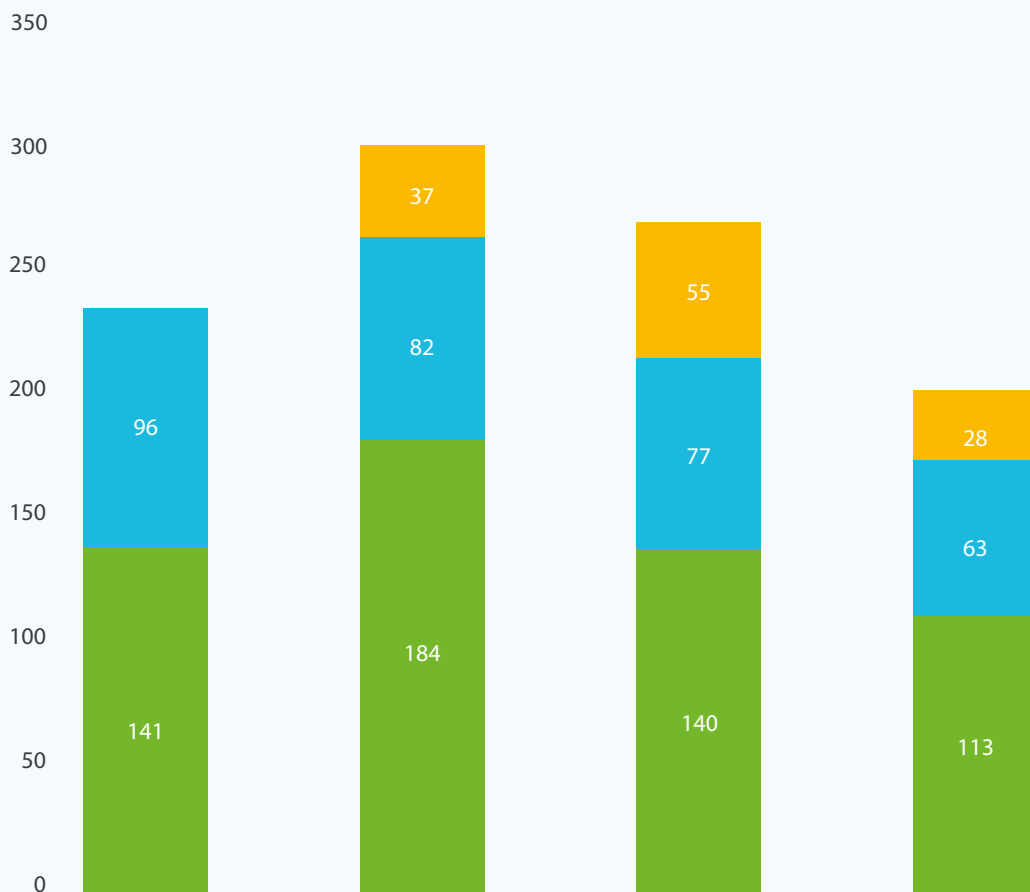
(2) The change in fair value in 2020 was affected by the weakness of the US dollar against the euro (-9.2%). Without this element, the change in fair value of the Private Equity portfolio would have risen to €306.71 million.

Movements in uncalled commitments

(in € million)	31 12 2020	31 12 2019
Commitments at the beginning of the period	1,059.13	893.71
Change in existing commitments	-305.61	-264.19
New commitments (3)	237.40	429.61
Commitments at the end of the period	990.92	1,059.13

(3) At historical exchange rates.

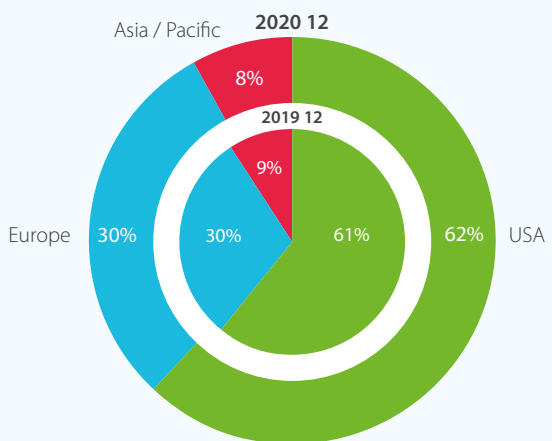
Geographical breakdown of *Private Equity* activity in 2020 (in € million)



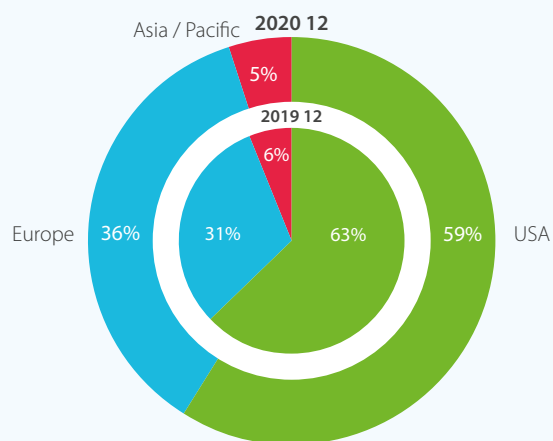
	New commitments	Investments	Disposals	Results
Asia Pacific	0	37	55	28
Europe	96	82	77	63
USA	141	184	140	113
Total	237	304	272	205

Geographical breakdown

Current investments

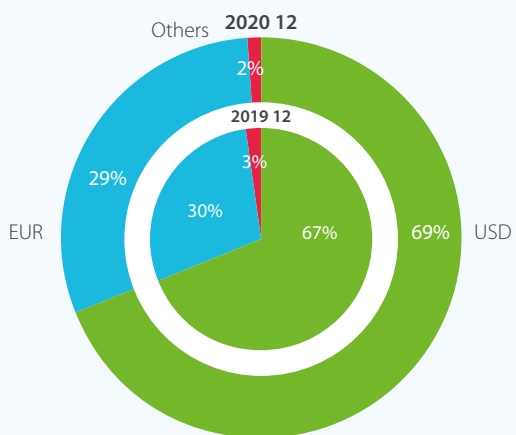


Uncalled commitments

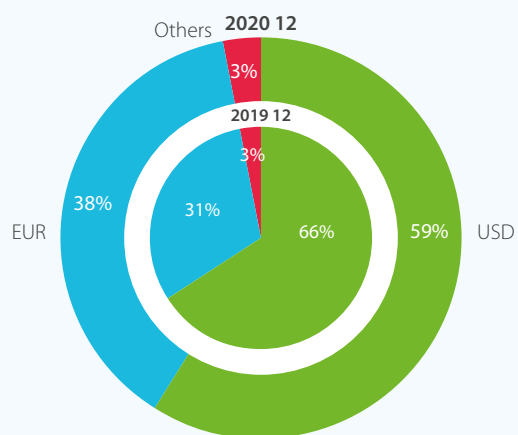


Currency Breakdown

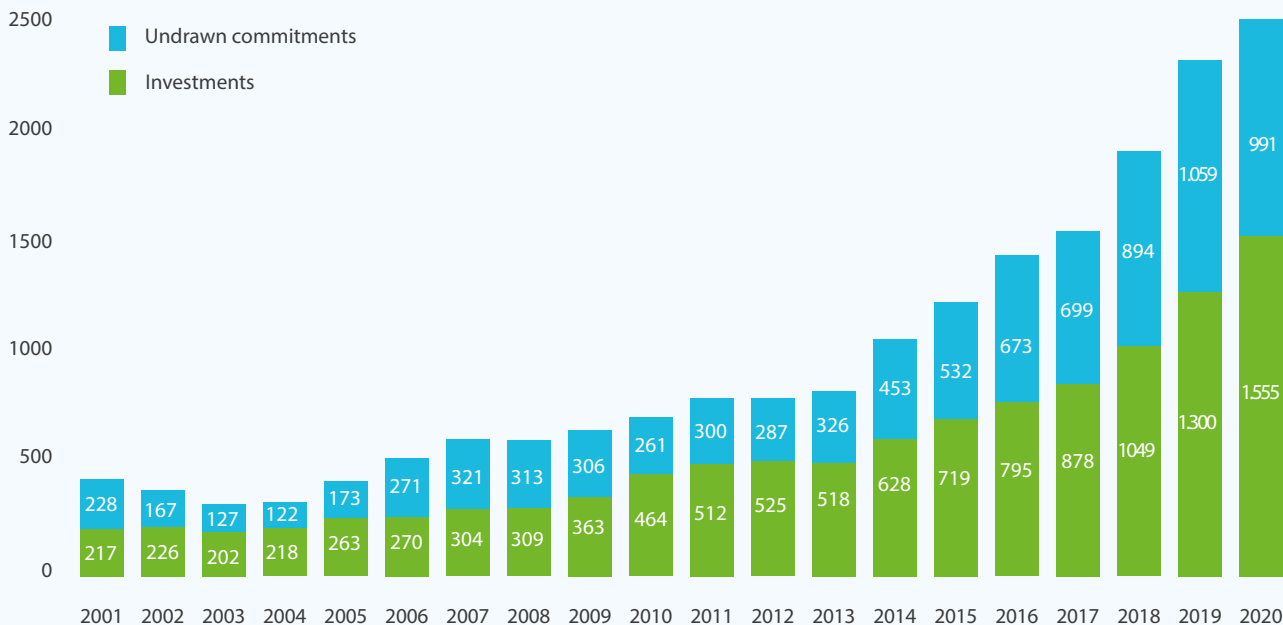
Current investments



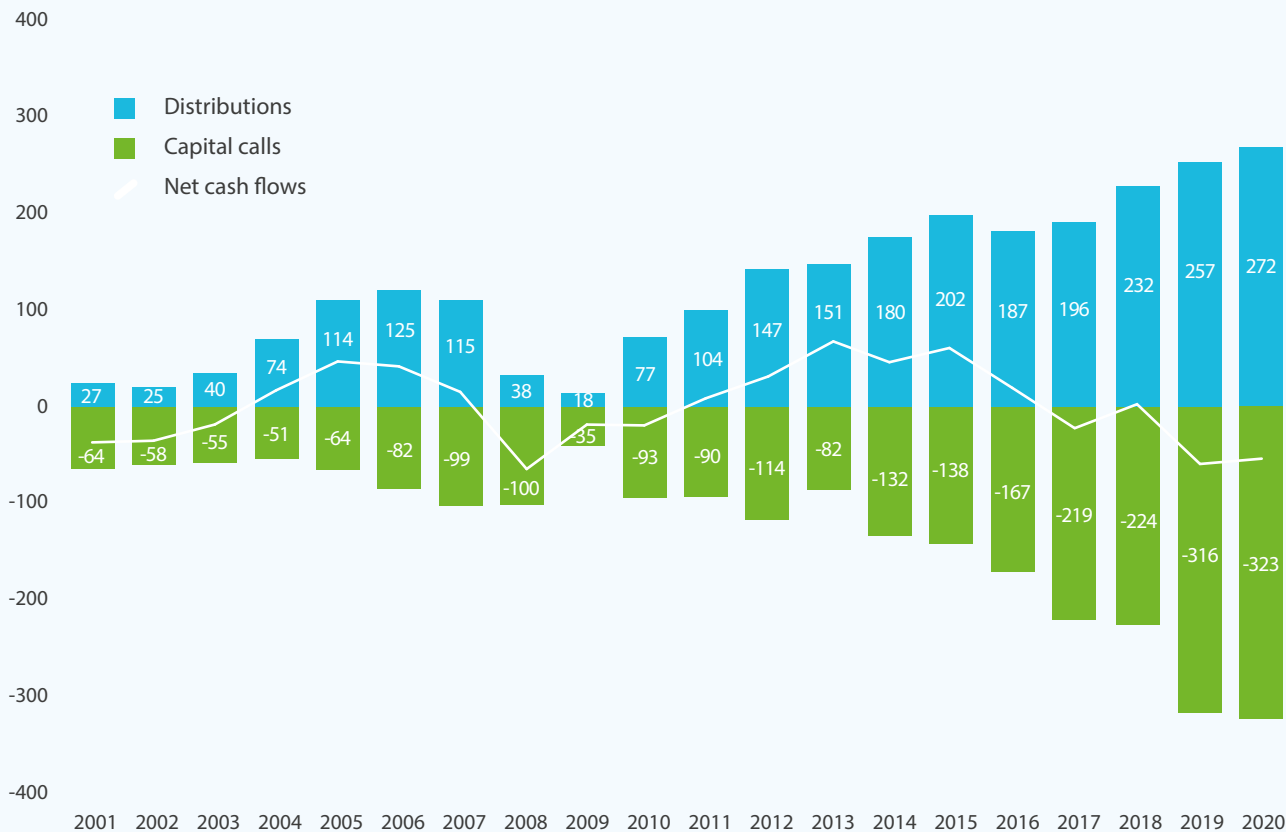
Uncalled commitments



Movements in uncalled commitments and invested assets (in € million)



Cash flow evolution (in € million)



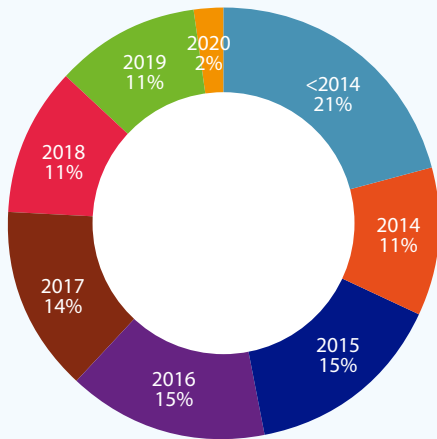
The graph on previous page shows that during the period 2004 to 2007 the Private Equity portfolio has been self-financing, with cash calls being largely financed by distributions. The years 2008 to 2010 showed an opposite trend. From 2011 to 2016 as well as in 2018, the Private Equity portfolio was once again self-financing. In 2017, 2019 and 2020, capital calls exceeded the amount of the distributions.

The cash calls are generally spread over time, usually five years, so that the manager can complete the build up of the investment portfolio. In general the financing requirements of Private Equity are covered by the following sources:

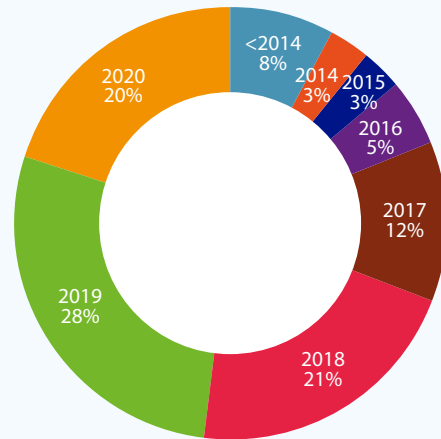
- The use of existing cash resources
- Cash receipts generated by the disposal of investments from within the Private Equity portfolio
- Dividends and interest received
- Lines of credit
- Possibly the sale of a part of the listed portfolio can serve as a cash buffer

Breakdown by Vintage (year of subscription)

Current investments

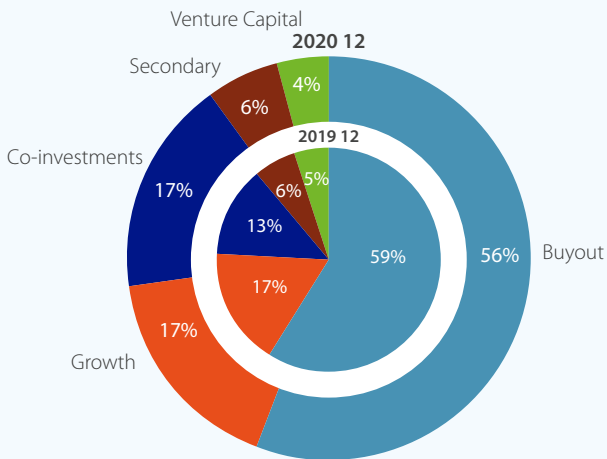


Uncalled commitments

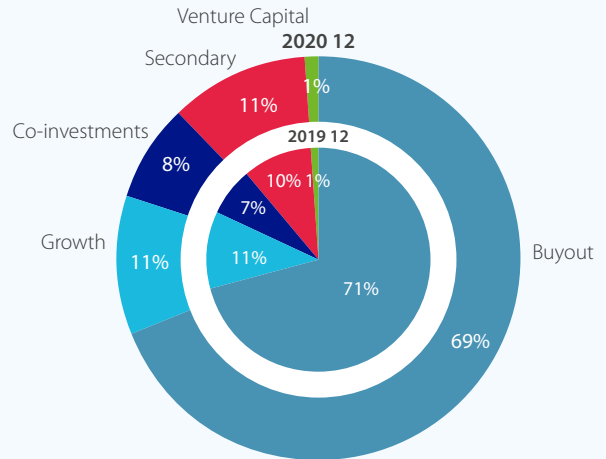


Breakdown by style

Current investments



Uncalled commitments



List of Private Equity General Partners (in € million)

Managers	Investments at fair value	Uncalled commitments	Total commitments
ARDIAN	69.01	74.87	143.88
PROVIDENCE	85.25	56.51	141.76
CATTERTON	100.43	36.94	137.37
EQT	96.11	31.11	127.22
BC	81.79	29.49	111.28
CARLYLE	60.28	50.98	111.26
HIG	44.98	62.10	107.08
BAIN	68.41	36.43	104.84
CAPITAL TODAY	85.73	5.32	91.05
VISTA	60.91	21.16	82.07
ALPINVEST	22.37	47.15	69.52
TRITON	31.48	36.83	68.31
GENSTAR	51.36	14.96	66.32
UPFRONT	53.98	10.59	64.57
ASP	29.88	27.57	57.45
APOLLO	33.77	20.23	54.00
CUBERA	27.01	26.50	53.51
MONTAGU	20.28	28.79	49.07
HARVEST	35.90	12.56	48.46
STONEPOINT	31.72	16.47	48.19
COMMITTED ADVISORS	19.00	25.72	44.72
TRILANTIC	18.51	25.63	44.14
STIRLING SQUARE	29.68	13.81	43.49
ARLINGTON	23.04	18.78	41.82
PAI	27.57	12.96	40.53
OTHERS	346.38	247.46	593.84
TOTAL	1,554.83	990.92	2,545.72

The top 25 General Partners included in this list represent 77% of the total commitments.

6.2.2. Listed securities portfolio

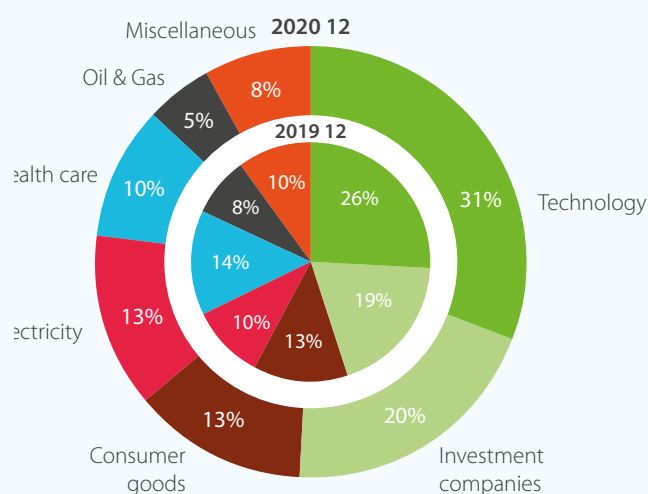
The contribution from the listed securities portfolio was € 62.30 million as at 31 December 2020, as compared to € 264.0 million in the previous year (net dividends included).

During the financial year, the COLOPLAST and LAFARGE positions were sold, while the positions in SOFINA, SAMSUNG and MASTERCARD were reduced. Three new positions, in ALPHABET, ALIBABA and PROSUS, were added.

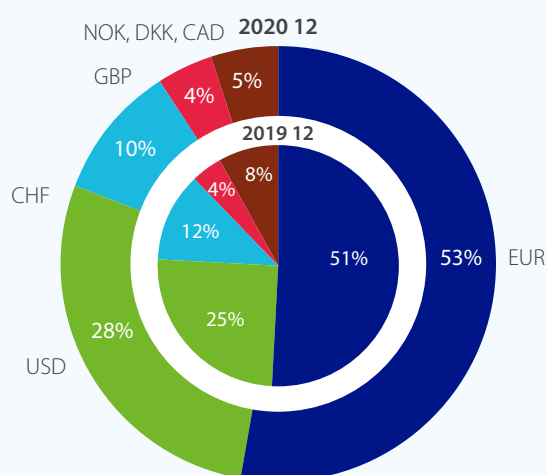
Changes in the portfolio

(in € million)	31 12 2020	31 12 2019
Listed portfolio at the beginning of the period	1,168.66	961.59
Investments	116.09	57.82
Disposals	-172.38	-88.15
Change in fair value	37.46	237.40
Listed portfolio at the end of the period	1,149.83	1,168.66

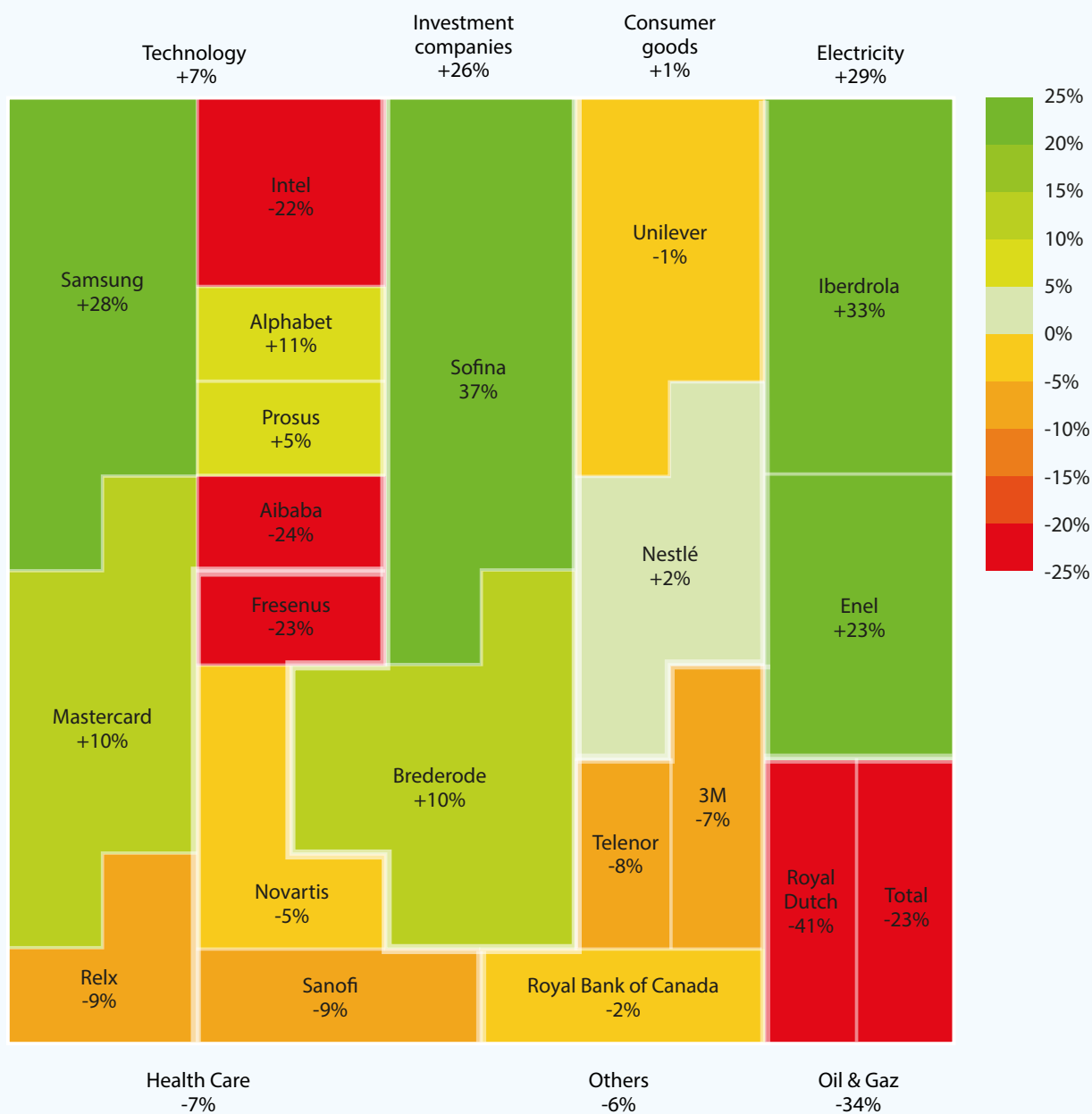
Breakdown of the listed portfolio by industry



Breakdown of the listed portfolio by currency



Total performance in 2020 (including dividends)



The "Industrial " sector has been removed as it represented less than 10% following the sale of the Lafarge-Holcim shares. The 3M shares, which represented 2.7% of the portfolio at the end of 2020, were allocated to the "Others " sector.

Composition of the portfolio of listed shares

Securities	31 12 2019	Acquisitions (Disposals)	Change in fair value	31 12 2020	Performance (1)	Number of shares	Allocation
(in € million)							
Technology	298.35	44.28	15.51	358.14	6.7%		31.1%
Samsung Electronics (GDR)	106.20	-25.22	28.32	109.30	28.5%	73,490	9.5%
Mastercard	87.43	-4.37	8.26	91.32	9.9%	313,950	7.9%
Intel	60.04		-14.29	45.75	-22.0%	1,127,000	4.0%
Relx	44.68		-4.90	39.78	-8.7%	1,994,965	3.5%
Alphabet (C)		25.03	2.85	27.88	11.4%	19,525	2.4%
Prosus		23.90	1.24	25.14	5.2%	284,536	2.2%
Alibaba		24.94	-5.98	18.96	-24.0%	100,000	1.6%
Investment companies	221.63	-52.15	56.15	225.63	26.1%		19.6%
Sofina	131.77	-50.92	46.97	127.82	36.9%	461,433	11.1%
Brederode (2)	89.86	-1.23	9.18	97.81	10.2%	1,204,575	8.5%
Consumer goods	124.22		23.50	147.72	22.0%		12.6%
Unilever	76.43		6.14	82.57	11.1%	1,611,788	7.1%
Nestlé	47.79		17.36	65.15	39.4%	674,872	5.6%
Electricity	119.47	7.97	28.99	156.45	28.8%		13.6%
Iberdrola	67.80	^{2.99}	19.23	90.02	32.8%	7,693,494	7.8%
Enel	51.67	^{4.99}	9.77	66.43	23.5%	8,026,056	5.8%
Consumer goods	147.72		-2.69	145.03	0.7%		12.6%
Unilever	82.57		-2.68	79.89	-0.5%	1,611,788	6.9%
Nestlé	65.15		-0.01	65.14	2.2%	674,872	5.7%
Health care	161.75	-33.14	-13.98	114.63	-6.7%		10.0%
Novartis	52.92	2.54	-4.35	51.11	-5.4%	660,000	4.4%
Sanofi	42.12		-5.13	36.99	-9.2%	470,000	3.2%
Fresenius SE	32.43	2.08	-7.98	26.53	-23.2%	701,191	2.3%
Coloplast	34.29	-37.77	3.48		10.1%		
Oil and gas	97.80	0.56	-36.56	61.80	-33.9%		5.4%
Royal Dutch Shell	56.97	0.00	-25.15	31.82	-41.4%	2,177,439	2.8%
Total	40.83	0.56	-11.41	29.98	-23.3%	849,506	2.6%
Miscellaneous	121.93	-23.82	-9.95	88.18	-5.6%		7.7%
3M	34.51		-3.21	31.30	-6.6%	219,722	2.7%
Lafarge-Holcim (2)	22.40	-18.77	-3.63		-16.2%		
Royal Bank of Canada	31.48		-1.56	29.92	-1.5%	447,200	2.6%
Telenor	22.67	7.03	-2.88	26.82	-7.7%	1,923,895	2.3%
Other holdings < € 10 MM	10.88	-12.07	1.33	0.14	12.2%	n.a.	0.0%
TOTAL	1,168.66	-56.29	37.46	1,149.85	5%		100%

(1) Indicative performance calculated on the basis of the valuations at the beginning and end of the financial year, the buying and selling movements, and the net dividends received.

(2) Reimbursement of capital or similar. For LaFarge Holcim, the capital reimbursement is in addition to the amount from the sale of the holding.

6.3. Financial structure

At the end of the financial year, BREDERODE and its subsidiaries had a net financial debt position of € 47 million (as compared to € 52.6 million at the end of 2019). They had confirmed credit lines totalling € 200 million (as compared to € 124 million in the previous year).

6.4. Related party transactions

There were no related party transactions in the reporting period that significantly influenced the financial position and the results of Brederode or its subsidiaries.

6.5. Law on transparency obligations

On 2 November 2020 Brederode received a joint notification from the Stichting Administratiekantoer (STAK) Holdicam and Holdicam S.A. based on the Law and the Grand-Ducal Regulation of 11 January 2008 concerning transparency obligations incumbent upon the issuers of securities.

As at the date of this notification, the ultimate beneficial owner of Brederode S.A. was STAK Holdicam, which held 100% of Holdicam S.A. The latter in turn held a 58.18% share in Brederode S.A.

As at 31 December 2020, Geysers S.A. held 4.11% of Brederode S.A.

6.6. Activities in the field of research and development

There was no research and development activity.

6.7. Events following the reporting period

The Belgian subsidiary GREENHILL S.A. was sold to La Française de l'Énergie.

This transaction will not affect Brederode's equity or performance in 2021. The directors certify that, to the best of their knowledge, no post-closure events have occurred that will have a significant impact on the financial statements.

6.8. Proposed distribution to shareholders

The Board of Directors continues to favour a policy of steadily growing distributions to its shareholders. It will propose to the annual general meeting to be held on 12 May, 2021 a distribution of € 1.08 per share vs € 1.02 per share the previous year, an 6% increase. Similar to the previous year, this distribution will be sourced from the share premium account. If approved, it will be made available for payment on May 19th, 2021.

Following article 97 (3) of the Law dated 4 December 1967, this distribution will not be subject to withholding tax in Luxembourg. The country of residence of each shareholder will determine, according to its own laws and regulations, the nature of the distribution and its tax regime.

6.9. Outlook

Due to its role as an international investment company, BREDERODE's future profits will continue to be influenced by the changes in the global political and economic situation.

BREDERODE has always strived to make rigorous and disciplined selections, both of the Private Equity managers and of its listed securities, with a long-term perspective.

The coronavirus epidemic that has suddenly spread at the beginning of this financial year continues to worry and in some cases erodes the confidence of the markets. Its short-term impact on the economy is a reality that makes any forecast uncertain.

Over the longer term, the Board of Directors of BREDERODE remains confident in the success of the business model it has adopted and in the specific strategy adopted by the company.

It also reaffirms its support for a policy of regular growth in the distributions to shareholders, which it does not consider to be under any threat.

6.10. Main characteristics of internal controls and risk management

Preliminary remarks

There is no management committee or specific internal auditor position. Considering the Brederode Group's size and the targeted nature of its activities, risk management is assigned to the executive directors themselves. No need is felt for the position of internal auditor, given the proximity of the executive directors who personally supervise the transactions carried out on the company's behalf.

The internal control functions are provided, firstly, by the executive directors and, secondly, by the Audit, Governance and Risk Committee, none of whose members have an executive function. The overall philosophy is based on the values of integrity, ethics and competence required from each participant, which form the basis of the group and its mode of operation.

6.10.1. Control environment

The control environment is determined mainly by the laws and regulations of the three countries in which the group has subsidiaries (Luxembourg, Great Britain and Belgium) and by the articles of association of each of the companies in question.

The accounts of the various companies are kept internally by the same person. At the same time, Alter Domus Alternative Asset Fund Administration S.à.r.l. acts as Central Administrative Agent for the subsidiary Brederode International S.à r.l. SICAR. As such, it is responsible for the accounts and the valuation of the Private Equity portfolio.

6.10.2. Risk management policy

The company's strategic and operational objectives, and those concerning the reliability of financial information, both internal and external, are defined by the executive directors and approved by the Board of Directors. The implementation of these objectives is periodically checked by the Audit, Good Governance and Risk Management Committee.

Market risks

a) Currency risk

Currency risk is defined as the risk that the value of a financial instrument may fluctuate due to changes in the exchange rate of foreign currencies.

Exposure to currency risk is directly linked to the amounts invested in financial instruments denominated in currencies other than the euro and is influenced by the hedging policy adopted by Brederode and its subsidiaries.

The policy on covering currency risk is guided by a medium-term vision of the trend of exchange rates relative to the euro.

Outstanding forward exchange transactions carried out for the purpose of reducing currency risk are valued at the fair value of these hedging instruments and are mentioned in the balance sheet notes as "derivative instruments" under current financial assets (liabilities).

The effect of changes in the fair value of hedging instruments can be found in the changes in fair value of the direct subsidiary of Brederode.

b) Interest rate risk

For the financial assets the risk of changes in fair value directly related to interest rate movements is insignificant, given that almost all financial assets are equity instruments.

For the financial liabilities this risk is limited by the short duration of the financial borrowings.

c) Other price risks

Price risk is defined as the risk that the value of a financial instrument may fluctuate due to market price variations.

i. Listed portfolio

For the listed portfolio, the risk of price fluctuations related to market price variations is determined by price volatility on the stock exchanges where the group is active (Amsterdam, Brussels, Copenhagen, Frankfurt, London, Madrid, Milan, Toronto, Oslo, Paris and Zurich).

The group's policy is to maintain diversification on these markets which are very liquid and are less volatile than the so-called emerging markets. The price risk related to listed securities is also reduced by the portfolio's high level of geographical and market diversification. The breakdown of the listed portfolio by currency and by market is shown above.

ii. Private Equity portfolio

For the Private Equity portfolio, statistical and theoretical studies reach different conclusions as to whether or not the volatility of such holdings is greater than that of listed markets. Purchase and sale prices are clearly influenced by multiples such as EV/EBITDA that are found on the market for listed securities. To a large extent these similarities in the basis of valuations explain the significant correlation between price fluctuations on these two markets. Recent experience from the financial crisis that started in 2008 has confirmed the greater degree of stability in valuations in the Private Equity portfolio compared to that of the listed portfolio. The price risk related to unlisted securities is also reduced by the very high level of diversification maintained in the portfolio. An initial level of diversification results from the large number of General Partners Brederode invest with. A second level of diversification is present within each Partnership which typically spreads its investments among fifteen to twenty separate projects. The geographical breakdown of the Private Equity portfolio is shown above

iii. Options on listed securities

The price risk is reflected directly in the price levels prevailing in the option markets. Greater volatility on the stock markets will be reflected in higher option premiums. The price risk on this type of transaction is monitored on a daily basis and is limited by the group's policy of issuing only call options (undertakings to sell at a given price and time) on shares it holds in its portfolio.

iv. Sensitivity analysis of other price risks

a. Listed portfolio

The value of this portfolio is based on stock market prices which are by definition difficult to predict.

b. Private Equity portfolio

The value of this portfolio can also be influenced by changes in valuations on listed markets. Nevertheless, this influence is moderated by the following factors:

- The objective to create value relates to a longer term,
- The manager is able to take decisions faster and more effectively in order to turn around a deteriorating situation,
- In our opinion the interests of managers are better aligned in Private Equity with those of investors.

Credit risk

This is defined as the risk that a counterparty to a financial transaction may default on its obligation, thus causing the other party to incur a financial loss.

As an investor in listed shares the main credit risk we face lies in the ability of our intermediaries to ensure the successful outcome of our purchases or sale transactions. This risk is in principle eliminated by the "delivery against payment" system of settlement.

In the case of share options it is up to the Brederode group itself to demonstrate its creditworthiness, thereby enabling it to operate as an issuer in the “Over The Counter” market which is reserved for institutional investors of acknowledged competence and solvency. As an issuer of share options the credit risk on this type of transaction is taken by our counterparties.

Bank deposits actually constitute the main credit risk incurred by our group. We constantly review the quality of our bankers.

The custody of securities also involves a credit risk, even if the securities are in principle always segregated from the assets of the financial institutions to whom the safekeeping of the listed securities portfolio is entrusted.

In the context of the management of its listed securities portfolio, Brederode regularly lends a sizeable part of it to leading banks, in return for remuneration. The loan agreements also allow Brederode to gain access to credit lines at favourable conditions. The credit risk associated with the securities lending activity is covered by a pledge, in favour of Brederode, of a portfolio of financial assets guaranteeing a coverage of more than 100%. At the end of the 2020 financial year, there were no transactions outstanding.

Liquidity risk

The liquidity or financing risk is defined as the risk that an entity may experience difficulties in raising the funds necessary to honour its commitments. One of the characteristics of a “Private Equity” investment is that the investor has no control over the liquidity of the investments. The manager alone decides when to acquire or dispose of an investment. There is a secondary market for holdings in Private Equity funds, but this constitutes a niche market and the selling process may prove relatively long and costly. The evolution of the group’s uncalled commitments to Private Equity funds is monitored closely to ensure optimal management of net cash movements.

The portfolio of listed securities is made up of highly liquid minority positions, so that significant cash movements generated by the unlisted portfolio can be absorbed, if necessary.

The management of the liquidity risk also takes into account the credit lines whose availability and conditions are enhanced by the existence of an important portfolio of listed securities. The group sees to it that it keeps its level of financial indebtedness below the confirmed lines of credit.

Cash flow interest rate risk

This is the risk that future cash flows may be threatened by changes in market interest rates. Brederode is not affected by this risk.

6.10.3. Control activities

On-going control, on an almost daily basis, is exercised by the executive directors who also sit on the Boards of the main subsidiaries. Moreover, the executive directors meet at least once a month to conduct a detailed examination of the financial position, portfolios, asset valuation, general monitoring of activities, financing requirements, risk assessment, new commitments, etc. Since financial assets are always held by third-party bankers, trustees, etc., the risks of negligence, error or internal fraud are significantly reduced. On 1 January 2019, the subsidiary Brederode International S.à r.l., holding the group's Private Equity portfolio, was transformed into a "Société d'Investissement à Capital à Risque" (SICAR, or venture capital investment company) and as such is henceforth regulated directly by the Commission de Surveillance du Secteur Financier (CSSF). The subsidiary in question uses the services of Alter Domus Depositary Services S.à.r.l., which acts as a professional depositary of securities other than financial instruments. Alter Domus Alternative Asset Fund Administration S.à.r.l. acts as Central Administrative Agent for Brederode International S.à r.l. SICAR. Since the accounts are also handled internally, the mandate of Alter Domus is to reinforce the control function.

Information, communication and oversight

The reliability, availability and pertinence of accounting and financial information are overseen directly by the executive directors and subsequently by the Audit Committee. Particular attention is paid to any remarks or requests formulated not only by the supervisory authorities but also by shareholders and financial analysts. The maintenance and updating of computer systems are outsourced to IT service providers. The executive directors oversee the quality of the services thus provided and satisfy themselves that the degree of dependency vis-à-vis these service providers remains within acceptable limits. The security of computer systems is maximised using technical processes available in this field: access right, back-up, anti-virus software, etc. The executive directors prepare, check and distribute information after it has been submitted for approval to the Board of Directors, the external legal advisors and the Auditor.

6.10.4. Audit

Brederode has appointed a certified company auditor in the person of Mazars Luxembourg, certified auditing firm, with its registered office established at 1882 Luxembourg, 5, rue Guillaume J.Kroll and listed in the Trade and Companies Register under number B 159.962, appointed for a period of four years, said period coming at the end on the 2024 General Meeting. Mazars Luxembourg and its representative, Mr Amir Chakroun, are members of the Institute of Company Auditors and authorized by the Commission de Surveillance du Secteur Financier.

6.11. Corporate, social and environmental responsibility (CSR)

Brederode does not engage in any industrial or commercial activity and thus does not generate sales revenue. It has opted to invest as a minority shareholder without being involved in the management of the companies it invests in. Brederode's investment policy takes into account the CSR policy of those companies.

As regard to the listed companies, Brederode ensures that they develop a CSR policy that is adapted to their sector of activity, and that they publish these in compliance with the applicable legislation, the rules of good governance or best practice in this area. In regard to investments in the Private Equity portfolio, the CSR policy is incumbent on the fund managers.

All those with whom Brederode works has an explicit, published policy in this area and in their turn encourage the companies they control to adopt a dynamic CSR policy. Most of the time these are based on the standards developed at a global level, such as the Principles for Responsible Investment (www.unpri.org). The CSR dimension is examined specifically in the course of the due diligence process that Brederode carries out before taking any private equity investment decision.

For the 2020 financial year, Brederode confirms that all fund managers of the Private Equity and the Listed Securities portfolios in which the group invested have drawn up a pro-active CSR policy.

Luxembourg, 9 March 2021

On behalf of the Board of Directors
Luigi Santambrogio & Axel van der Mersch
Managing Directors

7. Brederode shares listing

Financial instruments

The Brederode shares are traded on the regulated markets of Euronext Brussels (ticker BREB) and the Luxembourg stock exchange (ticker BREL). All shares can be traded freely. The Brederode shares are ordinary shares and all shares have the same rights. Each share has the same rights to dividends and to the reserves in the event of liquidation or reduction of the shareholders' equity. Each share entitles the holder to the same voting rights during Brederode's general meetings. All shares are required to be dematerialised. Not a single shareholder is permitted to have his/her shares converted into nominal or bearer shares.

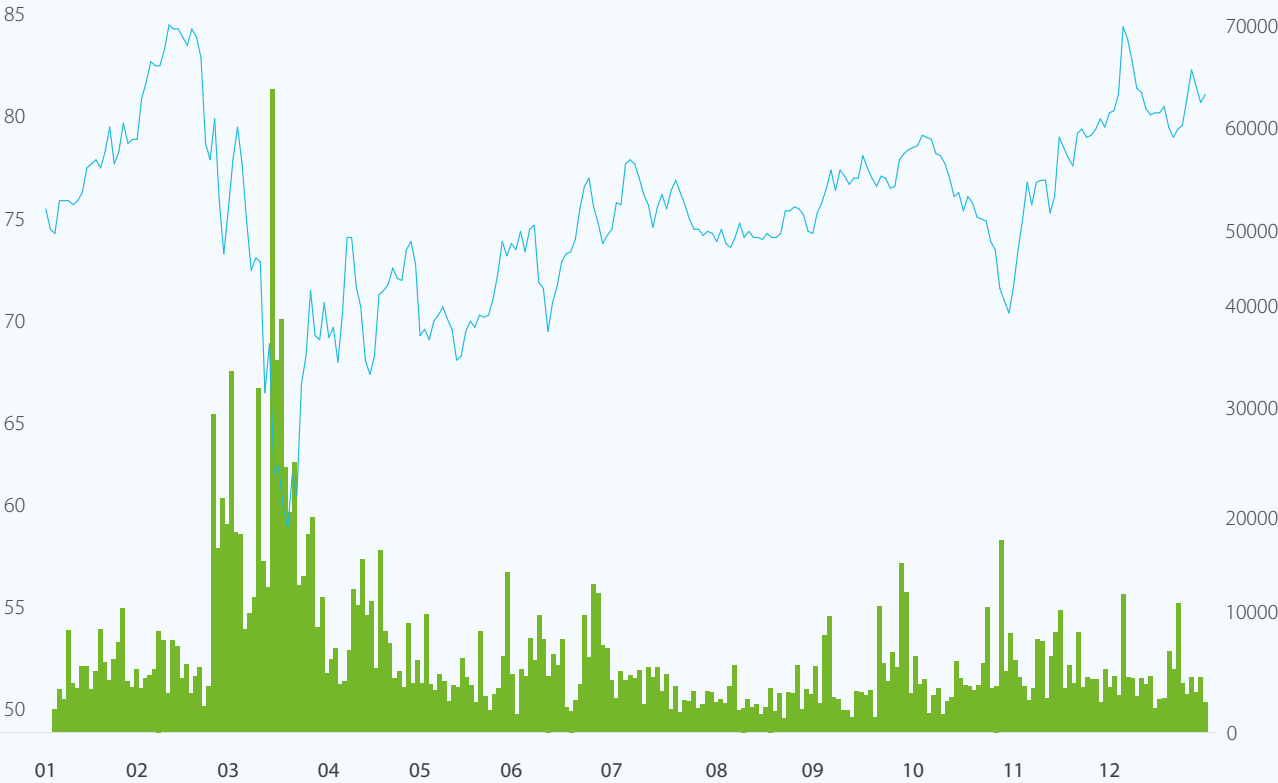
Stock market capitalization

At the end of 2020 Brederode's stock market capitalization amounted to 2,380 million compared to € 2,186 million a year earlier.

Share price and liquidity

The share price of Brederode rose 10% during the financial year (taking into account the distribution of € 1.02 in May 2020) with a volume traded of 1.92mn shares (1.36mn in 2019) i.e. an average daily volume of 7.518 shares (5.351 in 2019).

Evolution of the share price of Brederode (EUR) and daily volume (number of shares) since January 1st, 2020



8. Individual (non consolidated) financial statement as at 31 December

8.1. Individual statement of financial position

(in € million)	Notes	31 12 2020	31 12 2019
NON-CURRENT ASSETS		2,672.32	2,440.09
Subsidiaries at fair value	(1)	2,672.32	2,440.09
CURRENT ASSETS		0.64	0.62
Other current assets		0.64	0.42
Cash and cash equivalents		0.00	0.20
TOTAL ASSETS		2,672.96	2,440.71
TOTAL SHAREHOLDERS' EQUITY		2,672.41	2,440.27
Issued share capital	(2)	182.71	182.71
Share premium	(3)	629.58	659.47
Statutory reserves		3.80	2.40
Profit carried forward		1,594.29	1,138.04
Result for the financial year		262.03	457.65
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES		0.55	0.44
Other current liabilities		0.55	0.44
TOTAL LIABILITIES		2,672.96	2,440.71

The annexed notes form an integral part of the financial statements.

8.2. Individual profit and loss account

(in € million)	Notes	31 12 2020	31 12 2019
Change in fair value of subsidiary	(4)	232.23	429.85
Profit from management of investment entity		232.23	429.85
Other operating income and expenses		29.80	27.80
Operating result		262.03	457.65
Net financial income (expenses)		0.00	0.00
Tax on the net result		0.00	0.00
Profit for the period		262.03	457.65
Profit per share			
Weighted average number of shares		29,305,586	29,305,586
Net profit per share (in €)		8.94	15.62

The annexed notes form an integral part of the financial statements.

8.3. Individual statement of cash flows

(in € million)	Notes	31 12 2020	31 12 2019
Operating activities			
Pre-tax profit for the year		262.03	457.65
Taxes for the year		0.00	0.00
Net profit for the financial year		262.03	457.65
Change in fair value	(4)	-232.23	-429.85
Gross cash-flow		29.80	27.79
Change in working capital requirements		-0.10	-0.96
Cash flow resulting from operating activities		29.70	26.83
Investment activities			
Cash flow from investment activities		-	-
Financing activities			
Distribution to shareholders	(5)	-29.89	-27.55
Cash flow resulting from financing activities		-29.89	-27.55
Net movement in cash in cash and cash equivalents		-0.20	-0.72
Cash and cash equivalents on 1st January		0.20	0.92
Cash and cash equivalents on 31st December		0.00	0.20

The annexed notes form an integral part of the financial statements.

8.4. Individual financial statement of changes in equity

(in € million)	Notes	Capital	Share premium	Reserves	Reported results	Total
Balance on 1st January 2019		182.71	687.02	1.15	1,139.29	2,010.18
- distribution to shareholders	(2)		-27.55			-27.55
- allocation to statutory reserves				1.25	-1.25	
- result for the year					457.65	457.65
Balance on 31st December 2019		182.71	659.47	2.40	1,595.69	2,440.27
Balance on 1st January 2020		182.71	659.47	2.40	1,595.69	2,440.27
- distribution to shareholders	(3)		-29.89			-29.89
- allocation to statutory reserves				1.40	-1.40	
- result for the year					262.03	262.03
Balance on 31st December 2020		182.71	629.58	3.80	1,856.32	2,672.41

The annexed notes form an integral part of the financial statements

8.5. Accounting principles and policies

The accounting period is 12 months and these accounts for the period ending 31st December 2020 were approved by the Board of Directors' meeting held on 9 March 2021.

The individual financial statement were drawn up in EUR million (the group's operating currency) and rounded up or down to the nearest hundredth unless mentioned otherwise. These statements are drawn up on the basis of historical costs except in the case of derivative instruments and financial assets at fair value through the profit and loss account which are valued at fair value.

No offsetting is carried out for assets and liabilities, expenses and income unless required or imposed by an IFRS-standard.

General principles and accounting standards

The accounts were prepared in accordance with international accounting standards (International Financial Reporting Standards) as published and adopted by the European Union which came into effect on 31st December 2020.

Changes in accounting principles

The standards, amendments and interpretations that entered into force on 1 January 2020 had no significant impact on the presentation of the financial statements.

Standards and interpretations

The accounting methods adopted are consistent with those of preceding years.

Any interpretations that are new or were revised during the year did not have a material effect on the group's financial performance or position.

Standards and interpretations that came into force for compulsory application in the European Union in 2020:

Amendment to IFRS 3 - Definition of a business
 Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform
 Amendments to IAS 1 and IAS 8 - Definition of the term "significant"
 Amendments to references to the conceptual framework in IFRS standards
 Amendment to IFRS 16 - COVID-19-related rent concessions

New or amended standards or interpretations that came into force after 31 December 2020, early application of which is permitted in the European Union:

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

Amendments to IAS 37 - Costs to be included in determining whether a contract is onerous

Brederode did not anticipate the application of new standards and interpretations issued before the date of authorisation for publication of the financial statements but whose date of entry into force is after 31 December 2020.

Accounting estimates

When preparing the accounts, the management relies on estimates and assumptions that have an impact on the amounts presented in the accounts. These estimates and assumptions are continuously evaluated and based on historical experience and outside information.

The main line items concerned by these estimates and hypotheses that indirectly affect Brederode via the establishment of the fair value of its subsidiaries are:

- The valuation of the Private Equity portfolio;
- The estimate of recoverable taxes;
- The estimate of the provision.

Presentation "current" and "non-current"

The individual financial statements pertaining to the financial situation are presented taking into account the differentiation made by the IAS1 standard between "current" and "non-current".

The current assets and liabilities concern the assets and liabilities Brederode believes to be collected, utilised or paid in the course of a normal cycle. This period can extend up to 12 months following the closure of the fiscal year. All other assets are non-current.

Conversion of transactions and balances in foreign currencies

The individual financial statements were prepared in euro, Brederode's functional currency.

1. Transactions in foreign currencies

Transactions denominated in foreign currency are recorded based on the exchange rate at the time of the transaction. At the end of the reporting period, monetary assets and liabilities as well as non-monetary assets valued at their fair value are converted at the closing rate. Any resulting differences on conversion are included in the profit and loss account.

2. Conversion of accounts in foreign currency

For the purposes of drawing up Brederode's individual financial statements, the results of the subsidiaries whose accounts are denominated in a foreign currency are converted at the average exchange rate in effect during the financial year. Apart from the elements that make up shareholders' equity balance sheet items expressed in foreign currency are converted at the closing rate. Any resulting differences on conversion are shown as part of the shareholders' equity and included under "conversion reserves"

Tangible fixed assets

Tangible fixed assets are valued at the cost of acquisition or production, less accumulated depreciation and other amounts written off.

Depreciation is charged on a straight-line basis over the estimated operational life of the various fixed asset categories. The estimated duration of use is as follows:

- Furniture: 10 years
- Office furniture: 5 years
- Vehicles: 5 years
- Computer equipment: 3 years

Land is not depreciated. A depreciation can be established when the accounting value exceeds the value to be recovered.

The depreciation conditions for tangible fixed assets are reviewed on a yearly basis and may be altered in future depending on circumstances. A tangible fixed asset is written off in the event of sale or if no economic advantage may be expected from its continued use.

The profit or loss resulting from a sale or write off of a tangible fixed assets corresponds to the difference between the income from the sale and the accounting value of the asset and will be included in the profit and loss account.

Fair value

Brederode assesses financial instruments such as derivative instruments and financial assets at fair value through the profit and loss account

The fair value is the price that would have been obtained for the sale of assets or that would have been paid for the disposal of a liability during a normal transaction between market participants on the valuation date. An assessment of fair value implies that the sale of assets or the disposal of liabilities takes place on the primary market for such assets and liabilities or, in the absence of a primary market, on the market that is the most appropriate for such assets or liabilities.

Brederode must have access to the main market or the most appropriate market.

The fair value of assets and liabilities is set by making hypotheses market participants would use to determine the price of assets and liabilities, taking into account that market participants act in their own economic interests.

All assets or liabilities for which a fair value is set or which are mentioned in the individual financial statements are ranked in the fair value hierarchy.

Non-current financial assets

All non-current assets, which may or may not be listed, are accounted for as “financial assets at fair value through the profit and loss account”.

In the context of the fair value assessment of direct and indirect subsidiaries of Brederode, the initial value corresponds to the net acquisition cost and the fair value is reassessed each year end based on the closing rate for listed securities and on the latest valuations provided by the General Partners for unlisted securities. In the latter case the valuations are based on valuation techniques recommended by international associations operating in the Private Equity arena. Changes in the fair value of these investments between one year-end and the next are accounted for through the profit and loss account.

This method was selected as it reflects the company’s risk management strategy.

Listed portfolio

The listed portfolio is valued on the basis of the closing prices in the final trading day of the year.

Private Equity portfolio

The Private Equity portfolio held by investment entities that are subsidiaries of Brederode is valued on the basis of the most recent financial information received from the General Partners. These are definitive or interim valuations as at 31 December, or quarterly reports as at the previous 30 September, adjusted to take into account the investments and divestments carried out during the fourth quarter. This valuations may be further adjusted to reflect any changes in circumstances between the date of the last formal valuation provided by the General Partner and the date of account closure.

Amounts receivable

Loans and credits granted by Brederode and by investment entities that are subsidiaries of Brederode are valued at cost, less any reduction in value as a result of depreciation and nonrecoverability.

Following the initial drawing up of the accounts the loans and amounts receivable are valued at amortized costs calculated according the effective interest method, less the provisions for depreciations when management believes there is an objective indication of depreciation which will reduce the cash flows that were initially expected. No updating is carried out for short-term loans and credits, given their negligible potential impact.

The effective interest method is a calculation method for the amortized cost of a financial instrument and the entry of interest returns during the applicable period. The effective interest is the exact interest rate of payments and disbursements in the future during the planned life cycle of a financial instrument or possibly – in the short time – the interest at net accounting value.

Current financial assets

Securities lending

The securities lent continue to be accounted for on the balance sheet of Brederode and of its subsidiaries in their original portfolios. As a guarantee of the securities lending activity, a portfolio of listed securities is pledged in favour of Brederode, the value of which is at least equal to the amount of the securities lent. The securities pledged in favour of Brederode are not recognised in the accounts. The market value of the securities lent is monitored on a daily basis and the pledge is adjusted in accordance with the evolution in market value of the securities lent.

Derivative instruments

Derivative instruments are valued at their fair value on the balance sheet date. Fluctuations in fair value between one yearend and the next are accounted for in the profit and loss account. Price movements may result in a valuation of a derivative instrument that results in the creation of a current financial asset or liability.

Current and deferred taxes

Tax expenses include tax payables and deferred tax..

(a) Tax payable

Tax payables include the estimated sum of tax to be paid (or to be recovered) on the taxable profits (or losses) of the company or its subsidiaries as well as any adjustment to the sum of taxes paid in previous fiscal years. These are calculated on the basis of taxation rates in force or about to be adopted at the end of the reporting period.

Brederode makes an assessment and estimates of the situations in which the fiscal rules are open to interpretation. The views taken in this regard are revised regularly.

(b) Deferred tax

Deferred tax is calculated in accordance with the variable carry-over method applied to temporary differences between the book value of assets and liabilities posted on the balance sheet and their tax basis. No deferred tax is entered into the accounts if it originates from the initial booking of an asset or a liability relating to a transaction, except in the event of a regrouping of companies that, at the time of the transaction, does not have an impact on the accounting results or the fiscal results. Moreover, the liabilities pertaining to deferred tax are not entered into the accounts if the temporary difference is the result of the initial entry of the goodwill.

Deferred taxes are determined using taxation rates and fiscal rules in force or about to be adopted at the end of the reporting period and which are believed to have an impact on the realisation of assets or the payment of liabilities in connection with deferred taxes.

A deferred tax asset is booked only to the extent that the realisation of future taxable profits is probable, thus enabling the company to enter such temporary differences into the accounts. In order to assess the possibility of recovering this asset, the following must be taken into account: future taxation forecasts, the portion of non-recurrent expenses which are not expected to be made in the future and which were included in past losses, the history of the fiscal results of the past years and possible fiscal strategies such as the disposal of undervalued assets.

Deferred tax assets are included under temporary differences in connection with participations in subsidiaries except if the conversion calendar pertaining to these temporary differences is controlled by the Group and it is likely that the conversion does not take place in the near future.

Deferred tax assets and liabilities are offset by each tax entity and this from the time the each tax entity is entitled to offset assets and liabilities related to tax payables and on condition that the assets and liabilities relating to deferred taxes are taxed by the same tax authorities.

Cash and cash equivalents

Cash includes bank current accounts.

Cash equivalents include bank deposits and fixed-term investments with a maturity date of three months or less from the acquisition date; those with a maturity date of more than three months following the acquisition date are treated as investments.

Own shares

In the event of acquisition (or disposal) of own shares the amount paid (or received) is accounted for as a reduction of (or increase in) shareholders' equity. Movements in these securities are reported in the table of changes in shareholders' equity. These transactions have no effect on the profit and loss account.

By way of reminder, the Brederode shares held by its indirect subsidiary are not recognised as own shares but as a financial asset of that subsidiary. In Brederode's individual financial statements, the fair value of those shares is determined based on the market price, and contributes indirectly to the fair value of Brederode's direct subsidiary.

Appropriation of profit

The gross amount – before deduction of withholding taxes – of dividends paid by Brederode to its shareholders is shown as a deduction from shareholders' equity. The financial statements are prepared prior to the appropriation of profits..

Provisions

Provisions are made at year-end and in the event a group company has a legal or implicit obligation resulting from a past event, where it is likely that an amount will have to be paid out to meet this obligation and where the amount of the obligation can be reliably determined. The amount of the provision corresponds to the most accurate estimate of the expenditure required to meet the obligation existing on the last day of the fiscal year.

Long-term financial debt

Brederode's financial liabilities include bank loans, debts to suppliers and other suppliers. These will be categorized as other financial liabilities and this in accordance with the provisions imposed by IAS 39. Initially, the financial liabilities will be entered into the accounts at fair value, increased by the transaction costs which can be entered directly. The remaining financial liabilities are later valued at the amortized acquisition cost and this according to the effective interest method.

Short-term financial debt

Through one of its investment subsidiaries, Brederode has a banking line of credit. This money can be drawn down for a short term, usually not exceeding 6 months. The interest becomes payable on each maturity date. Short-term financial debts are accounted for at nominal value.

Interest

Interest income and costs consist of interest payable on loans and interest receivable on investments.

Interest received is entered pro-rata temporis in the profit and loss account based on the actual interest rate of the investment.

Dividends

Dividends relating to capital assets are accounted for on the date they become payable. The amount of withholding tax is shown as a deduction from gross dividends.

Insurance activities within Lloyd's syndicates

The result of the investments in Lloyd's syndicates via the subsidiary Athanor Ltd is influenced by its specific accounting methods, which involve closing the accounts with a time-lag of three years. This delay enables to carry out a more precise valuation of the impact of claims. The constraints of the deadlines by which the accounts must be published also have an impact.

The insurance result for year (N) therefore includes:

- final insurance revenues generated by transactions carried out during year N-2.
- where it is likely that estimates for the other years (N-1 and N) will result in a loss, a provision is made for the amount of the expected loss

8.6. Notes

Accounting and consolidation methods

The financial statements are drawn up in accordance with the International Financial Reporting Standards, as published and adopted by the European Union effective 31 December 2019.

The standards, amendments and interpretations that entered into force on 1 January, 2019 had a significant impact on the presentation of the summary financial statements. These changes are detailed in the following note.

Brederode had not opted for early adoption of those standards, amendments and interpretations that have been published but were not yet in force on 31 December 2019.

Information relating to investment entity status

Brederode is an **investment entity** since it meets the three criteria set out in paragraph 27 of IFRS Standard 10, namely:

- (a) it obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) it commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
- (c) it measures and evaluates the performance of substantially all of its investments on a fair value basis.

Brederode has therefore excluded from its statement of financial position the assets and liabilities of its subsidiaries, including the financial assets (Private Equity and listed securities) whose fair value is now included indirectly in the valuation of Algol S.à r.l. [limited liability company], its sole direct holding which appears in the assets in its separate financial statements (IAS 27).

The valuation procedure follows the order of the asset holding structure in ascending order, starting with the assets and liabilities held by the subsidiaries at the bottom of the holding chain. The subsidiary's net asset value per share is then used to determine the fair value of the holding in respect of the company in the group that owns it. The procedure continues up to the valuation of the assets and liabilities held directly by Brederode S.A. The direct holding in the subsidiary, however, is recorded at fair value through the net income in accordance with IFRS Standard 9.

Fair value hierarchy of directly held investments

The fair value measurements are attributed according to a hierarchy comprising three levels: level 1 is for directly observable data; level 2 applies to data that are only indirectly observable and may require adjustments to be taken into account; level 3 relates to unobservable data.

Since accounting for the subsidiary Algol relies on unobservable data, fair value measurement of this asset, which constitutes more than 99 % of Brederode's total assets, has been classified as level 3. As far as the statements for the 2019 financial year are concerned, there has been no transfer to levels 1 or 2 during the financial year.

Fair value calculation of indirectly held investments

The fair value of the listed securities held through Brederode's subsidiaries is based on directly observable data, namely the stock price at year end, and is therefore categorised as level 1.

The fair value of the Private Equity investments uses the latest financial information received from the managers. The movements recorded in the meantime and any changes in circumstances that have arisen pending the definitive valuations constitute unobservable data within the meaning of IFRS 13, therefore the fair value of such investments is categorised as level 3.

At the time of a company's IPO, the managers have the option to distribute in kind the newly listed shares. As soon as these shares are received and are available for sale, their fair value is transferred from level 3 to level 1. This practice remains very marginal for Brederode.

The fair value measurement of each Private Equity investment is based on the reports prepared by the General Partners on the date on which the fund's accounts are closed. The reports, commonly referred to as Capital Account Statements, provide information on the following points:

- Revalued opening and closing net asset
- Movements during the period (contributions, distributions and net gains)
- Remaining uncalled commitments
- Management report providing detailed information on the companies in the portfolio

In the absence of this report, the measurement is based on the report relating to the previous quarter, adjusted to take account of the investments and disinvestments made during the quarter. This measurement may be adjusted to take account of any change in situation between the date of the last official measurement provided by the target fund manager and the account closure date.

As at 31 December 2020, 82% of the unlisted investments were valued based on reports as at 31 December 2020 (92% in 2019).

The valuation techniques used by the Private Equity managers follow the recommendations set out in the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, the most recent version of which dates back to December 2018, and the recommendations specific to the coronavirus crisis dated March 2020.

The measurer must use one or more of the following measurement techniques, taking into account the assumptions of the market participants regarding the way in which the value is determined:

- A. Market approach (Multiples, industry measurement references, Market prices available);
- B. Income approach (Discounted cash flow);
- C. Replacement cost approach (Net asset).

Reading the management reports provided by the managers of the funds in which Brederode invests, it is clear that the "Market approach" technique, and more specifically the "Multiples" technique and the "Income approach" technique, are the most widely practised.

As part of the control system implemented by Brederode and its management to review and ensure the relevance of the measurements, these measurements are subject to a triple internal verification procedure, including identifying and explaining any significant discrepancies between two successive measurements. A further verification is then carried out based on the definitive measurement reports and the audited accounts for the Funds. In Brederode's experience, the discrepancies between the valuations used for the purpose of drawing up the IRFS financial statements and the definitive valuations have never been significant.

Note 1: Subsidiaries

As at 1 January 2020, Brederode S.A. held 100% of Algol S.à.r.l., which in turn held 99.99% of Geyser S.A., which held 100% of Greenhill S.A., 100% of Athanor Ltd. And 100% of Brederode International S.à.r.l. SICAR.

As a reminder, the direct and indirect subsidiaries stopped being consolidated as from 1 January 2016.

List of subsidiaries and average number of staff:

Names	Addresses	Average number of staff
Athanor Ltd	Tower Bridge House – St Katharine's Way – GB London E1W 1DD	
Brederode S.A.	Boulevard Joseph II, 32 – L 1840 Luxembourg	
Algol S.à r.l.	Boulevard Joseph II, 32 – L 1840 Luxembourg	
Brederode International S.à.r.l. SICAR	Boulevard Joseph II, 32 – L 1840 Luxembourg	5
Geyser S.A.	Boulevard Joseph II, 32 – L 1840 Luxembourg	
Greenhill S.A.	Av. de Tervueren, 92 - B-1040 Bruxelles	

The percentages of ownership and control is 100% for all subsidiaries with the exception of Geyser, where it is 99.99%.

The subsidiary Brederode International S.à r.l., which holds the group's Private Equity portfolio, is a "Société d'Investissement à Capital à Risque" (SICAR, or risk capital investment company), and, as such, is regulated directly by the Commission de Surveillance du Secteur Financier (CSSF).

Transactions with related companies

There were no related party transactions in the reporting period that significantly influenced the financial position and the results of Brederode.

Note 2: Issued share capital

	31 12 2020	31 12 2019
Number of shares representing capital		
- dematerialized	29,305,586	29,305,586
Total	29,305,586	29,305,586

The current capital of € 182,713,909.08 is represented by 29,305,586 shares with no-par-value.

As of 31 December 2020, the subsidiary GEYSER S.A. held 1,204,575 shares in Brederode (unchanged). Since the subsidiary is not consolidated, these shares are not accounted for as own shares but as an investment at fair value in the subsidiary in question.

Note 3: Share premium account – distribution

On 20 May 2020, the company made a partial distribution of its share premium amounting to €1.02 per share, for a total of €29,891,697.72.

(In € million)	31 12 2020	31 12 2019
Amount distributed during the financial year	29.89	27.55
Amount proposed as distribution for the current financial year	31.65	29.89

The proposal for distribution is subject to the shareholders' approval during the Annual general meeting and is not included under debt in accordance with the provisions of the IFRS standards.

Note 4: Fair value variations in the subsidiaries

This affects the only subsidiary directly held by Brederode S.A., namely, Algol S.à r.l.

The fair value variations in indirectly held subsidiaries and of the assets and liabilities they hold are accounted for in the fair value variations in Algol

Note 5: Dividends from subsidiaries

Brederode received a dividend from its subsidiary Algol S.à.r.l. in the amount of € 30 million (28 million in 2019).

Note 6: Operational sectors

As an investment entity, Brederode excludes from its statement of financial position the financial assets held by its subsidiaries, whose fair value is indirectly included in the valuation of Algol S.à.r.l., its only direct participation, which is shown as an asset in its individual financial statements.

The two lines of business identified in the past in the consolidated financial statements, namely Private Equity and Listed Securities, have now given way to a single line of business known as Investment firms, which corresponds to Brederode's participation in its subsidiary Algol S.à.r.l.

a. Indicator of total assets and liabilities and reconciliation of balances

(In € million)	31 12 2020	31 12 2019
Fair value at the beginning of the financial year	2,440.09	2,010.24
Investments		
Disposals		
Changes in fair value	232.23	429.85
Fair value at the end of the financial year	2,672.32	2,440.09

b. Indicator of the result

The sole indicator of the result is the change in fair value of the subsidiary Algol S.à.r.l. as indicated in the previous table.

c. Characteristics and risk profile of the operating sectors

The risk associated with Brederode's investment in its subsidiary Algol S.à.r.l. can be measured by the volatility in its fair value, which in turn is determined by the characteristics and profiles of the assets and liabilities held by its direct or indirect subsidiaries.

As a consequence, while from a technical point of view Brederode constitutes a single line of business, that of an investment firm, made up of the subsidiary Algol S.à.r.l., the risk profile of that single line of business continues to depend on the characteristics of the Private Equity and the Listed Securities portfolios managed via its direct and indirect subsidiaries.

For information purpose, the figures related to the assets and liabilities of the two lines of business (Private Equity and Listed Securities) carried out by the subsidiaries of Brederode are provided beside:

i. Private Equity Portfolio

Geographical diversification of investments at fair value

(In € million)	31 12 2020	31 12 2019
United States	961.93	792.61
Europe	463.39	389.62
Asia / Pacific	129.51	117.47
Total	1,554.83	1,299.70

Geographical diversification of uncalled commitments

(In € million)	31 12 2020	31 12 2019
United States	589.26	668.91
Europe	355.65	327.06
Asia / Pacific	46.01	63.16
Total	990.92	1.059.13

Breakdown of uncalled commitments by year of subscription

(In € million)	31 12 2020	31 12 2019
< 2014	74.91	91.02
2014	30.33	38.35
2015	32.58	47.89
2016	46.09	62.34
2017	117.79	170.23
2018	205.11	282.17
2019	282.09	367.14
2020	202.02	-
Total	990.92	1.059.13

ii. Portfolio of listed securities

(In € million)	31 12 2020	31 12 2019
Technology	358.14	298.35
Investment companies	225.63	221.63
Health care	114.63	161.75
Consumer goods	145.03	147.72
Electricity	156.44	119.47
Oil and gas	61.81	97.80
Miscellaneous	88.16	121.93
Total	1,149.83	1,168.66

d. Fair value hierarchy

The valuation of the subsidiary Algol S.à.r.l. is based on unobservable inputs within the meaning of the IFRS 13 standard, and is therefore ranked at level 3 of the fair value hierarchy. As a rule, in case a transfer of fair value level is necessary, Brederode carries out this change of classification (and the consequences in terms of assessment) on the date of the trigger event or change in circumstances originating the transfer.

There were no transfers between levels 1, 2 and 3 during the financial year.

Reconciliation between the opening and closing balances of the assets categorised in level 3

(In € million)	31 12 2020	31 12 2019
Fair value at the beginning of the financial year	2,440.09	2,010.24
Purchases		
Sales		
Changes in fair value	232.23	429.85
Fair value at the end of the financial year	2,672.32	2,440.09

The fair value of assets ranked at level 3 indirectly includes 1,150 (€1,169 million at 31 December 2019) of listed shares that would be ranked at level 1 if they were held directly.

The total profits or losses booked in the net results during the period and related to assets ranked at level 3

(In € million)	31 12 2020	31 12 2019
Changes in fair value	232.23	429.85
Dividends	30.00	28.00
Total net profits and losses in the financial year	262.23	457.85

Note 7: Tax on the net profit**Reconciliation between the theoretical tax rate and actual tax rate**

(In € million)	31 12 2020	31 12 2019
Tax base		
Tax base Profit before tax	262.03	457.65
Profit exempt from tax	-262.03	-457.65
Taxable profit		
Tax on profit	0.00	0.00
Current taxes relating to the current financial year	0.00	0.00
Current taxes relating to previous financial years		
Actual tax payable		
Actual tax rate	0%	0%

Note 8: Transactions with associated companies

(In € million)	31 12 2020	31 12 2019
Deposit of funds at Geysler S.A.	0.63	0.42

Note 9: Off-balance sheet rights and obligations

The investment entity Brederode S.A. has no off-balance sheet rights or commitments.

Through a subsidiary, Brederode has confirmed credit lines totalling €200 million (compared with €124 million at the end of 2019). In order to obtain the best terms, these lines are backed by a pledge of part of the listed securities portfolio valued at €400 million as at the end of 2020.

Furthermore, the subsidiary Brederode International S.à r.l. SICAR records uncalled commitments totalling €991 million (compared with €1,059 million as at 31 December 2019) linked to its Private Equity portfolio.

Note 10: Directors' remunerations

Directors' remuneration at the expense of Brederode S.A. and its subsidiaries in 2020 amounted to 1.03 million (compared with € 1.00 million as at 31 December 2019) and is broken down as follows:

(in € million)	Base remuneration	Other components	Total
Executive directors	0.94	0.06	1.01
Non-executive directors	0.02		0.02
Total	0.96	0.06	1.03

Only the non-executive directors' remuneration are at the expense of Brederode S.A. (amounts entered in the individual financial statements). The remuneration of the executive directors is charged to the subsidiaries. Directors' remuneration does not provide for any variable component. The total amount of remuneration shown on the table above does not include social security contributions payable by the company or companies of the group (employer's contributions). The pension plan is of the "defined contribution" type. The other components comprise medical insurance, representation expenses and vehicle costs.

Note 11: Audit fees

(In € million)	31 12 2020	31 12 2019
Audit fees	0.11	0.13
- of, inter alia, Brederode	0.03	0.03
Total	0.11	0.13

8.7. Management of financial risks

Brederode's policy on the management of risks and uncertainties is directly related to all of Brederode's subsidiaries and influences Brederode's individual financial statements through the fair value changes of Brederode's direct subsidiary, Algol S.à.r.l.

The definition and the policy of managing the financial risks identified are described under point 6.10.2 of the management report. The effects of this management policy during the 2020 financial year can be seen in the following data.

Market risks

a) Currency risk

Exchange rate evolution:

	31 12 2020	31 12 2019	Difference
US Dollar	1.2271	1.1234	-9.2%
Swiss Franc	1.0802	1.0854	0.5%
Livre sterling	0.8990	0.8508	-5.7%
Pound Sterling	7.4409	7.4715	0.4%
Canadian Dollar	1.5633	1.4598	-7.1%
Norwegian Krone	10.4703	9.8638	-6.1%
Australian Dollar	1.5896	1.5995	0.6%
Hong Kong Dollar	9.5142	8.7473	-8.8%

At the end of the financial year, exposure to currencies other than the euro via Brederode's subsidiaries is broken down as follows:

(in % of the total assets)	31 12 2020	31 12 2019	Difference
US Dollar	51.8%	49.1%	2.6%
Swiss Franc	4.5%	5.5%	-1.0%
Livre sterling	1.9%	2.2%	-0.3%
Pound Sterling		1.5%	-1.5%
Canadian Dollar	1.1%	1.2%	-0.1%
Norwegian Krone	1.0%	1.1%	-0.1%
Australian Dollar	0.4%	0.3%	0.1%
Hong Kong Dollar		0.1%	-0.1%
Total	61%	61%	0%

There were no outstanding hedging instruments (% of the risk) at the end of 2020 and 2019..

Sensitivity analysis: impact on the profit and loss account / shareholders' equity of a 5% movement in various currencies

(In € million)	31 12 2020	31 12 2019	Difference
US Dollar	69.99	58.63	11.35
Swiss Franc	6.09	6.57	-0.48
Livre sterling	2.57	2.67	-0.09
Pound Sterling		1.85	-1.85
Canadian Dollar	1.50	1.43	0.06
Norwegian Krone	1.34	1.27	0.07
Australian Dollar	0.50	0.37	0.13
Hong Kong Dollar		0.12	-0.12
Total	81.49	72.42	9.07

b) Interest rate risk

For financial assets the risk of changes in fair value directly related to interest rate movements is insignificant, given that almost all financial assets are equity instruments.

For financial liabilities this risk is limited by the short duration of financial debt.

c) Other price risks

Sensitivity analysis:

A 5% change in the valuation of the Private Equity and Listed Securities portfolios would result in a change in fair value of € 124 million (€ 119 million in 2019).

Credit risk

Exposure to credit risk at year-end for Brederode and its subsidiaries:

(In € million)	31 12 2020	31 12 2019	Variation
Bank deposits	17.99	17.36	0.63
Amounts receivable	2.67	5.26	-2.59
Total	20.66	22.63	-1.97

Liquidity risk

Through its subsidiaries, Brederode is able to draw on confirmed line of credits for an amount of € 200 million.

Analysis of the residual contractual maturity dates of the debts with the credit institutions: the credit lines referred to above either reach maturity in 2021 (amounting to €100 million), or do not have a maturity date but have a notice period of 6 months (amounting to €100 million).

Cash flow interest rate risk

This risk does not affect Brederode or its subsidiaries.

8.8. Post-balance sheet events

The Belgian subsidiary GREENHILL S.A. was sold to La Française de l'Énergie.

This transaction will not affect Brederode's equity or performance in 2021. The directors certify that, to the best of their knowledge, no post-closure events have occurred that will have a significant impact on the financial statements.

9. Report of the Réviseur d'Entreprises Agréé

To the Shareholders of
BREDERODE S.A.
Société Anonyme

R.C.S. Luxembourg B 174.490

32, boulevard Joseph II
 L-1840 LUXEMBOURG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BREDERODE S.A.** (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The company has established a separate set of financial statements as at 31 December 2020 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements on which we issued a separate audit opinion on 16 March 2021 to the attention of the shareholders of the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the unquoted instruments (“Private Equity”)

Reasons for which a key audit matter has been raised:

As of 31 December 2020, the Company invests in unquoted instruments.

The valuation of these instruments is significant for our audit, in terms of their book value amounting to 1.544,83 million EUR as of 31 December 2020, representing about 58% of the balance sheet.

- All of the unquoted investments (over 250 as of 31 December 2020) are realized exclusively in Private Equity funds (mainly Buyout).
- Those investments are valued based on the last valuation report provided by the General Partner of the funds based on valuation procedures recommended by international associations operating in the Private Equity sector. If the last valuation reports are not available at the closing date of the Financial Statements, management uses the last valuation report available and adjusts it with all investments and disinvestments realized during the period between the valuation report date and the closing date. As at 31 December 2020, 85% of the unquoted investments were valued based on valuation reports as at 31 December 2020.

Response to the identified key audit matter:

The main audit procedures implemented were:

1. A review of all valuation reports or Capital Account Statements (CAS) provided by the managers of underlying funds;
2. A back testing consisting in tracing the fair value presented in the Capital Account Statements used during the last accounting year with the audited financial statements of the Private Equity Funds;
3. A circularization of the depositary agent (i.e. Alter Domus Alternative Asset Fund Administration S.à r.l.);
4. A review of all movements relevant to the financial year. We have tested a representative sample of these movements.

The work performed to address the above key audit matter did not raise any comments.

Key observations communicated to those charged with governance:

Based on our audit procedures, we do not have additional elements to communicate to those charged with governance.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information presented in the annual report including the management report and the Corporate Governance Statement but does not include the financial statements and our report of “Réviseur d’Entreprises Agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the Financial Statements

The objectives of our audit 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 a report of “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 report of "Réviseur d'Entreprises Agréé" 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 report of "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 13 May 2020 for a period of four years until the ordinary general assembly held in 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website under the section "Governance", is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Company in conducting the audit.

Luxembourg, le 16 March 2021,

For MAZARS LUXEMBOURG, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L – 1882 LUXEMBOURG

Amir CHAKROUN
Réviseur d'entreprises agréé

10. Financial calendar

2021 Ordinary General Meeting
No. 7 Coupon payment date

Wednesday 12 May 2021 at 2.30 pm
Wednesday 19 May 2021

BREDERODE S.A.
32, Boulevard Joseph II à 1840 Luxembourg
www.brederode.eu

The annual report in French constitutes the original text.

A Dutch translation of this report is available.

In the event of any divergence of interpretation between the different versions, the French text shall prevail.

BREDERODE S.A.

32, Boulevard Joseph II
L-1840 Luxembourg - R.C.S. Luxembourg B 174490

www.brederode.eu