ANNUAL REPORT 2020

AQUALECTRA

ANNUAL REPORT

2020

Company PROFILE

Group Companies and number of employees
Integrated Utility Holding N.V. (2)
Aqualectra N.V. (581)
Aqualectra Multi Utility N.V. (1)
Utility Financial Services (0)

Water connections:
81,771 Residential
7,318 Commercial and Industrial

Electricity Connections:
77,161 residential
806 Solar
9,166 Commercial & Industrial

Water Sale:
18,015 m³ daily
10,253,338 m³ annually

Power Sale:
1.7 GWh daily
606 GWh annually

Electricity Infrastructure:
5 Power plants
2 wind farms (power purchase agreement)
13 Substations
321 km Overhead lines
1,354 km Underground cabling
2,450 Transformers (12 kV)
6 Transformers (66/30 kV)
4 Transformers (66/11 kV)
20 Transformers (30/12 kV)

Water Infrastructure:
2 Water plants (one water purchase agreement)
84 km Transport mains
692 km Distribution mains
1,909 km Service lines
4 Pumping stations
15 Booster Stations
3 Mobile pumps
21 Water Tanks

Financial rating:
Standard & Poor's: BBB-

ISO certifications:
ISO 9001
ISO 14001
ISO 17025

Board of Supervisory Directors:

Chairman:	Mr. K. van Haren
Member:	Mr. R. Bullbaai
Member:	Mr. R. Rudolph
Member:	Mrs. J. de Goes-Lacle
Member:	Mr. P. Aberson (2021)
Member:	Mr. A. Martina (2021)

Board of Managing Director:

Chief Executive Officer:	Mr. D. Jonis
Chief Financial Officer:	Mrs. N. Isenia

Management Team:

Legal Counsel:	Mr. R. Celestijn
Power Supply Chain:	Mr. R. Garmes
Water Supply Chain:	Mr. R. Leito
Engineering & Asset Management:	Mr. R. Seferina
Common Services:	Mr. G. Pijpers
Customer Relation:	Mr. R. Celestina
HR Security and Facility:	Mr. D. Corsen Jr. (Interim)
ICT & Business Development:	Mr. J. Griffith
Financial Affairs:	vacant

Staff:

Corporate Treasurer:	Mrs. A. Daou
Risk Officer:	Mrs. M. Belioso
Internal Audit Manager:	vacant
Advisor to the CTO:	vacant
Communications advisor:	vacant

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Profile

2020 WAS A YEAR OF EPIC CHALLENGES.

Challenges that were bigger than ourselves as individuals, larger than Aqualectra as company and greater than Curaçao as country. The world faced an unprecedented crisis which brought challenges that we could only face **TOGETHER**.

In the face of these challenges, we rose together as teams and showed **RESILIENCY**.

1. REPORT from the board of managing directors

Resilience:
Re-sil-ience | \ri-ˈzil-yən(t)s

“An ability to recover from or adjust easily to misfortune or change.”

Merriam-Webster Dictionary

1.1 Resilience in the face of **ADVERSITY**

During the past year, the world’s resiliency was tested in a way no one could have ever predicted before it started. There is an old saying in our country: no two days are alike. That means that we should always be prepared for changes and challenges. This past year surely tested Aqualectra’s resiliency like no other before.

On March 11, 2020, the World Health Organization declared COVID-19 a new virus, first discovered only a few months earlier in Wuhan (China), a global pandemic. World leaders immediately responded by imposing various health measures. However, it quickly became clear that only keeping distance, wearing a face mask and washing hands multiple times a day, would not keep humanity safe. Many countries responded by completely shutting down their economies, locking down to stop the spread.

Curaçao was no exception. On March 17, 2020, a crisis state was invoked and Curaçao went into lockdown. Our local hospital does not have enough capacity to cope with a large breakout of COVID-19 on the island. It was important to act fast, while prioritizing both the health of the citizens and the economy. Uncertainty reigned in the face of unpredictability and adversity. No one could have prepared for this. It was unknown how the already fragile economy would recover. Yet, safeguarding the health of the people was the country’s main priority.

Aqualectra’s primary task is to produce and distribute water and electricity. Both products are essential in these modern times. However with an ongoing pandemic, they became critical. At Aqualectra, we had no choice than showing our country how resilient its utility company is with the mere goal that one could blindly trust the supply of these products. Despite all adversities, health concerns and economic challenges, Aqualectra advanced.

1.2 The year at a GLANCE

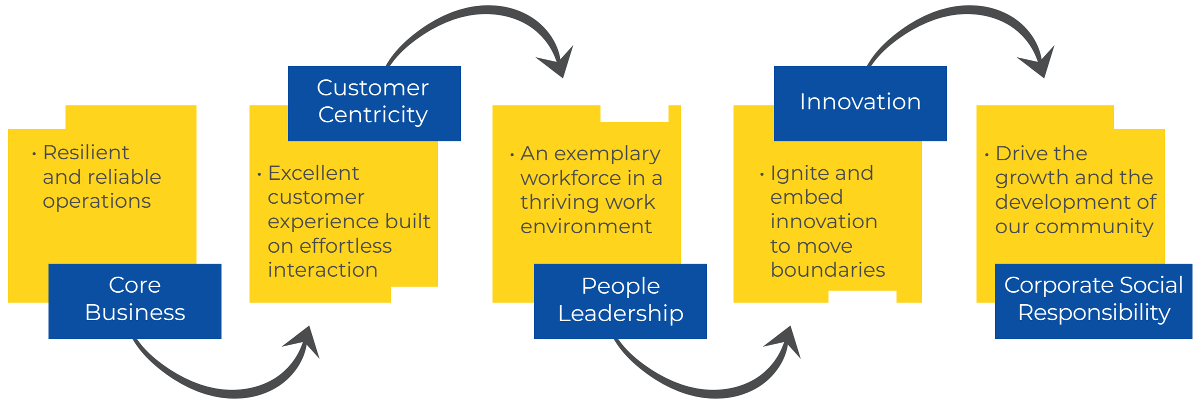
Categorizing 2020 as a challenging year, is an understatement. It was the year in which as a country, as a company and as professionals, we had to demonstrate resilience in all its façades. There are six domains known to form the basis of resiliency. Aqualectra demonstrated proficiency in all six and proved to be a resilient company.

VISION

Despite an unprecedented year, during which uncertainty and unpredictability were the reigning words, the Board of Managing Directors (‘BMD’) together with the core Management team, focused on defining the Company’s future ambition and on re-aligning its purpose and vision. We acknowledged the fact that the future of many generations was being defined by the events happening in 2020. We embraced our role in the community and set a roadmap that will benefit not only this generation, but also the ones to come.

We prepared our strategic plan 2021-2025 and underlined our purpose: To fundamentally contribute to the wellbeing of the citizens of Curaçao. We reinforced this by voicing our ambition: To lead Curaçao into the future by transforming its utilities.

We backed this ambition by 5 strategic pillars, each complete with its strategic goals to realize. The following illustration provides a summary:



Each ambition is furtherly accompanied by initiatives, a multi-annual plan and Key Performance Indicators to measure progress.

COMPOSURE

With a workforce of almost 600 men and women, Aqualectra is a leading force in and an exemplary company for our community. During 2020, the world felt overwhelmed and ambiguous, and our community was no exception to that. The question we had to ask ourselves throughout 2020 was: how do we show composure, regulate our own emotions, identify bias and remain calm and in control, amidst this adversity? This was important because we acknowledged our role within the company and the Company's role within our community. When everything becomes loose, uncertain and unpredictable, what companies and/or organizations are a community's corner stone?

Aqualectra is a corner stone for Curaçao. The Company demonstrated this during 2020 by doing what it does best: securing the supply of water and electricity throughout the year. We had to maintain composure when, at first, we did not know how to organize our staff's schedules to ensure health while still safeguarding the delivery of water and electricity. We maintained composure in the face of declining sales and worsening collection rates leading up to devastating financial forecasts (if realized).

Aqualectra had to show Curaçao what it is made of: a resilient production and distribution infrastructure and a strong workforce.

REASONING

As a consequence of the lockdown measures, one of the aspects that had to be redesigned was Aqualectra's customer service. Aqualectra's customer service was predominantly in-person and ad-hoc. Customer Service was provided at three different branches and customers had to visit a branch in case of any question or service need. In March 2020, these three branches were merged into one and Aqualectra's customer service was redirected to telephone. Customers could not only reach the 24/7 toll-free number for service interruptions and urgent matters, but now also for customer service requests. A few months later, we also introduced the possibility to make appointments beforehand, and complete and submit forms in advance to ease a customer's visit to the customer center.

This process showcased Aqualectra's proficiency at its best in this resiliency domain. Numerous problems had to be solved. Aqualectra received over 40,000 calls during April 2020. We reported our worse 'abandoned rate' ever during this month. Besides this, backlogs on customer requests were accumulating, reaching a point that the quality of our service truly diminished.

During this time, we had to anticipate and plan. The Plan-Do-Check-Act (PDCA) cycle was walked through almost on a weekly basis, demonstrating Aqualectra's resourcefulness and learning capacity. We are not there yet with the realization of the ambition to offer excellent customer service with effortless interaction. However, we can firmly say that we have truly made advances towards this ambition and the digitalization of Aqualectra's customer service, despite all adversity.

HEALTH

Living in pandemic times, calls for additional attention to physical and mental health. Resilience is not only related to infrastructural matters or financial performance, but also to the health of our team. We are incredibly grateful for the complete workforce of Aqualectra, and their efforts throughout this extremely difficult year. The technical staff faced several interruptions and had to continue their work, maintenance activities and plant and grid operations, despite the ongoing health threats. The commercial staff welcomed customers in person and by telephone who were facing (financial) difficulties.

The staff could feel the community's stress level increasing through each contact moment. Yet, we were there, every day again, to render the same level of service.

Our support staff added value throughout the delivery chain. Human Resources Department developed a complete new job evaluation system and worked tirelessly to finalize the re-organization that started in 2018 completely. Important strategic projects, such as the Advanced Metering Infrastructure ('AMI'), new Headquarter and the reconstruction of the building in which the technical department is housed (Building C), the construction of a new water plant, and the replacement of 4,000 Pagatinu (prepaid) electrical meters were a few of the projects that continued to be executed in 2020, despite all adversities.

Even while working from home, the Finance department was able to execute all month-end closing procedures, produce all reports and meet deadlines. During this year, a new automated financial reporting tool was implemented, increasing the efficiency in the financial reporting process.
The Health, Safety & Security department had the important task to keep the complete organization safe, while all other support departments continued to work tirelessly to ensure our community could benefit of the services that Aqualectra offers.

TENACITY

There were also technical challenges for Aqualectra during 2020. After not experiencing blackouts for years (there had been one in 2019 but was triggered by a reason completely outside of Aqualectra's sphere of influence), our community experienced four blackouts during this already difficult year. It pained us having to disappoint our community, being the cornerstone that Aqualectra is for Curaçao. However, during this time, we demonstrated persistence, a realistic optimism and a great ability to bounce back.

Our technical teams persisted day in and day out to find the root cause of these technical issues. We communicated consistently with the community with a realistic optimism and we did not stop working, until we bounced back and could reassure our customers that they could rely on Aqualectra again, like they have always done.
Our legal, document management, financial and commercial teams worked unceasingly to handle all the claims received from customers due to these blackouts.

We cannot deny that this has been one of the biggest adversities we had to face during 2020, besides continuing operations during the pandemic and dealing with challenges at the customer service front, but still we advanced, despite of this adversity too. That is what resilience is about.

COLLABORATION

During 2020, we collaborated with many organizations and Government departments. We were approached several times by the Ministry of Socially Affairs to reconnect social disadvantaged customers to our water grid as sanitation is considered vital during this pandemic. We also collaborated with other entities in the energy sector, to ensure that the energy and fuel supply for our community was safeguarded, mainly due to the standstill of the Refinery.

Although our financials were heavily constrained, we still supported various networks through small donations. However, we are most proud of the voluntary contribution by Aqualectra's teams to various organizations and families in need.

1.3 From a
BROADER PERSPECTIVE

The COVID-19 pandemic and related containment measures have taken a heavy economic toll on Curaçao in 2020. According to the latest estimates of the Central Bank of Curaçao (CBCS) and real Gross Domestic Product (GDP) contracted by an unprecedented 20.2% in Curaçao. Furthermore, inflation rose thereby eroding consumers' purchasing power. Average consumer prices increased by an estimated 2.7%. Curaçao's extraordinary real GDP contraction in 2020 was caused by both domestic and net foreign demand.

Domestic demand shrank on the back of lower private spending, while public spending rose. In particular, private consumption recorded a sharp decline reflecting lower purchasing power due to the worsened labor market and labor compensation cuts moderated by government support measures. Meanwhile, private investments dropped as many construction projects were delayed or postponed amid the pandemic. The rise in public spending was supported by an increase in government consumption while investments went down. In addition, net foreign demand contributed negatively to GDP caused by a sharp decline in exports moderated by a lower import bill. A sectoral assessment shows that real value added shrank across all economic sectors but was most pronounced in the manufacturing, wholesale & retail trade, restaurants & hotels, transport, storage & communication, and construction sectors. By contrast, the public sector contributed positively to real GDP through the financial support provided to the most affected groups in society.

The outlook for 2021 is surrounded by considerable uncertainties and risks. Real GDP growth is projected to recover, although the level of GDP will still remain below the pre-COVID level.

Meanwhile, the multi-annual budget projections indicate a significant financing need to cover the overall fiscal balance in the medium term. This is still excluding the rising deficits in the health and social insurance schemes due to lower contributions and higher demand for benefits because of the crisis, which should be covered by the governments. Hence, the debt-to-GDP ratio may further increase if a higher growth path is not achieved. Besides the structural reforms needed to create an attractive and competitive business climate, an efficient and effective government, and viable health and social insurance schemes, a policy program to boost economic recovery is urgently needed under these circumstances. This program should include quick wins that can create jobs in 2021 as well as a medium to long-term agenda for structural economic change directed at sustainable growth, employment, and use of resources.

Broadening the export base, reducing the reliance on imports, and increasing the share of renewable energy sources are important elements of this change strategy. The persistent and timely implementation of such a program will facilitate the transition from liquidity support for the budget and COVID-19 relief programs to a strong and resilient economy that is able to face the challenges of the post-COVID era.*

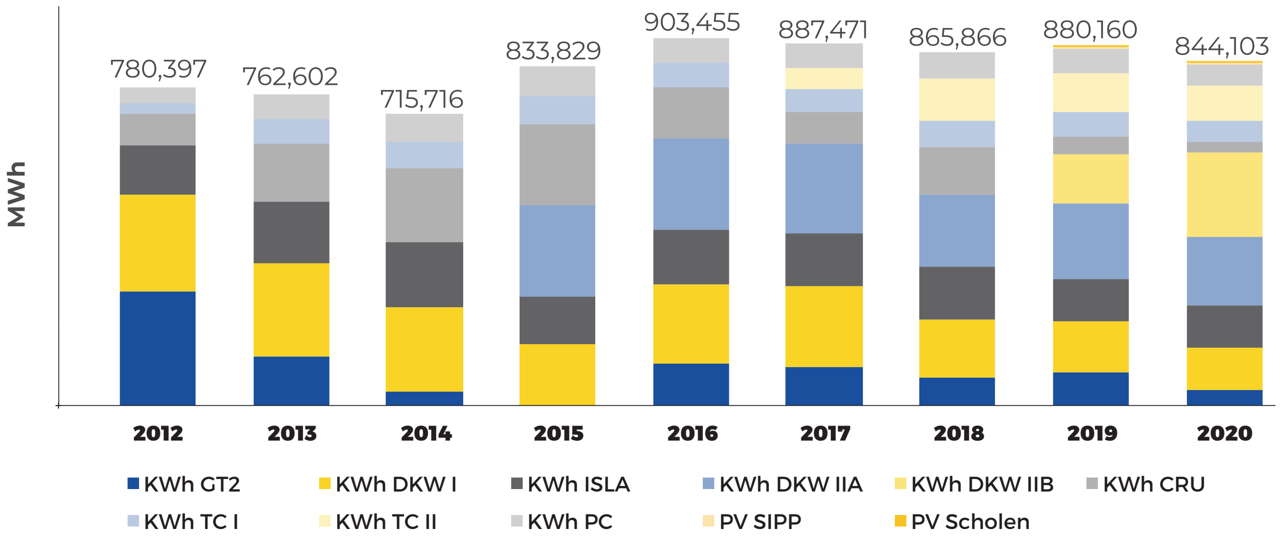
*) Source: Central Bank of Curaçao and St. Maarten

1.4 **Operational** performance

1.4.1 Electricity

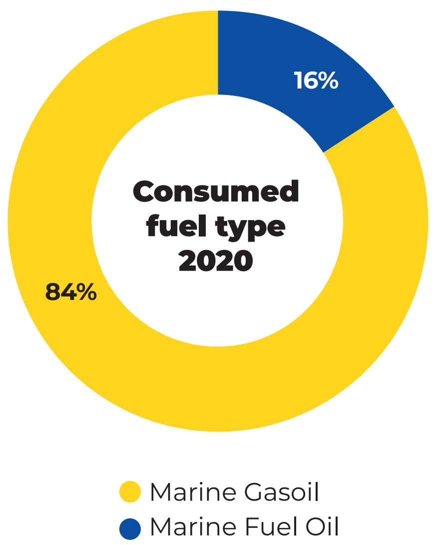
Aqualectra faced operational challenges in 2020. Nevertheless, the renewable share in Aqualectra's production mix was solidified in 2020. 29.3% (2019: 31.1%) of Curaçao's electricity consumption was produced with renewable sources.

Production Mix **ELECTRICITY**



Aqualectra produced 844,103 MWh's (2019: 880,160 MWh's) with its own production facilities, and used 131,520 Metric Tons (2019: 158,382 Metric Tons) of fuel. This represents a decrease in efficiency by 3% (2020: 6.4 liter per MWh / 2019: 5.6 liter per MWh).

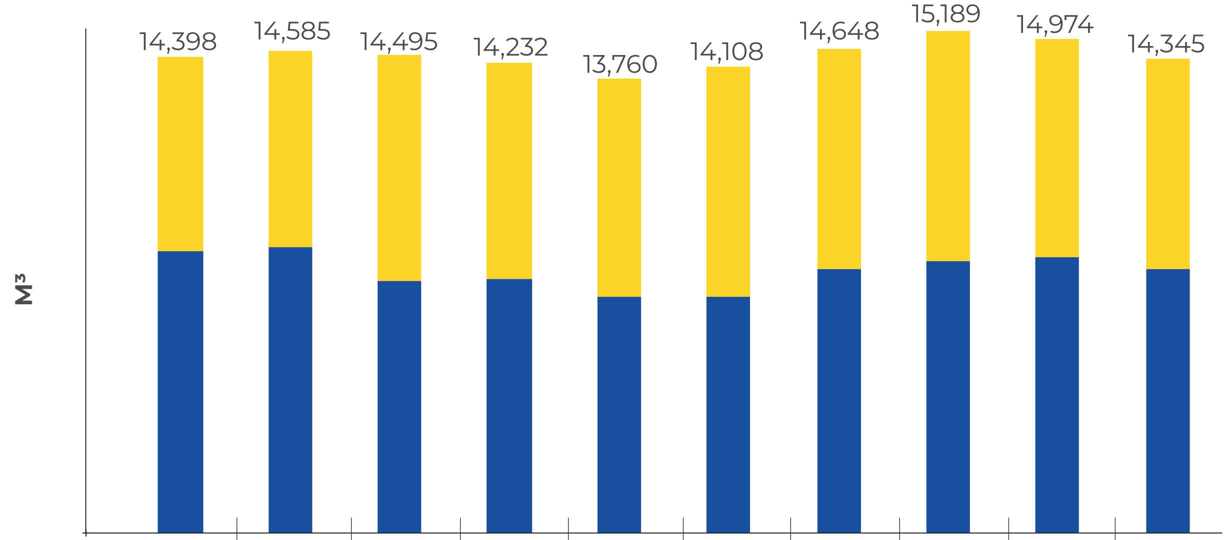
The following pie chart provides insight in the fuel types used during the production process:



1.4.2 Water

The graph below depicts the production of water over the past years:

Production **WATER**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fuik	5,872	5,928	6,883	6,542	6,613	6,923	6,625	6,959	6,627	6,320
Mundu Nobo	8,525	8,657	7,612	7,690	7,147	7,185	8,023	8,230	8,347	8,026

Aqualectra produced 14,345,419 M³'s (2019: 14,974,296 M³'s) with its own production facilities, and used 60,298 kWh's (2019: 56,916 kWh's) of electricity to produce this volume of water. This represents a decrease in efficiency by 11% (2020: 4.2 kWh per M³ / 2019: 3.8 kWh per M³).

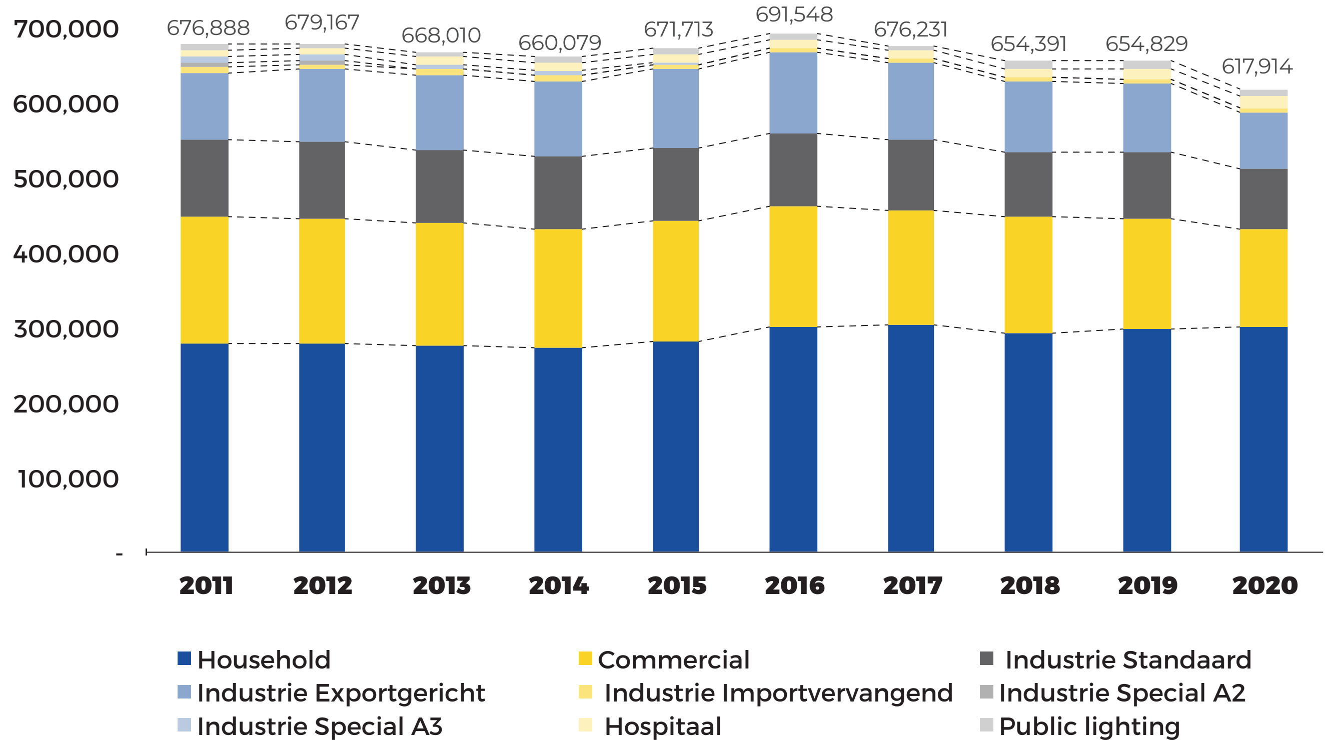
1.5 Commercial **PERFORMANCE**

1.5.1 Sales

The sales of electricity and water have shown a declining trend during the past years. COVID-19 did have a material impact on the sales, however, this declining trend is visible even before the pandemic, exposing a permanently shrinking economy.

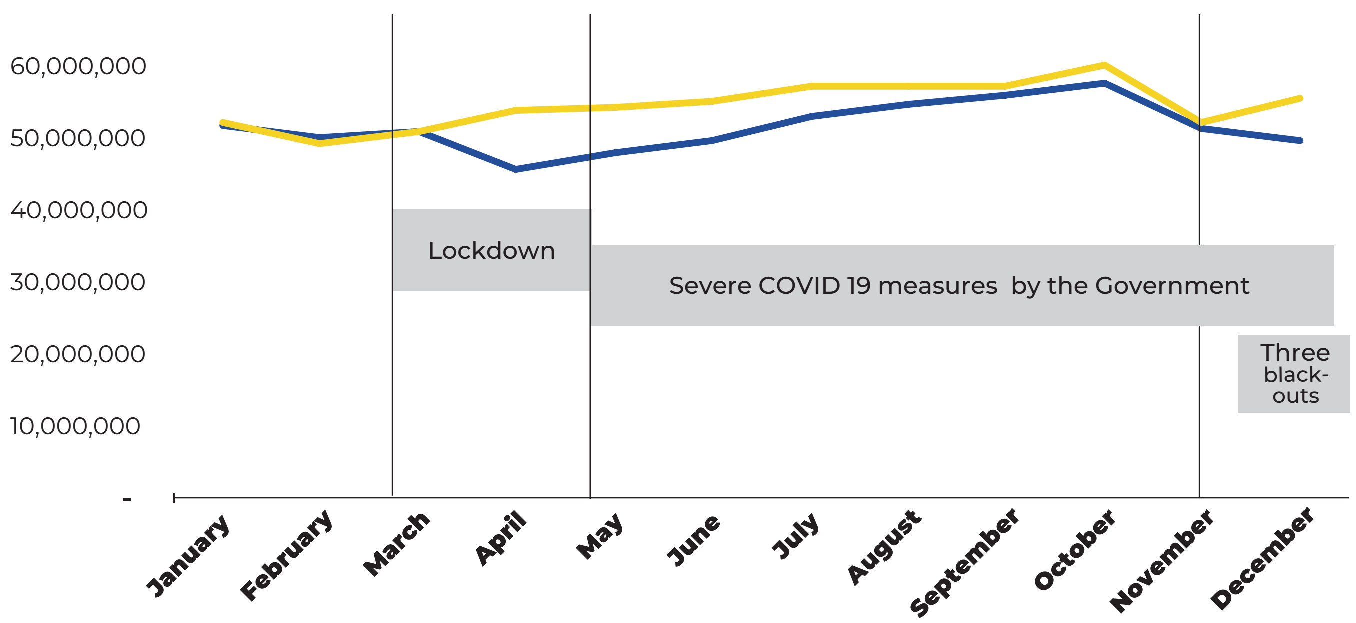
The following graph depicts the development in electricity sales per tariff group:

Sales in **MWh**



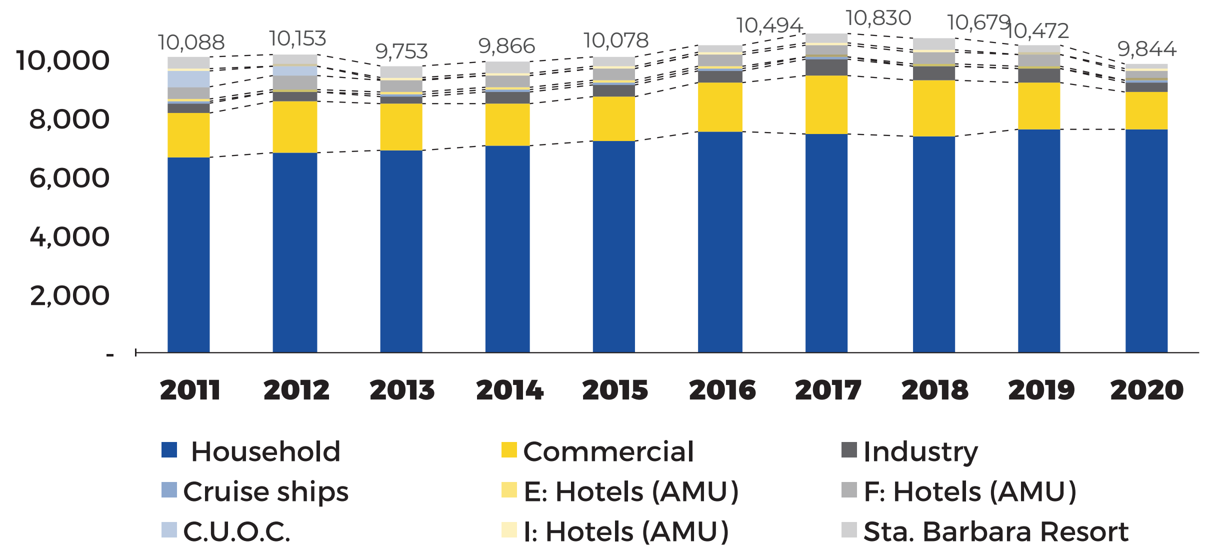
The Impact of the measures imposed by the Government to avoid a larger break-out of COVID-19 was significant. Sales lagged 6% behind 2019. The following graph depicts the monthly electricity sales during 2019 and 2020, whereas the sudden decline in March, April and May of 2020 becomes visible:

Electricity **USAGES** (MWh) per month



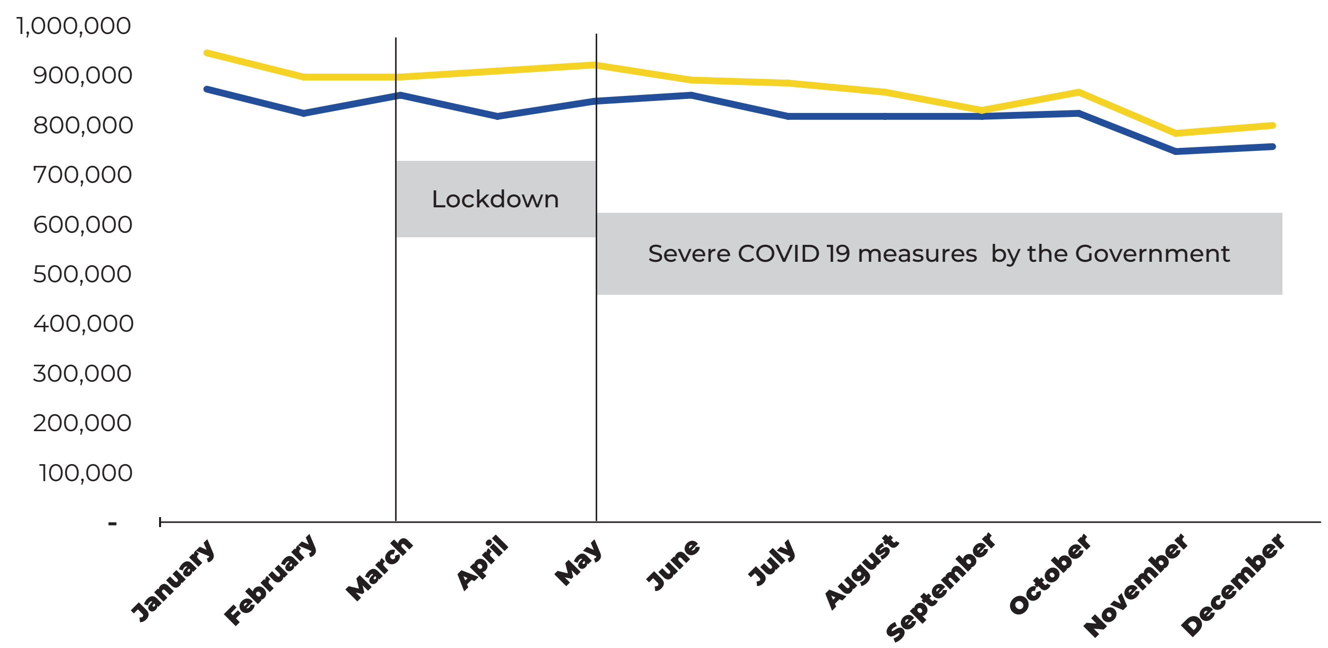
The following graph depicts the development in water sales per tariff group:

Sales water in **M³**



The impact of the COVID-19 measures on the sales of water was less compared to the impact on the sales of electricity but cannot be neglected. The following graph depicts the monthly water sales for the last two years and makes it visible how it was impacted, specially during the month of April 2020, when the island experencied the strongest lockdown.

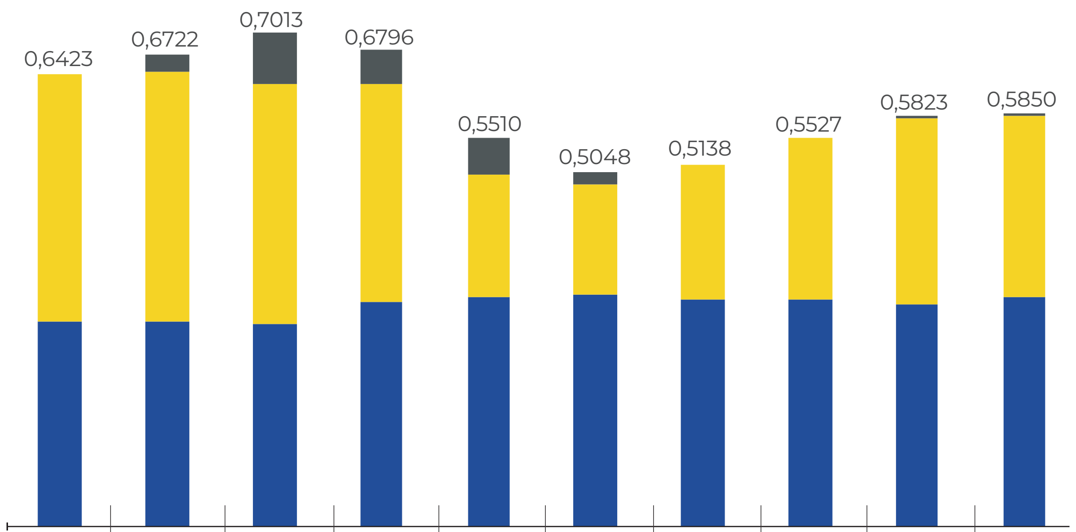
Water **USAGE** (M³) per month



1.5.2 Tariffs

Despite Aqualectra's investments in renewable energy and the fact that the base component has not been changed since 2014, the total tariffs have been consistently increasing during the past years, due to the increase of the fuel component. The increase in the fuel component is mostly related to an increase in fuel prices, due to the closing of the Refinery and additions to surcharges in the fuel tariffs. The following graph depicts the developments in the fuel and base components of the average electricity tariffs:

Electricity **TARIFFS**



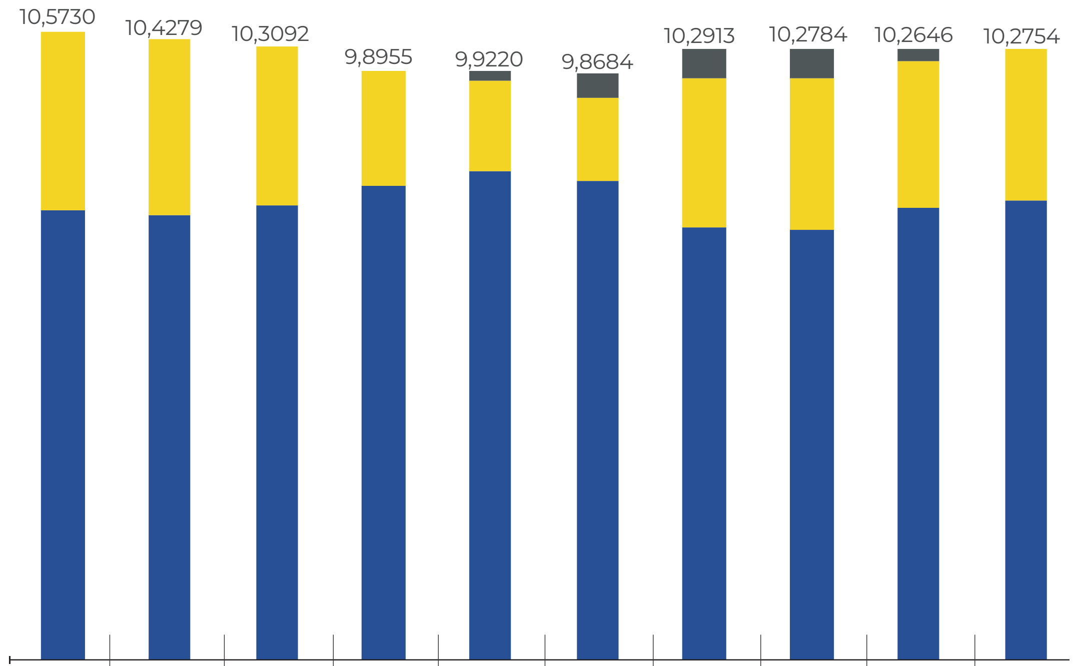
ANG	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Recovery	-	0,0249	0,0721	0,0520	0,0520	0,0172	-	-	0,0002	0,0009
Fuel component	0,3504	0,3559	0,3411	0,3098	0,1724	0,1575	0,1898	0,2290	0,2679	0,2564
Base component	0,2919	0,2914	0,2881	0,3178	0,3266	0,3301	0,3240	0,3237	0,3142	0,3277

One of the aspects causing the steep increase in the fuel component are the COVID surcharge to guarantee fuel supply and the surcharge to support the Refinery's operation until a new operator is found. It must be underlined that these surcharges are not for the benefit of Aqualectra. During 2020, the surcharges included in the fuel tariffs amounted to a staggering total amount of ANG 20.1 million, charged to Aqualectra and passed through to our customers through the fuel component.

Although we understand the need for fuel supply guarantee, it is becoming increasingly more complicated for us to explain to the public why the electricity tariffs are at the level they are. Aside from the tariff structure which is already cumbersome as it is, these surcharges inflate the tariffs even more. Despite all efforts by Aqualectra to increase the share of renewables in the production mix and invest in efficient generators, the tariffs continue to increase.

The following graph depicts the developments in the fuel and base components of the average water tariff:

Water **TARIFFS**

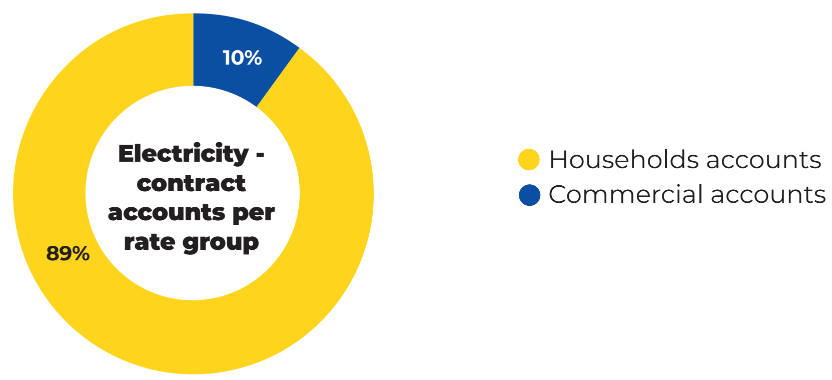


ANG	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Recovery	-	-	-	-	0,1760	0,4143	0,4950	0,4955	0,2065	-
Fuel component	3,0170	2,9643	2,6856	1,9169	1,5413	1,3914	2,5054	2,5403	2,4448	2,25655
Base component	7,5560	7,4636	7,6236	7,9786	8,2047	8,0627	7,2909	7,2425	7,36133	7,7099

The water tariffs have shown a more stable pattern, although the cross-subsidy between the electricity and water tariffs remains noteworthy. To avoid an increase in the water tariffs, the Regulator allows a component in the electricity tariffs to cover for the under-coverage in the water tariffs.

1.5.3 Customers

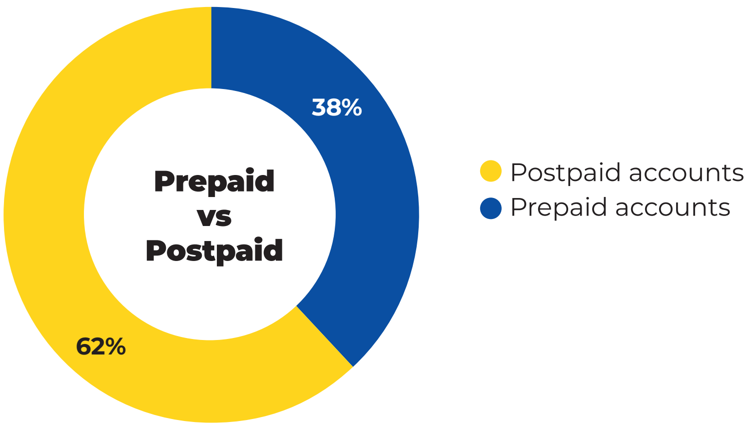
Aqualectra's customer base consists of 86,327 electricity customers (2019: 84,011) and 89,089 water customers (2019: 86,717). The following pie chart depicts the composition of the electricity customers' database:



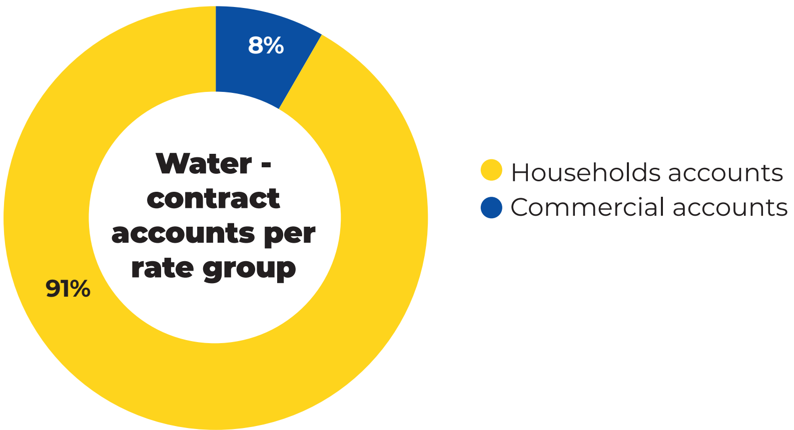
38% (2019: 38%) of these accounts are pre-paid accounts and use Aqualectra's product called Pagatinu and 62% (2019: 62%) pay their electricity bill periodically, at the end of each month.

The following pie chart provides insight in the share of accounts using prepaid and postpaid service:

DOMESTIC accounts



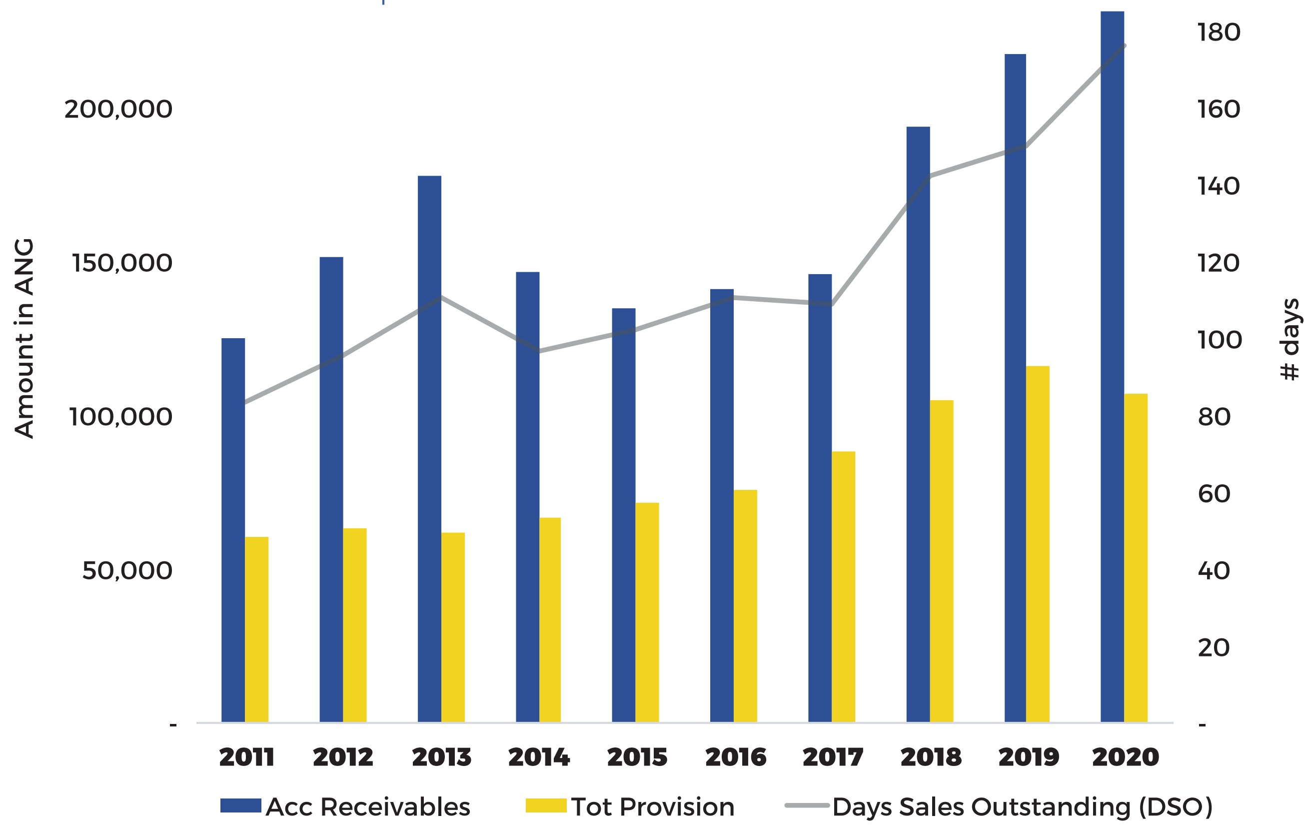
The following pie chart depicts the composition of the water customers database:



1.5.4 Accounts receivable management

The collection of accounts receivables has been a challenging process throughout the years. The changes in IFRS 9 have also been of great impact on the level of the required provision for bad debt. Further more, the write off of accounts receivable deemed unrecoverable is not a periodic (annual) process yet, leading up to the accumulation of old balances. The following graph depicts the development in accounts receivables in the past years:

TOTAL provision **vs** **ACCOUNT** receivables



The increase in accounts receivable starting 2017 is mainly due to the worsening economic condition on the island, combined with the fact that disconnection procedures were discontinued for the largest part of 2018, following the implementation of SAP. The recognition of Regulatory Assets as accounts receivables also had a significant impact specifically in 2020. ANG 39.5 million was recognized in 2020, significantly increasing the accounts receivable balance, to be recovered/collected in 2021 and beyond. Disconnection procedures were restarted at the end of 2018 and continued throughout 2019. However, the total outstanding balance continued its increasing trend in 2019 as well, mainly due to a few specific, delicate but larger accounts, some of them with specific payment agreements. Disconnection procedures were discontinued again for the largest part of 2020, following the pandemic and its consequences. Even though accounts receivable has been increasing as explained above the provision for expected credit loss decreased since the customer deposits are taken into consideration for the calculation and there was a write off amounting to ANG 11 million in 2020. Going forward, disconnection procedures will be further tightened. A collection agency has been retained to ensure that all efforts to recover outstanding balances are exhausted before presenting them for write offs. Furthermore, the BMD is implementing a data science approach, backed by Robotic Process Automation to enhance the day-to-day management of accounts receivables. Lastly, the BMD will adopt a policy to periodically (at the minimum annually) present unrecoverable amounts to the BSD for write off. Subsequent to December 31, 2020, one of the largest customers reduced its outstanding balance significantly and the BMD tightly monitors agreements with other larger customers to ensure adherence.

1.6. Financial **PERFORMANCE**

1.6.1 Statement of Comprehensive Income

Aqualectra's net result before tax is a profit of ANG 12.3 million (2019: ANG 8.4 million – gain). The measures imposed by the Government of Curaçao to safeguard the country's health during the pandemic have had a significant impact on the water and electricity sales. The following table

(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019	Change in ANG	For Change in %
Sales electricity	387,229	399,240	(12,011)	(3%)
Sales electricity in MWh	617,915	654,831	(36,916)	(6%)
Sales water	109,930	117,630	(7,700)	(7%)
Sales water in $1000M^3$	9,845	10,473	(628)	(6%)
Direct cost of production and other direct cost of sales	(214,733)	(248,851)	34,118	(14%)
Gross profit	294,396	279,204	15,192	5%
Gross profit margin	0.57	0.54		
Operating expenses	268,610	256,934	11,676	5%
Operating profit	24,292	22,270	2,022	9%
Interest expenses, net	(11,977)	(13,828)	1,851	(13%)
Net result before tax	12,315	8,442	3,873	46%

Both the comparison with 2019 and budget (budgeted profit before tax: ANG 33.2 million) display large variances when compared to 2020's actual financial performance.

2020 versus 2019

The comparison to 2019 is heavily influenced by lower sales, offset by a few one-time transactions. Sales in MWh's lagged by 6% compared to 2019. Revenues only lagged by 3%, due to the recognition of Regulatory assets upon approval of the under-coverages on fuel and base component for the years 2017 and 2018. A total amount of ANG 39.1 million was recognized in 2020 as Regulatory Asset to be recovered in 2021 and beyond. These were offset by a one-time adjustment in revenues by ANG 13.8 million. Hence, ANG 25.3 million was included in revenues that did not pertain to 2020. When excluding these specific transactions, revenues would reach ANG 361.5 million, lagging 9.4% behind 2019. This performance would have been worse if the Regulator had upheld the norms of Non-Revenue Water and Non-Revenue Electricity (NRW and NRE). Tariff guidelines prescribe that if Aqualectra exceed these norms, the cost related to the excess cannot be passed through to customer via tariffs. Aqualectra's reasonable return will not reach its maximum when exceeding these norms. However, in 2020 as a way of compensating for the loss of sales due to the pandemic, the Regulator decided to not uphold these norms. The positive effect on revenues is estimated to be ANG 10 million for NRW and NRE. Without this, revenues would have lagged behind 2019 by 11.9%.

The comparison with 2019 is also heavily influenced by the much lower 'Other direct cost of sales' (lower by ANG 35.6 million) mainly due to the ceasing of the IUH agreement, governing payments to and power purchase from the Refinery and due to production remaining below previous year's levels, following the lower demand. The 'Direct cost of production' reported in 2020 includes the power purchase from Curaçao Refinery Utility N.V. ('CRU') at a very high tariff, following capacity shortages due to machine breakdowns and maintenance backlogs. This tariff is being disputed but an accrual has been made for the full amount (ANG 15.6 million), for the sake of prudency.

Although Operating expenses remained almost at the same level of 2019, there are some noteworthy variances. A re-organization provision was created in 2020 (ANG 19.9 million), following plans to execute a right-sizing exercise starting 2021. 'Parts, repairs & maintenance' also exceeded previous year levels by ANG 12.7 million, due to various machine breakdowns during 2020. These expense increases were offset by lower 'General expenses' (ANG 5.7 million) and lower addition to the expected credit loss (by ANG 20.2 million). The 'General expenses' remained below 2019 totals due to the review and cleansing of various suspense accounts, which resulted in the release of aged open items to the Statement of Comprehensive Income. The steep decrease in the addition to the expected credit loss is a result of changes in estimates and the recognition of customers' deposits as potential cash collateral when a customer defaults.

2020 versus budget

Compared to the budget, the Revenues from contract with customers are lagging behind by
ANG 40.2 million, due to the lower sales of water and electricity. The Direct costs of production remained below budget by only ANG 9.4 million, as the fuel prices peaked far above budgeted levels, due to surcharges introduced by the Government of Curaçao to safeguard fuel supply on the island after the closing of the Refinery and during pandemic times.

Compared to the budget, Operating expenses are higher by ANG 1.1 million due to higher personnel expenses by (ANG 17.7 – mainly reorganization expenses) offset by lower Parts, repair & maintenance (by ANG 5.7 million) and lower General expenses (by ANG 14.1 million). Parts, repair & maintenance were higher than 2019 but did not reach budgeted levels as the production of water and electricity lagged behind, leading to less running hours per machine. General expenses remained below budget due to the review and cleansing of various suspense accounts, which resulted in the release of aged open items to the Statement of Comprehensive Income.

Coverage CALCULATIONS

The Coverage calculations are detailed as follows:

COVERAGE CALCULATION FUEL COMPONENT		
(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Coverage calculation fuel component		
Coverage fuel component E	158,433	175,429
Coverage fuel component W	29,702	31,045
Total coverage fuel component	188,135	206,474
Expenses in the fuel component E & W	(213,886)	(232,770)
Total realized expenses in the Fuel Component E & W	(213,886)	(232,770)
Under-coverage fuel component developed during the reporting period	**(25,751)**	**(26,296)**
Recovery Fuel component		
Recovery component E	556	131
Recovery component W	-	-
Recovered during the reporting period	**556**	**131**

OUTSTANDING BALANCE UNDER-COVERAGE PER THE END OF THE PERIOD		
Beginning balance (excluding regulatory account December 2010)	(81,451)	(55,286)
Under-coverage fuel component developed during the reporting period	(25,751)	(26,296)
Recovery fuel component E & W	556	131
Total Balance of Coverage Fuel Component	**(106,646)**	**(81,451)**

COVERAGE CALCULATION BASE COMPONENT		
(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Coverage calculation base component		
Coverage base component E	170,807	205,748
Coverage base component W	66,596	78,166
Total coverage fuel component	237,403	283,914
Recovery Fuel component		
Reduction of expenses in base component due to miscellaneous sales	(36,039)	(35,264)
Other direct cost of sales	847	16,080
Personnel costs	97,051	95,750
Reorganization expenses	19,971	-
Parts, repair and maintenance	53,050	40,294
Customer relations services fees	8,368	7,112
General expenses	22,456	28,151
Depreciations	65,128	62,843
Expected credit loss	2,586	22,784
Total realized base expenses	233,418	237,750
Weighted Average cost of capital	56,181	51,567
Total Expense + WACC	**289,599**	**289,316**
(Under) coverage on base component	**(52,196)**	**(5,402)**

During 2020, Aqualectra developed an under coverage on the fuel component of ANG 25.8 million. This is mainly due to the power purchase at CRU, invoiced at ANG 15.6 million. Although the tariff at which CRU invoiced this power purchase has been disputed, the complete invoiced amount has been accrued for the sake of prudency.

Aqualectra also developed an under coverage on the base component of ANG 52.2 million. However, it is unknown how the Regulator will treat the addition to the Reorganization provision (ANG 19.9 million). In previous instances, the Regulator decided not to consider the addition in the current year but recognize the cash disbursements from the provision, once these are realized.

1.6.2 Statement of Financial Position

The following table summarizes the Statement of Financial Position:

Financial POSITION

(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019	Change in ANG	For Change in %
Non-current assets	658,766	708,195	(49,429)	(7)%
Current assets	249,786	175,215	74,571	43%
Equity	384,374	378,822	5,552	1%
Non-current liabilities	389,894	373,565	16,329	4%
Current liabilities	134,284	131,023	3,261	2%
Investments in PP&E	17,292	46,008	(28,716)	(62)%

The following noteworthy events influenced the balance sheet:
The non-current assets decreased significantly due to the much lower investments in 2020 due to the postponement of various projects following COVID-19 constraints. The depreciation expenses offset the investments by far, causing a decrease in the Property, plant and equipment.

The Current assets increased due to increased Trade accounts receivable and Cash & cash equivalents. The increase in Trade accounts receivable is due to a worsening payment behavior by customers, following almost no disconnection procedures during 2020 at the request of the Government of Curaçao, after pronouncing a state of crisis due to the pandemic. On the other hand, the assumed economic drivers that heavily influence the provision were changed as they were considered too prudent. Furthermore, the deposits were also taken into account when calculating the provision. These aspects resulted in a much lower addition to the provision bad debt than would have been the case, if all assumptions were kept the same.

1.6.3 Cash flow statement

The following table provides a summary of the Cashflow Statement:

CASH FLOW developments

(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019	Change in ANG
Operating cash flow	35,116	(213)	35,329
Investing cash flow	(17,737)	(45,379)	27,642
Financing cash flow	(11,259)	9,982	(21,241)
Net change in cash and cash equivalents	**6,119**	**(35,610)**	**41,730**

The cash outflow from operating activities increased significantly compared to 2019. The cost saving measures introduced to safeguard the Company's financial viability amid the crisis came to fruition. Less cash was used in the Investing activities, because of the postponement of various investment projects, due to COVID restrictions and the BMD's choice to hold off investing activities and ensure that the liquidity ratios were maintained at target.

In 2019, the last tranche of the loan entered into at the end of 2018 was disbursed, resulting in a positive cash flow from financing activities. In 2020, no loans were disbursed, nor did Aqualectra tap into its credit facilities. Hence, only repayments were recorded, resulting in a swing from positive to negative cash flow from financing activities from 2019 to 2020.

1.7 Corporate GOVERNANCE

Aqualectra's governance structure is depicted as follows:

General Shareholder Meeting
Country of Curaçao represented by the Minister of Economic Development
Governance Compliance rating GSM: 81%

Board of Supervisory Directors
5 active members (3 vacancies)
Active committee(s) during 2020:
Audit Committee/Recruitment Committee
Governance Compliance rating BSD: 97%

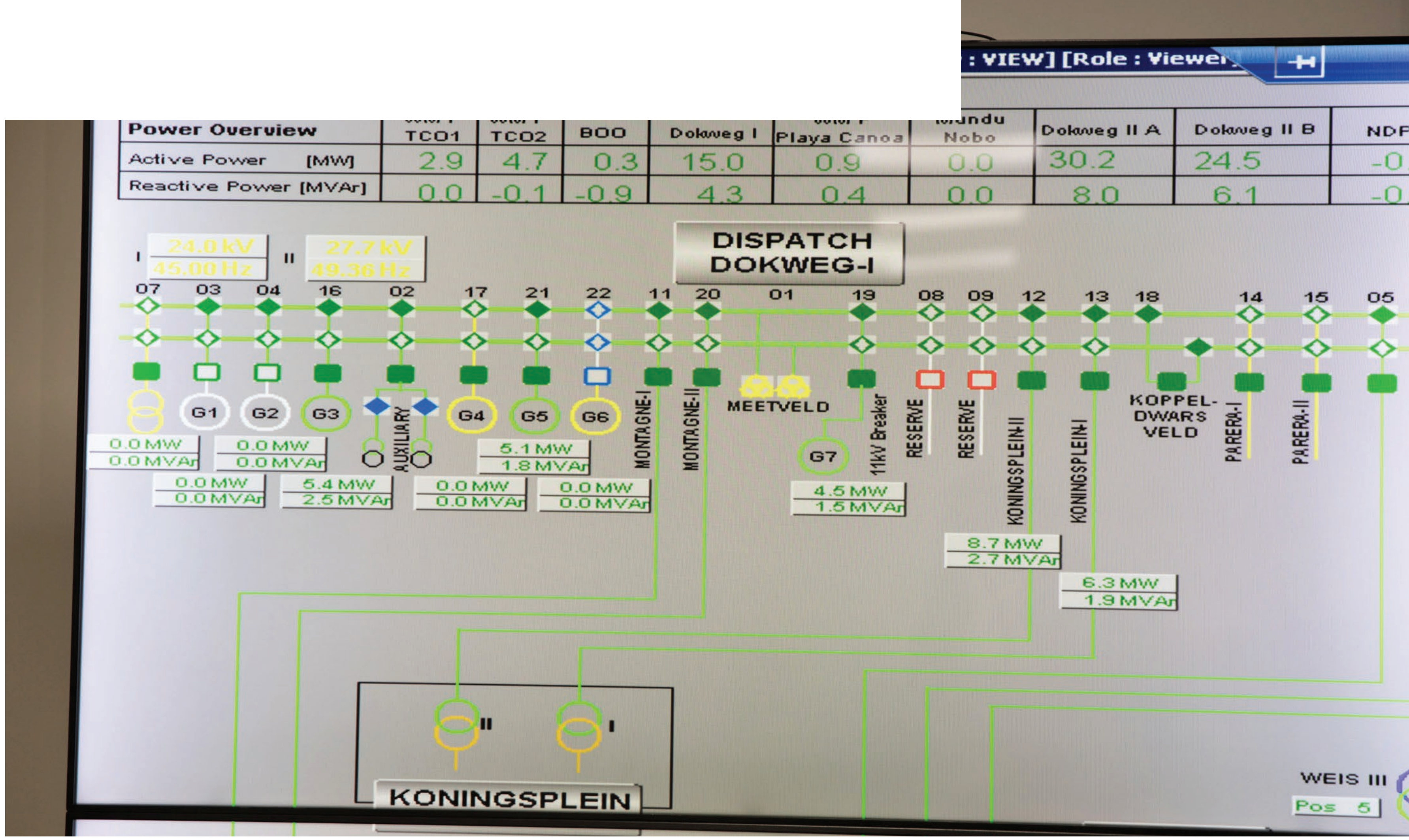
Board of Managing Directors
3 Statutory Directors: CEO, CFO and CTO (vacant)
1 Legal Counsel
Governance Compliance rating BMD: 95%

Team

Management Team:	8	Total employees:	584
Heads of Departments:	18	Average age:	47
Supervisors & Coordinators:	68	Average tenure:	16 years

During 2020, we welcomed Mr. Karel van Haren as Chairman of the Board of Supervisory Directors and parted from Mr. Clifford Marshall and Mrs. Saran Inderson. We would like to extend our welcome again to Mr. van Haren and wish him success with this endeavor. We thank Mrs. Inderson and Mr. Marshall for their support and supervision during the past years and wish them all the best during their next steps.

The above structure and the tasks and responsibilities of the various actors are governed by the law (the Civil Code), the Company's bylaws and the Code of Corporate Governance (CCG). The compliance rates indicated above relate to the level of compliance to the CCG which requires the BMD and the BSD to report on their compliance to it.



Instances where non-compliance was reported were the following:

NR.	DESCRIPTION	EXPLANATION
1	Timely submission of adequate information from the BMD to the BSD (2 weeks before BSD meetings)	The minimum of two weeks before each BSD meeting to submit information was not adhered to by the BMD.
2	Submission of written information in respect to the course of events in the company each quarter, within 1 month after the expiration of such the quarter.	The maximum of 1 month after expiration of each quarter to submit information was not adhered to by the BMD.
3	Performance review meetings by the BSD with the members of the BMD	There were no meetings held specifically for performance review. However, during each BSD meeting the Company's performance is discussed and assessed against the budget, targets and previous year's levels.

1.8 FUTURE prospects

Although modestly optimistic about the future, the BMD is still concerned about the high level of unpredictability. Due to this, the BMD prepared three budget scenarios with clear instructions when to change from one scenario to the other. The seemingly permanently shrunken economy has even led to a switch to a revised version of the worst case scenario in 2021.

COVID-19 still exists and will most likely continue to threaten the human race for the coming years. After a fierce second wave, Curaçao quickly kicked off its vaccination program, but it remains unknown whether herd immunity will be reached.

The biggest question remains to be: how will the economies (not on only Curaçao but worldwide) recover from the devastation caused by COVID-19? An added uncertainty guess the continuation of liquidity support by the Dutch Kingdom to Curaçao, following elections held early 2021 and a potential change of plans due to disagreements on the terms imposed by the Dutch Kingdom to obtain this loan.

One thing is certain: Curaçao will have to pursue large capital injections to benefit the economy, but will also have to implement many reforms to safeguard public finances. The transitional years before reaching this point will be very harsh on the community, which will have an impact on Aqualectra as it is this very same community that forms the Company's customer base.

In spite of all these challenges, Aqualectra is committed *"to fundamentally contributing to the wellbeing of the citizens of Curaçao"*. We have devised an ambitious strategic plan that aims at leading Curaçao into the future by transforming its utilities. The execution of this plan will require unwavering stamina and willpower. However, we acknowledge our responsibility as cornerstone of our country's economy and development, and will execute this plan accordingly.

We have identified five areas to embrace and develop during the years to come. We are convinced that these areas and strategic goals will propel Aqualectra into a future-proof company, that is flexible enough to change when needed but resilient enough to still be here for generations to come. The following five areas and strategic goals were identified:

1. Core business:
Resilient and reliable operations

As we drive forward we cannot lose sight of our core responsibility towards the community to provide power and water in an effective, reliable and efficient manner. We will continuously strive to do this in the best possible way. To ensure the smooth, reliable, stable, and affordable provision of our products and services, we must continuously seek to make ongoing technical improvements. We will continue to invest in maintaining and upgrading our production and distribution systems to ensure that Aqualectra is adequately prepared to continue to serve our community.

The following specific projects will be pursued:
- Re-dimensioning of water production and distribution;
- Formalization and standardization of asset management practices;
- Ongoing and continuous renewal of our aging water and electrical infrastructure;
- Enhancing of the IT infrastructure.

2. Customer Centricity:
Excellent customer experience built on effortless interaction

With energy and water at the heart of how we live and all that we do, the customer must be put at the heart of the future power and water ecosystem. What we say, think, or do should revolve around the customer's best interest. Utility industry trends such as decarbonization and renewables are great news for some customers.

However, the average bills still remains high. Moreover, Aqualectra, like every other utility, is faced with the challenge of meeting ever-changing demands amid the rise of a new generation of customers. Going forward, our focus will be on better understanding their needs and identifying ways to improve the customer journey. Ultimately, we will focus on finding new ways of serving our customers, next to reinforcing our daily commitment of providing them with reliable power and water. The following specific projects will be pursued:
- Improve service delivery across the business;
- Improve customer interaction and response time;
- Introduce new services;
- Explore an innovative rate design;
- Shift customers to digital platforms.

3. People leadership:
An exemplary workforce in a thriving work environment

To keep up with the pace of disruption and achieve our ambitions we must make sure that our team is ready. We will not be able to build the Aqualectra of the future without being backed by the workforce of the future. To increase the productivity and to foster the commitment that will drive us forward, each employee should have a strong understanding of their essential contribution to the wellbeing of our community.

During the coming years, we will focus on getting the most out of the diverse talent pool at Aqualectra. Now is the time to position our people at the forefront as Aqualectra's most important asset. The following specific projects will be pursued:
- Deploy and implement a continuous learning & development program with adequate succession planning;
- Adopt a data-driven succession planning and next-generation talent development;
- Transform our organizational culture to align with new strategic ambitions;
- Introduce proper labor policies, guidelines and conditions to meet new strategic ambitions;
- Ensure an adequate work environment.

4. Innovation:
Ignite and embed innovation to move boundaries

Our personal transformation is an in-escapable prerequisite to take the leading role in Curaçao's utility delivery transformation. We will embrace change in the only fitting way; by giving substance, importance to and focus on innovation. Though there are innovations that have resulted from a flash of genius, most successful innovations are the result of a structured, conscious, and purposeful search for innovative opportunities. The following specific projects will be pursued:
- Implement a smart grid;
- Adopt artificial intelligence across the system;
- Promote and fund commercially viable innovative initiatives;
- Increase renewable energy penetration;
- Ensure stable production;
- Foster a culture of innovation.

5. Corporate social responsibility:

Drive growth and development of our community

To position ourselves as Curaçao's utility transformation leader we must bring value and benefits to the community. The greatest sustainable benefit we can bring to the community is taking the lead in a socially responsible manner. In the coming years we will undertake initiatives that will help us reduce our impact on the environment and improve the social well-being of our community, all while we empower our customers and people to do the same.

The following specific projects will be pursued:

- Launch a community-wide energy and water awareness program;
- Reduce the environmental impact of our operations;
- Enable direct community actions;
- Cultivate a culture of CSR (Corporate Social Responsibility).

We are convinced that with this focus, Aqualectra will continue working towards becoming the Utility of the Future: A flexible, yet resilient company.

1.9 RISK management

The meaning and importance of Risk management took a whole new dimension in 2020. A pandemic of this caliber was not considered in any risk registry or framework. We dare to say that this is the case for most companies locally and internationally. However, it has become part of our reality now and taught us valuable lessons while exposing our most delicate vulnerabilities. During 2020, risk management became an ad-hoc and on-the-go activity, whereas potential pitfalls were considered at any step of the way, and projections were made at the best of our abilities. However, the panorama kept changing throughout the year, making it very difficult to anticipate on anything.

One of our main focuses in 2020 was to safeguard the health and safety of our personnel. When the pandemic hit, we first and foremost turned to our teams and ensured that our operations could continue, by making sure our teams' environments were healthy. Shortly after, we prepared financial impact studies and informed all stakeholders involved of the potential losses. We took, based on these initially very prudent projections, severe measures to lower costs and postpone investment projects, to make sure our liquidity position remained adequete.

Looking ahead, one of our strategies is to make sure we can anticipate on possible developments easily.
That is why we prepared three budget scenarios we can switch between, based on parameters that were determined in advance (sales being the most important one). Secondly, we will emphasize risk management and elevate risk awareness to a higher level throughout the organization in 2021.

Unlike any other year, 2020 has shown us that we are vulnerable yet resilient. In the face of adversity, our team stepped up and went above and beyond the call of duty to make sure our community and customers are well-served. We are not perfect. No company is. We faced challenges and had to endure unprecedented technical and commercial pitfalls. Despite these drawbacks, we are extremely proud of our team. Without this army of 584 soldiers that work tirelessly to ensure supply and service, we would not have been able to resiliently bounce back and endure the pandemic.

1.10 Word of APPRECIATION

We are also grateful to our customers and community. As said before, we have faced challenges that lowered our service level and trustworthiness considerably during 2020. Although there were customers that rightfully criticized us, there were many others who rooted for us when we found ourselves in our most difficult situations and understood that these were not purposely caused.

We would also like to extend a word of gratitude to the Regulator that understood the (financial) challenges and supported us while navigating through them. Our shareholder, the Government of Curaçao, other government owned entities (specially those in the energy sector), the Unions (SEU, STKo and STK), the media, the National Crisis Team and the many other organizations with which we have collaborated to make sure that we came out of this pandemic as a more resilient company and country.

Last but not least, we would like to pause and thank our Board of Supervisory Directors for keeping us sharp and being our sounding board during these difficult times.

The modern definition of resilience is:

ADVANCING DESPITE ADVERSITY.

We can firmly say that in spite of the challenges faced, the pandemic and the economic crisis, **AQUALECTRA ADVANCED IN 2020!**

Willemstad, May 31, 2021

Mr. D.P. Jonis, MSc. MBA
Chief Excutive Officer

Mrs. N. R. Isenia, MSc. RA
Chief Financial Officer

2. REPORT FROM THE BOARD OF SUPERVISORY DIRECTORS

Pursuant to the national ordinance Code Corporate Governance that is applicable for all state-owned entities and/or entities that are subsidized by the Government of Curaçao, the Board of Supervisory Directors ('BSD') should issue a report at the end of each year, detailing among other their composition, activities, remuneration, instances of non-compliance and activities of committees. The BSD of Integrated Utility Holding hereby duly complies with this requirement, by means of the following report.

The task of the BSD is to supervise and advise the Board of Managing Directors ('BMD') amongst other, on the implementation of the policies and the strategy set forth by the General Shareholder's Meeting ('GSM') – the Legal Entity of Curaçao.

2.1 Board meetings and DECISIONS

In this role, the BSD is responsible for assessing whether the decisions taken by the BMD are in compliance with the Company's strategic, societal, financial and technical objectives. The BSD also devotes attention during the board meetings to adherence by the BMD to all laws, regulations and internal procedures. The key decisions taken by the BSD are outlined below:

Projects:
- Sale of Aqualectra lots;
- Replacement of radiators and oil bath filters including generator filters and engine room ventilation;
- Main Distribution Station Cas Grandi;
- Reconstruction drinking water distribution grid at Kaya Telekomunikashon;
- Strategy on bill payment services;
- Continuous update on key projects (Advanced Meter Infrastructure, New Headquarters, New water plant and tanks, Windfarm expansion, New solar park, etc.);
- Various commercial projects to be executed by Aqualectra Multi Utility ('AMU').

Financial matters:
- Approval of the Consolidated Financial Statements 2019;
- Approval of the Budget 2021 & Forward-Looking Projections 2022-2026;
- Periodic financial performance (KPI's);
- Appointment of external auditor and tax advisor;
- Approval of Property Damage/ Business Interruption insurance policy.

Governance related matters:
- Preparation for GSM;
- Recruitment and selection of a CTO;
- Approval BSD regulations;
- Approval Audit Committee Regulations.

Other business:
- Strategic Plan 2021-2025;
- Task setting BMD 2020;
- COVID-19 challenges (both financial and operational);
- 12.5% reduction in employment conditions of personnel and Rhuggenaath-norm;
- Indulgence compensation contractors;
- Approval procurement policy;
- Approval delegation of authority handbook;
- Periodic operational performance (KPI's);
- Status of disputes with Refineria di Korsou N.V. ('RdK') and Curaçao Utility Company N.V. ('CUC');
- Status of legal proceedings between Aqualectra and APC;
- Update on discussions with unions and a new Collective Labor Agreement.

When discussing and approving these matters that the BMD presented to the BSD, the roles and responsibilities as bestowed upon the BSD have been fulfilled.

2.2 Compliance with the Code of Corporate GOVERNANCE

The BSD strives to be compliant with the Code of Corporate Governance.
The following compliance rates were achieved during 2020 in the various areas of governance in the Company:

- Compliance to the Code of Corporate Governance by the GSM: 81% (2019: 75%)
- Compliance to the Code of Corporate Governance by the BSD: 97% (2019: 91%)
- Compliance to the Code of Corporate Governance by the BMD: 95% (2019: 92%)

The following instances of non-compliance to the BSD's tasks and responsibilities have been noted:

NR.	DESCRIPTION	EXPLANATION
1	Timely submission of adequate information from the BMD to the BSD (2 weeks before BSD meetings).	The minimum of two weeks before each BSD meeting to submit information was not adhered to by the BMD.
2	BSD meeting at least twice a year making a self-assessment of the BSD, the BMD and its individual members and conclusion drawn on the assessment (without BMD present).	The BSD performed a self-assessment once during 2020 and not twice. A formal performance evaluation of the BMD by the BSD was not executed in 2020. However, BSD meetings entail a constant evaluation of the decisions made by the BMD and the execution of their management tasks.
3	AC supervision on the tax planning of (and its execution by) the Company.	Tax matters were not discussed during 2020. A formal tax control framework is planned to be adopted in 2021.

The BSD will maintain its focus on its own compliance with the governance regulations and will stimulate the BMD and the GSM to maintain and/or improve their current compliance rates.

2.3 Composition of the BSD

The members of the BSD are appointed for a term of four years with a maximum of two terms. During 2020, the BSD consisted of the following Supervisory Directors:

NAME	FUNCTION
Mrs. S. Inderson November 7, 2017 – September 1, 2020	Supervisory Director Acting Chairman (July 7, 2019 up to May 24, 2020) Member of the Recruitment Committee
Mr. R. Bulbaai September 19, 2017 – 2021	Supervisory Director Member of the Recruitment Committee
Mr. C. Marshall October 12, 2018 – July 31, 2020	Supervisory Director Acting Chairman (starting May 25, 2020 – July 31, 2020) Member of the Audit Committee
Mr. R. Rudolph August 31, 2018 – 2022	Supervisory Director Acting Chairman (August 1, 2020 – September 8, 2020) Member of the Audit Committee
Mrs. J. Da Silva Goes – Laclé March 20, 2019 – 2023	Supervisory Director Member of the Audit Committee
Mr. K. van Haren September 9, 2020 - 2024	Supervisory Director Chairman of the Board of Supervisory Directors

In accordance with the Code Corporate Governance, members of the BSD are entitled to a financial compensation. During 2020, the following expenses have been incurred to remunerate the BSD members:

Name (amounts in ANG)	2020	2019
Mr. R. Bulbaai	22,641	22,636
Mr. S. Coutinho	-	22,552
Mr. A Davelaar	-	1,886
Mrs. S. Inderson	15,094	22,636
Mr. C. Marshall	13,836	25,157
Mr. R. Rudolph	22,641	22,636
Mrs. J. Da Silva Goes - Laclé	22,641	17,699
Mr. K. van Haren	8,889	-
Total	**105,742**	**135,202**

The net amount disbursed to the Supervisory Directors is based on a Ministerial Decree adopted by the Government regarding remuneration of the Supervisory Directors of government owned entities, which is ANG 1,000 per month for the members and ANG 1,250 per month for the chairman. The difference between mentioned net amount and the elucidated gross amounts in the table above are solely for the purpose of complying with the lawful taxes and social premiums.

In accordance with the Code Corporate Governance, all members of the BSD are independent.

The principal appointment/position and all other relevant additional positions of each board member have been adequately documented and this is retained in the BSD handbook.
In 2020, the BSD held eighteen (18) meetings for Integrated Utility Holding N.V., thirteen (13) meetings for Aqualectra N.V., ten (10) meetings for Aqualectra Multi Utility N.V. and one (1) meeting for Utility Financial Services N.V.. All BSD members in function at the date of the respective regular meeting, attended the meetings as scheduled. The secretary to the BSD attended most of the meetings of the BSD and its committees and was responsible for the minutes.

2.4 Committees of the BSD

2.4.1 Recruitment Committee

In connection with the recruitment and selection process of the BMD initiated by the BSD, a recruitment committee was established. The recruitment and selection process of the CTO has not been concluded yet pending a final approval of the new organization structure as part of the “right-sizing” process of Aqualectra.

The members of the Recruitment Committee are Mrs. Inderson and Mr. Bulbaai. Upon the resignation of Mrs. Inderson as a member of the BSD, no new member was appointed, yet the BSD in its entirety is in charge of the selection of process of the CTO.

2.4.2 Audit Committee

The requirement to instate an audit committee becomes valid when a board exceeds five members. Eventhough the BSD of IUH N.V. consist of four or five members throughout 2020, maintained its audit committee that was instated at the beginning of 2019 active. The Audit Committee met two times during 2020, whereas main topics discussed comprised:

- The quarterly financial reports;
- The audited financial statements for the year ended December 31, 2019, including the choice of accounting policies, application and assessment of effects of new regulations, insight into the treatment of significant judgement items in the financial statements, forecasts, work of internal and external auditors;
- The budget for 2020 and forward-looking projections 2021-2025;
- The functioning of the Internal Audit Department;
- The funding, capital and financing structure of the Company;
- Various other internal control, risk and tariff regulation related matters.

Furthermore, the Audit Committee functioned as first point of contact for the external auditor and met once with the external auditor in absence of the BMD.

The Audit Committee together with the BMD thoroughly evaluated the role and performance of the external auditor. EY was appointed as auditor for the fiscal year 2020. After several discussions with the GSM and between the BSD and the BMD, it was decided to tender the audit engagement of 2021-2024.

The members of the Audit Committee during 2020 were **Mr. Rudolph, Mrs. Da Silva Goes-Laclé and Mr. Marshall.**

The BSD of IUH N.V. approved the consolidated financial statements of 2020 in the board meeting held on June 15, 2021. The external auditor issued for the year 2020 an unqualified opinion with an emphasis of matter paragraph on the consolidated financial statements. The audit findings and the emphasis of matter that remain can be summarized as follows:

2.5 Assertions of THE BSD

Investment in equity accounted investees

Reference is also made to the consolidated financial statements 2010, where it is disclosed that there was an ongoing discussion between the Company and the Company's shareholder ("Shareholder") regarding the valuation of the investment in the equity accounted investee, Curaçao Utility Company Holdings N.V. ("CUC Holdings"). Based on the assumptions and valuation model generally used by Management for determining the value of the investment, the Management of the Company was of the opinion that the current value of this investment at December 31, 2010 was approximately ANG 62.1 million. In January 2011, the Shareholder decided to transfer the shares of CUC Holdings to Refineria di Kòrsou (RDK) for a nil consideration. As a consequence of this decision of the Shareholder, as disclosed in the financial statements 2010 of January 21, 2014, Management has impaired the value of the participation in CUC Holdings to nil as per December 31, 2010.

The external auditor indicated that they were unable to obtain sufficient information to come to an opinion with regard to the current recognition of the loss on this investment position and whether it complied with the requirements of IAS 24, related parties disclosures.

None of the undersigned members of the BSD were appointed during the fiscal years when the various decisions were reached affecting the financial position of the Company in particular, the transfer of CUC to RDK upon instruction of the government and the consequences thereof on the long term bond financing of the Company.

Based on the corporate law of Curaçao, each member of the BSD could be held liable by a third party in the case that the consolidated financial statements present a misleading position of the Company. On the other hand each board member could be liable in case the consolidated financial statements are not prepared, signed by the BSD and consequently presented for approval to the shareholder and published timely by the Company.

The BSD approved the financial statement of 2010 on January 21, 2014 and on April 9, 2014 this consolidated financial statement was presented to the GSM. The Council of Ministers accepted the qualification as to be issued by the external auditor and instructed the Shareholder to approve the consolidated financial statement with the proposed qualifications as issued by the external auditors. On May 13, 2014 the Shareholder of the Group approved the 2010 consolidated financial statements.

Following the above mentioned financial statement, the BSD and GSM approved the consolidated financial statements for the years 2011 up to and including 2018. The auditors' opinions on the consolidated financial statements for these years contained the same qualification, whereas the auditors' opinion on the financial statements for the year 2018 was an unqualified opinion with an emphasis of matter on abovementioned matter.

The BSD recommends the Shareholder to approve the consolidated financial statement for the year ended December 31, 2020 and 2019 (as the year 2019 remains unapproved by the GSM), as it did with the previous consolidated financial statements since 2010, with only the remaining emphasis of matter. Work is still ongoing to resolve this matter.

2.6 Approval and dividend PROPOSAL

The BSD herewith submits the Consolidated Financial Statements for the year ended December 31, 2020 of Integrated Utility Holding N.V. (d.b.a. Aqualectra) as prepared by the BMD and approved by the BSD. EY Dutch Caribbean audited the Consolidated Financial Statements and its opinion is included in this report.

Reference is made to the dividend policy that is pending approval from the GSM. It is of the utmost importance that the Shareholder's Equity is further strengthened to safeguard the Company's financial viability and resiliency. For this reason, and following lawful stipulations and the dividend policy, the BSD advises the GSM not to distribute dividends, even in the event of a profitable operation, until the negative retained earnings are eliminated.

Considering the aforementioned, the BSD advises the GSM to:

1. Accept the consolidated financial statements 2020 as included and approved by the BSD;
2. Approve that no dividend payment will be distributed;
3. Add the negative total comprehensive result for the financial year 2020 to the balance of the accumulated losses, resulting in a decline of the net equity position;
4. Discharge the BMD for the management and the BSD for their supervision during the year under report.

Word of APPRECIATION

During 2020, Mrs. Saran Inderson and Mr. Clifford Marshall parted from the BSD after having served for almost three and two years respectively. The BSD would like to thank Mrs. Inderson and Mr. Marshall for their commitment and dedication and wish them all the best in their future endeavors.

The BSD worked together with the BMD on various essential themes and projects and dealt with diverse challenges that presented themselves from inside and outside the organization during 2020. Although cognizant of many areas needing improvement and strategic goals to conquer, the BSD commends the willingness of the organization during 2020 to improve its work processes, while embracing all the changes implemented in 2019 and looking ahead to new horizons, despite of the challenges faced due to the blackouts (4) experienced during 2020 and the ongoing Covid-19 pandemic.
The BSD salutes the BMD and all AMU and Aqualectra employees for their contribution to the improvements achieved and looks forward to opening new windows of opportunity for the Company and the community we serve.

Willemstad, 15 June, 2021

The Board of Supervisory Directors

Mr. K. van Haren	**Chairman of the Board of Supervisory Directors** **Supervisory Director**
Mr. R. Bulbaai	**Supervisory Director**
Mr. R. Rudolph	**Supervisory Director**
Mrs. J. Da Silva Goes-Laclé	**Supervisory Director**
Mr. P. Aberson	**Supervisory Director** (Appointed in 2021)
Mr. A. Martina	**Supervisory Director** (Appointed in 2021)

3. HIGHLIGHTS OF THE YEAR

(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
FINANCIAL DATA		
Operating revenues		
Sales electricity	387,229	399,240
Sales water	109,930	117,630
Sales services	10,477	11,185
Operating expenses		
Total operating expenses Aqualectra N.V.	264,249	252,885
Total operating expenses Multi Utility	1,500	338
Total operating expenses Holding	2,861	3,712
Results		
Operating (loss) Aqualectra N.V.	(1,665)	(8,458)
Operating profit Holding	7,062	13,124
Operating (loss) / profit Multi Utility	(1,092)	532
Financial data		
Working Capital	115,502	47,192
EBITDA	116,382	107,990
EBIT	24,292	22,270
EBT	12,315	8,442
Equity	384,374	378,822
Non current liabilities	389,894	373,565
Current liabilities	134,284	131,023
Financial ratio's		
Debt Service Coverage Ratio	6.07	1.24
Adjusted Debt Service Coverage Ratio	3.19	0.79
Debt/EBITDA Ratio	2.55	2.77
Solvency Ratio	42%	42%
Current Ratio	1.86	1.42
Return on equity	(0.01)	0.03

(ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
OPERATIONAL DATA		
Electricity		
Sales electricity in MWh (excl. RO Fuik and own usage)	617,915	654,831
Electricity intake from production in MWh	602,295	597,313
Electricity intake from CUC in MWh	24,480	42,753
Electricity intake from wind farms in MWh	191,386	208,000
Usage reverse osmosis plants	60,298	56,916
Number of postpaid connections at year end	47,702	46,786
Number of prepaid connections at year end	29,459	28,422
Average usage households per month in kWh	325	329
Average sales tariff households in ANG per kWh	0.6126	0.6130
Average sales tariff in ANG per kWh	0.5851	0.5823
Unaccounted for usage in % of MWh intake	12.43%	13.89%
Water		
Sales water in 1000m³	9,845	10,473
Water intake from production in 1000 m³	13,931	14,554
Number of postpaid connections at year end	89,089	86,717
Average usage households per month in m³	7.739	7,906
Average sales tariff households in ANG per m³	10.2232	10.0354
Average sales tariff in ANG per m³	10.5730	10.4278
Unaccounted for usage in % of m³ intake	29.69%	27.59%

4. Consolidated Summary Financial **STATEMENTS**

4.1. Consolidated Summary Statement of **FINANCIAL POSITION**

(Amounts in ANG * 1,000)	As at Dec 31 2020	As at Dec 31 2019
ASSETS		
Non current assets		
Intangible assets	48,955	52,854
Property, Plant and Equipment	541,457	584,426
Right of use Assets	22,634	20,368
Other non current financial assets	34,063	34,063
Deferred tax assets	11,657	16,484
Total non current assets	**658,766**	**708,195**
Current assets		
Inventories	45,855	44,257
Trade accounts receivable	151,333	84,782
Other receivables	10,017	9,714
Cash & cash equivalents	42,581	36,462
Total current assets	**249,786**	**175,215**
Total assets	**908,552**	**883,410**
EQUITY AND LIABILITIES		
Shareholder's equity		
Share capital	528,000	528,000
Share premium	55,000	55,000
Accumulated losses	(205,688)	(217,302)
Profit / (loss) for the year	7,062	13,124
Total Shareholders equity	**384,374**	**378,822**
Non current liabilities		
Financial liabilities	268,708	272,108
Customer deposits	10,864	9,006
Lease Liabilities	23,549	20,836
Provisions	86,773	71,615
Total non current liabilities	**389,894**	**373,565**
Current liabilities		
Trade accounts payable	38,864	67,859
Other liabilities	95,420	63,164
Total current liabilities	**134,284**	**131,023**
Total Equity and Liabilities	**908,552**	**883,410**

4.2. Consolidated Summary Statement of **COMPREHENSIVE** Income

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2020	For the year ended Dec 31, 2019
CONTINUING OPERATIONS		
Revenue from contracts with customers	507,635	528,055
Direct costs production	(213,886)	(232,771)
Other direct cost of sales	(847)	(16,080)
Gross profit	**292,902**	**279,204**
Personnel expenses	92,646	90,885
Reorganization expenses	19,971	-
Total personnel expenses	**112,617**	**90,885**
Other (post) employment benefits (net)	4,405	4,865
Parts, repairs & maintenance	53,050	40,294
Customer Relations Service Fees	8,368	7,112
General expenses	22,456	28,150
Depreciation and amortization expenses	65,128	62,843
Expected credit loss	2,586	22,785
Total operating expenses	**268,610**	**256,934**
Results from operating expenses	**24,292**	**22,270**
Interest expenses (net)	(11,977)	(13,828)
Net finance costs	**(11,977)**	**(13,828)**
Profit before income tax	**12,315**	**8,442**
Income tax	(5,253)	4,682
Profit for the year	**7,062**	**13,124**
Other comprehensive gains / (losses)		
Actuarial gains / (losses)	(1,936)	1,018
Deffered tax related to the components of other comprehensive results	426	(223)
Other comprehensive gain / (loss) for the year, net of income tax	**(1,510)**	**795**
Total comprehensive income for the year	**5,552**	**13,919**

4.3. Consolidated Summary Statement of Changes in **Shareholder's Equity**

(Amounts in ANG * 1,000)	Share Capital	Share premium	Accumulated Losses	Total Shareholder's equity
Balance at January 1, 2019	528,000	55,000	(218,097)	364,903
Profit for the year 2019	-	-	13,124	13,124
Other comprehensive income for the year 2019	-	-	795	795
Balance at December 31, 2019	**528,000**	**55,000**	**(204,178)**	**378,822**
Total Comprehensive income			**13,919**	
Balance at January 1, 2020	528,000	55,000	(204,178)	378,822
Profit for the year 2020	-	-	7,062	7,062
Other comprehensive loss for the year 2020	-	-	(1,510)	(1.510)
Balance at December 31, 2020	**528,000**	**55,000**	**(198,626)**	**384,784**
Total Comprehensive income / (loss)			**5,552**	

4.4. Consolidated Summary Statement of **Cash Flows**

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2020	For the year ended Dec 31, 2019
Cash flow from operating activities		
Profit for the year	7,062	13,124
Adjustments for non-cash items:		
Depreciations and amortization expenses	65,128	62,944
Expected credit loss	2,586	22,785
Disposal of property, plant, equipment (net)	3,794	6
Change in provision slow moving inventory	(639)	(3,547)
Change in deferred tax asset	5,371	(4,459)
Amortization on bond	-	1,272
Change in provisions	13,222	(4,220)
Finance cost	4,756	12,747
Total of operational activities	**94,217**	**87,528**
Change in non-current financial assets	-	155
Change in Right-of-use assets	(6,537)	(1,020)
Change in inventories	(959)	(2,944)
Change in trade accounts receivable	(69,449)	(23,731)
Change in customer deposit	1,858	228
Change in other receivables	(103)	(6,176)
Change in trade accounts payable	(28,995)	(23,155)
Change in other liabilities (excluding interest paid)	38,022	(44,222)
Total of change in operational activities	**(66,163)**	**(100,865)**
Total cash flow from operating activities	**35,116**	**(213)**
Cash flow from investing activities		
Acquisition of property, plant, equipment	(17,737)	(45,269)
Investment intangible assets	-	(110)
Total cash used in investing activities	**(17,737)**	**(45,379)**
Cash flow from financing activities		
Proceeds from loans	5,426	125,000
Repayments of loans	(7,193)	(100,886)
Payments of lease (excluding interest)	(4,903)	(2,444)
Interest paid	(4,589)	(11,688)
Total cash flow used in financing activities	**(11,259)**	**9,982**
Balance at start of year	36,462	72,072
Increase / (decrease)	6,119	(35,610)
Balance at end of year	**42,581**	**36,462**

5. Notes to the Consolidated Summary **FINANCIAL STATEMENTS**

5.1 GENERAL
Corporate information

Integrated Utility Holding N.V. (IUH N.V., hereinafter "The Group") was incorporated on September 12, 1997 in Willemstad, Curaçao.

The shares of Kompania di Awa i Elektrisidat N.V. (K.A.E.), a water and electricity production company and Kompania di Distribushon di Elektrisidat i Awa (KODELA), a water and electricity distribution company, were transferred into IUH N.V. On January 2, 2018, Kompania di Awa i Elektrisidat N.V and Kompania di Distribushon di Elektrisidat i Awa were legally integrated and became Aqualectra N.V. The principal activities of the Group are described in the "Profile". The headquarters of the Group are located at Rector Zwijsenstraat 1, Curaçao.

The objectives of the Group are:
- Investing funds in shares of utility companies which have the goals of producing and distributing water and electricity; and
- Managing, controlling and administering of other companies and representing interests of the shareholders and financers in/of the Group;
- Generating electricity and the production of water;
- Distributing electricity and water;
- Offering management consultancy and engineering services; and
- Bottling of drinking water.

The Group's authorized capital amounts to ANG 600 million, consisting of 600 shares at ANG 1 million par value each. 470 shares were issued to the Island territory of Curaçao on June 1, 1998 with an additional 58 shares issued on January 31, 2013 to the Government of Country Curaçao who became the legal successor of the Island territory of Curaçao and the shareholder of the Group after the restructuring of the Netherlands Antilles on October 10, 2010. All 528 shares are paid up in full.

Utilities sector in Curaçao

Concessions
The National Ordinance for Electricity concession ("Landsverordening Elektriciteitsconcessies") states that the building, construction or usage of equipment for the generation of power and for the transmission and/or transformation of electricity, in order to deliver this to a third party, is restricted to the company to which permission has been granted by the Government. Furthermore, the ordinance states that the concession shall be given for a maximum period of 30 years with possibilities for extension.

On July 30, 2012 concessions for the production and distribution of electricity were adopted, granting the Group the certainty of production of power for the following 30 years. On June 11, 2014 the Government adopted a concession for the production of electricity. A notable change in this concession, compared to the previous concession, is the simplification of various requirements.
Another major change in the new concession is the granting to Aqualectra of a minimum and a maximum production capacity. This granted capacity can be fulfilled in direct form (own production) and indirect form (contracted production).

The amended concession was issued on June 19, 2014 and formalized on November 6, 2014.

Tariff structure
The tariff structure for water and electricity consists of a (i) base component and (ii) a fuel component. The base component is intended to cover all the non direct costs for the production, distribution and supply, while the fuel component must cover the fuel costs and other direct costs of production and sales. This separation made the application of a rate calculation system that could track changes in fuel costs possible.

Determination of tariffs
The Ordinance for prices ("Prijzenverordening") states that the authority for the determination and the adjustment of electricity and water tariffs, lies with the Government of the Country of Curaçao.

The electricity and water tariff structure adopted on June 1, 2012 comprises three components, namely:
- the fuel component, which covers the direct costs (includes fuel, chemicals, lubricants and purchase of electricity and water from third parties);
- the recovery component, which covers shortages in the fuel component which developed between January 2011 up to, and including, May 2012;
- the base cost component, which covers the operational costs.

On July 26, 2017, the Council of Ministers approved tariff guidelines, which include a Weighted Average Cost of Capital (WACC) component as part of the base component. The WACC is calculated and stipulated on an annual basis, based on guidelines as set in the tariff guidelines.

The ex-post calculation of the fuel component for the year 2018 led to the conclusion that under coverages were developed for the amount of ANG 13.5 million. This amount has been recognized as accounts receivable and will be recovered starting April 2021 at ANG 0.05 per KWh. Taking the budgeted sales into account, this should lead to the complete depletion of this asset by March 2022.

Energy policy
In 2009, the Group was notified by the Government that BTP was appointed as the Regulator for the review, determination and approval of the tariffs for water and electricity.

During 2017, a new Energy policy was drafted and approved by the Council of Ministers on May 16, 2017. This policy introduces an Energy Bureau concept as policy maker, while BTP remains with supervision tasks and is intended to lower the tariffs, upgrade the services to the customers, provide choices for the clients and increase the reliability and sustainability of energy.

During 2019 and 2020 an energy law was drafted based on the presumptions included in the energy policy. The draft has been discussed with all parties involved and is pending submission to the parliament for approval.

5.2 Significant accounting POLICIES

Basis of preparation

The accompanying consolidated summary financial
statements of the Group are derived from the audited consolidated financial statements that were approved by the BSD on June 15, 2021. The aforementioned audited consolidated financial statements from which the accompanying consolidated summary financial statements were derived from, was prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Book 2 of Curaçao Civil Code. The consolidated financial statements have been prepared on a historical cost basis.

The consolidated summary financial statements contains necessary information and at an appropriate level of aggregation for the users of this report. The audited consolidated financial statements from which this summary consolidated financial statement was derived from and its accompanying auditor's report, are archived at the head office of the Group.

Management has concluded that the consolidated financial statements fairly represent the Group's financial position, financial performance and cash flows. The consolidated financial statements comply in all material respects with applicable IFRS.

These consolidated financial statements for the year ended 2020 were approved for issue by the Board of Supervisory Directors on June 15, 2021. The shareholders have the power to amend the consolidated financial statements after the date of issuance.

The consolidated financial statements provide comparative information in respect to the previous period.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights resulting from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non controlling interests, even if this results in the non controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

IUH N.V. has the following subsidiaries (all are incorporated in Curaçao):

	% equity interest
Name	**2020 and 2019**
Aqualectra N.V.	100%
Aqualectra Multi Utility Company N.V. (AMU)	100%
Utility Financial Services N.V. *	100%
General Engineering & Utility Services N.V. (GEUS)**	100%
Aqualectra Bottling Co. N.V.**	100%

The legal structure now consists of the holding company (IUH N.V.) and two subsidiaries, namely Aqualectra N.V. and Aqualectra Multi Utility N.V., hereinafter collectively referred to as "The Group". The Group is responsible for the management of the abovementioned companies. During the year 2020 Aqualectra Bottling and GEUS did not engage in any activities.

5.3 Summary of SIGNIFICANT accounting policies

1 Current versus non current classification

The Group presents assets and liabilities in the statement of financial position based on current/non current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non current.

Deferred tax assets and liabilities are classified as non current assets and liabilities.

2 Fair value measurement

The Group holds no financial assets or liabilities that are measured at fair value at December 31, 2020 or December 31, 2019. Fair values of financial instruments measured at amortized cost are disclosed in Note 5.6.18. 'Fair values'.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible for the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 - Quoted (unadjusted)** market prices in active markets for identical assets or liabilities.
- **Level 2 - Valuation techniques** for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3 - Valuation techniques** for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 Foreign currencies

Functional and presentation currency

The Group's consolidated financial statements are presented in Netherlands Antillean Guilders (ANG), which is also the parent company's and its subsidiaries' functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences occurring on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss resulting on translation of non monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non monetary asset or non monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non monetary asset or non monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4 Property, plant and equipment

Construction in progress is stated at cost, net accumulated impairment losses, if any. Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Expenses for the decommissioning of the Mundu Nobo plant are included in property, plant and equipment. These capitalized expenses are based upon estimations performed by an independent expert. Since commencement of the demolition activities, the provision has been adjusted based on more accurate information gathered internally regarding the expected decommission costs. Depreciation of the capitalized decommissioning cost is calculated by the straight line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Major spare parts are accounted for as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

The cost of work in progress comprises materials, direct labor, service charges and other costs.

The cost of work in progress comprises materials, direct labor, service charges and other costs.

Depreciation is calculated on the straight line basis over their estimated useful life, taking into account the useful life of the most important components as follows:

> Buildings	10 to 50 years
> Plant and equipment	5 to 33 years
> Distribution network	15 to 40 years
> Other assets	3 to 50 years

Major spare parts are depreciated in accordance with the category of Plant & Equipment.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

5 Property, plant and equipment contributed by customers

The Group recognizes as property, plant and equipment any contribution received from its customers to be utilized in the construction or acquisition of an item required for the connection to its distribution network and/or asset transferred by its customers, also for the purpose of providing the customer with ongoing access to supply of electricity and/or water. The corresponding amount is credited to the cost of work in progress or is shown as deferred credit in the case where construction has not yet started.

6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i) Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land lease 10 to 30 years
- Car leases 1 to 6 years
- Solar panel energy 10 to 15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset (see Note 5.6.3).

iii) Short term leases and leases of low value assets
The Group applies the short term lease recognition exemption to its short term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognized as expense on a straight line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

8 Intangible assets
The Group holds intangible assets with finite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Licenses
The Group made upfront payments to purchase licenses related to the ERP system. Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight line method to allocate the cost of licenses over their estimated useful lives.

9 Impairment of non financial assets
Further disclosures relating to impairment of non financial assets are also provided in the following notes:

• Disclosures for significant assumptions	Note 5.4
• Property, plant and equipment	Note 5.6.2
• Intangible assets	Note 5.6.1
• Leases	Note 5.6.3

The Group assesses at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budget and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in expense categories consistent with the function of the impaired asset.
An assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.
The reversal is limited so that the carrying amount of the asset does not exceed the lower of its recoverable amount, and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revaluated amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (p) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The ex-post calculation of the fuel component for the year 2018 led to the conclusion that under coverages were developed for the amount of ANG 13.5 million. This amount has been recognized as accounts receivable and will be recovered starting April 2021 at ANG 0.021 per KWh. Taking the budgeted sales into account, this will lead to the complete depletion of this asset by March 2022.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

As at December 31, 2020 and 2019 the group only holds financial assets classified as financial assets at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include loans and (trade) receivables, and concession deposit included under other non current financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired.
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors, including taking into consideration the deposits received at inception of the contract and the economic environment.
The impact of the Covid-19 pandemic made 2020 a very unusual year compared to prior years and as a consequence the default rates for 2020 were higher than the average of prior years. For that reason, it was considered more prudent to apply the higher default rate choosing between, actual default rates and average default rate including the forecast multiplier, to each respective buckets. For 2020 the deposits are taken into consideration in determining the ECL.

Further disclosure relating to impairment of trade receivables, including contract assets is also provided in Notes 5.5.2 'Credit Risk'.

From a financial point of view, the Group considers a financial asset in default when contractual payments are 30 days past due. Certain accounts, such as those pertaining to the government are assessed individually. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

11 Inventories

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials (Fuel inventory): purchase cost on a first in/first out (FIFO) basis.
- Finished goods (Parts inventory): cost of direct materials including shipping and freight on a weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

12 Cash position (includes "Cash and cash equivalents" and "Bank overdraft"

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks, other short term highly liquid investments.

13 Share capital
Common shares and preferred shares are classified as equity. Dividends on common shares and preferred shares are recognized in equity in the period in which they are declared.

14 Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

15 Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Provision for the decommissioning of Mundo Nobo
The Group records a provision for decommissioning costs of the Mundo Nobo plant which consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. Decommissioning costs are provided at the expected costs to settle the obligation and are recognized as part of the cost of particular asset. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of comprehensive income as finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. In the intervening years, the value is increased with accrued interest and any changes in the estimated future costs added to or deducted from the cost of the asset.

Provision for reorganization
The reorganization provision has been created with the aim to execute the reorganization /right sizing plan within Aqualectra. The provision as per December 31, 2020 is based on an one-time redundancy payment scheme that is in accordance with the CLA's of Aqualectra Production and Aqualectra Distribution. The actual termination of employees due to reorganization is expected to take place in 2021.

16 Employment benefits
General
Certain employee benefits provisions, except for the provision for vacation leave, are based on actuarial calculations. For the key actuarial assumptions please see note 5.6.13.1. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

Post employment benefits
All the post employment benefit plans within the Group are defined benefit plans with the exception of the pension plan which was changed to a Defined Contribution plan as per January 1, 2018. The post employment benefit accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing post employment benefits is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carried out a full valuation of the plans. The post employment benefit obligation is measured as the present value of the estimated future cash outflows using market yield of high quality USD denominated corporate bonds, which have terms of approximately the terms of the related liability. Any unrecognized past service costs and the fair value of any plan assets are deducted.

Actuarial gains and losses are immediately recognized in the period in which they occur through the statement of other comprehensive income.
Below follows a description of the different post employment plans applicable to the Group:

APC Pension plan
Certain employees of the Group (ex civil servants) participate in a pension plan administered at Algemeen Pensioenfonds van Curaçao (APC). The pension plan administered by APC is a multi employer defined benefit plan. In 2015 certain changes were made to the pension plan effective January 1, 2017. These changes include calculation of the pension as a fixed percentage of the career average salaries versus average salaries of the last two calendar years of service, and an increase of the pension age to 65. At reporting date there was no information available to use benefit accounting. Therefore the plan is accounted for as if it were a defined contribution plan where the Group's share in the contribution amount is recognized as an expense.

APC Supplementary pension ('Duurtetoeslag')
In 1943 the Government guaranteed civil servants a pension that amounts to 70% of their average salary received during the last 24 months before their retirement. The supplementary pension (the so called 'Duurtetoeslag') is the difference between the guaranteed pension amount and the pension actually built up as per the APC pension agreement. As per National Decree of July 12, 1995 it was stipulated that the legal entity that was the last to employ the person concerned, is responsible for payment of the supplementary pension. This plan is unfunded.

Vidanova pension plan
The employees of the Group that do not participate in the APC pension plan, participate in a multi employer defined contribution plan (administrated by Vidanova) in which it is compulsory for all employees to participate if and when they comply with all the required conditions. The pension plan is generally funded by payments by employees and employers, taking into account recommendations of independent qualified actuaries. A leveled employer premium is charged as an advance for the defined contribution plans.

Regarding the active members of the plan, sufficient information is available to account for the Groups' proportionate share of the defined contribution obligation, plan assets and post employment benefit costs. The obligations towards retired staff are fully funded by the pension fund and no costs are charged to the Group.

APC Early retirement benefit ('VUT')
In the National Ordinance of December 27, 1995 it is stipulated that civil servants have the option of filing a request with the Governor to retire from service at the age of 55. The resulting liability due to early retirement of persons for the period in which these early retired persons are between the age of 55 and 60 years will be borne by the legal entity that was the last to employ the respective persons.

Aqualectra VUT
According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees have the option of requesting early retirement to the Board of Managing Directors (BMD). The BMD decides whether the employee's request will be honored. Given the changes in Aqualectra's pension plan, all early retirement requests were placed on hold by Management, pending a resolution how this plan will align with the new pension age and plan.

AOV/BVZ compensation:
Based on a protocol signed in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years of age or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years of age. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTE's, it was negotiated with the Unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age.

Up to and including 2023, employees reaching 60 years of age will have the choice to retire or continue working until 65 years of age. Acknowledging the fact that those retiring at age 60, will be disadvantaged as they will only receive the general pension grant when they reach age 65, the BMD agreed with the Unions that the gap will be duly compensated.

The Provision AOV/BVZ compensation aims at bridging the gap caused by:
- The employee not being eligible yet for the general pension grant (AOV);
- The difference in social security premiums which are lawfully lower when reaching age 65;
- Any tax consequences the above may cause.

Provision retirement stimulation:
Based on a protocol signed with the Unions in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTE's, it was negotiated with the Unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age. Up to and including 2023, employees reaching 60 years will have the choice to retire or continue working until 65 years of age. As an incentive to motivate this group of employees to choose to retire at 60 (based on Aqualectra's strategic choice to lower the number of FTE's), the BMD negotiated a departure bonus with the Unions. The Provision Retirement Stimulation has been recorded to account for these future expenses.

Medical costs retired employees
Through July 31, 2014 both the active employees and the Group contributed 2% of the total gross salary as compensation for the medical costs of retired employees. Retired personnel contribute 2% of their pension. In accordance with the collective labor agreements of Aqualectra Distribution and Aqualectra Production, retired employees would be compensated to a certain extent for their medical costs.

Effective August 1, 2014, with the implementation of the basic health care insurance (Basisverzekering Ziektekosten, BVZ), changes were made to the health coverage plan for the retired personnel. The 2% contribution is no longer applicable, and to partially compensate the employees for the additional costs of BVZ effective retirement date, the Group contributes 3% of the retired employee's pension to the "Sociale Verzekeringbank" (SVB) that administers the BVZ.

Other long term employee benefits
The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the consolidated statement of comprehensive income in the period in which they occur.

Anniversary bonus
According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees are entitled to an anniversary bonus linked to the number of years of service. The employees of Integrated Utility Holding N.V. are also entitled to an anniversary bonus linked to the number of years of service.

17 Revenue from contracts with customers
Aqualectra is Curaçao's utility company responsible for the production and distribution of power and water as well as for the delivery of accompanying services. Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.
There are no significant accounting judgments, estimates or assumptions relating to revenue from contracts with customers.

Water & electricity sales
Aqualectra can recognize the revenue upon usage of electricity or water by the customer. The electricity represents one performance obligation and water another performance obligation which are satisfied over time. The transaction prices differ between water and electricity and are categorized by type of customer. The transaction price is adjusted monthly and made public.

Pagatinu
The amount collected for Pagatinu is recognized as a revenue as soon as the customers pay for the electricity. The customer pays for the electricity in advance and Aqualectra provides the customers with electricity (performance obligation) over time equal to the value of the amount paid. The transaction price is charged based on the amount of kWh sold. The aforementioned is not in line with IFRS 15, however the effect is immaterial.

Connection fees, fines charges and miscellaneous income
Aqualectra can recognize connection fees, as revenue when the corresponding performance obligation is satisfied. Revenue from fines charged and miscellaneous income can be recognized after invoicing to the customer. The performance obligations related to these revenues is the (re)connection of water and/or electricity and the transaction prices are fixed.

Rental of water meters, buildings and poles
The revenue recognition is through passage of time. The performance obligation for the rentals is the rights to use the water meter, buildings and poles and the transaction prices are fixed.

KVA Allowance
Aqualectra can recognize the transaction prices as revenue when the corresponding performance obligation is satisfied which is through passage of time. The performance obligation is installation of the solar panels in order to generate renewable electricity in combination with a connection to the electricity network. A fixed fee is charged per kW(p) periodically.

Services related to streetlights, sales and distribution, Selikor and Aquadesign
Revenue for these services can be recognized after the completion of the service. The revenue of Selikor is recognized after invoicing the customers and of Aquadesign is recognized upon providing ADNV with electricity. The performance obligation is receiving the services to streetlights, installation and removal of spotlights, invoicing of customers on behalf of Selikor and the provision of electricity to Aquadesign. The transaction price is fixed.

Several/extraordinary income
Aqualectra can recognize the transaction prices as revenue after the items and/or assets are sold and after the inspection cards are given out by Aqualectra. The transaction prices of the fixed assets and inventory sold by Aqualectra are determined specifically for each item. The transaction price for the inspection cards is fixed.

Additional disclosure with regard to the group's revenue from contracts with customers is provided in note 5.7.1.

18 Interest income and expenses

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in the consolidated statement of comprehensive income on the date that the Group's right to receive payment is established.

Interest expenses consist of interest on borrowings. The expenses are recognized in the profit and loss in the period to which they relate. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of comprehensive income as interest expenses by using the effective interest method.

19 Taxes

Current profit tax
Current profit tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability results from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.
Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- When the deferred tax asset relating to the deductible temporary difference results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change.
The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Territorial regime
As of January 1, 2020 Curaçao, has shifted from a worldwide tax system with exemptions for foreign sourced income to a territorial tax system where only income from a domestic enterprise will be subject to corporate income tax in Curaçao.

The following can be considered as domestic income:
- Business activities under taken or exercised in Curaçao, including maintenance and repair work taking place in Curaçao;
- Leasing or renting of property (immovable and otherwise) located in Curaçao or rights used in Curaçao;
- Lending or depositing funds to or with residents and receiving premiums and capital in respect of risks located within Curaçao;
- Passive income ,which is always considered to be income from a domestic enterprise. This also applies to passive income from financial institutions such as banks and insurers;
- Business activities under taken or exercised in Curaçao by foreign entrepreneurs in case of a local permanent establishment or in case of local real estate.

On the other hand, non-domestic income would be:
- Business activities under taken or exercised abroad ,such as e.g., a permanent establishment;
- Lending or depositing funds as part of an enterprise to or with non-residents or non-domestic enterprises and receiving premiums and capital in respect of risks located outside of Curaçao.

The determination of domestic income will be based on the ratio between local and foreign direct expenses, excluding the cost of materials for products.

New substance requirements
Also new requirements with regard to substance have been introduced. Enterprises that generate non-domestic income must also have sufficient direct or indirect employees to perform the core activities and have expenses commensurate with the type and size of these core activities. In addition, the entity must at a minimum have a substance that is comparable to what would be deemed a permanent establishment if the entity would have been a non-resident tax payer.

20 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

5.4 SIGNIFICANT accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and judgments

The Group applies estimates and judgments which are based on historical experience and on other factors including expectations of future events that are to be reasonable under the circumstances.

The Group's critical accounting estimates and assumptions and critical judgments in applying the entity's accounting policies are being discussed in this paragraph.

a. Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for two grounded leases that have already passed their non cancellable period and have been renewed multiple times already. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the operations if a replacement asset is not readily available. One renewal period for the archive space has also been included as part of the lease term as it is reasonably certain to be exercised.

Refer to Note 5.6.17 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term. Critical accounting estimates and assumptions.

b. Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.
The impact of the Covid-19 pandemic made 2020 a very unusual year compared to prior years as a consequence the default rates for 2020 were higher than the average of prior years. For that reason, it was considered more prudent to apply the higher default rates choosing between, actual default rates and average default rate including the forecast multiplier, to each respective buckets. The ECL for the accounts receivable < 365 days increased compared to prior year as a direct consequence of the measures taken by the government during the last months of 2020 in their attempt to avoid further spreading of the virus. This was offset by the decrease in the default rate of the >365 age bucket. The default rate for this age bucket was over 94% in prior year due to high diligence but was lowered with 15% in 2020 as a result of more available data which improved the accuracy of the ECL calculation.

Furthermore, cash security deposits of customer are also included in calculating the expected credit loss and therefore also impacts the ECL. Customers have to pay a deposit for each new connection, which is presented as refundable amounts on the statement of financial position. This amount is for financing the not yet registered consumption, the claims against debtors and also serves as a security for the consumer to meet his financial obligations with regard to the Company. Taking the aforementioned into consideration, Aqualectra proceeded to allocate the cash security deposits to all customers that have an open amount at year end. The information about the ECLs on the Group's trade receivables is disclosed in Note 5.6.5.

Provision employee benefits
The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of "high quality" corporate bonds that are denominated in the currency in which the benefits will be paid (or currency which ANG is pegged to), and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for obligations are based in part on current market conditions. Additional information or the applied assumptions are disclosed in note 5.6.13.1.

Provision reorganization
The reorganization provision has been created with the aim to execute the reorganization/right sizing plan within Aqualectra. The provision as per December 31, 2020 is based on the redundancy payment scheme as included in the CLA's of Aqualectra Production and Aqualectra Distrícution.

Provision decommissioning
The provision for the Mundu Nobo premises consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. The provision as of December 31, 2020 and as of December 31, 2019 is based on actual costs incurred, external quotations and internal estimates.

Cumulative tax losses to be compensated with future taxable profits
The deferred tax assets of the Group are mainly attributable to cumulative tax losses for which it is probable that future taxable profit will be available to be utilized against these.

The tax losses will expire in a period of ten years commencing in the year in which the fiscal loss was incurred. The estimation of the future taxable profits that can be utilized against these tax losses is based on Management's income forecast. The income forecast of the Group is based on assumptions with regard to market developments of electricity and water, fuel costs, demographic movements, the level of electricity and water tariffs, etc. Significant changes in these assumptions may have a significant impact on the extent to which the past taxable losses can be utilized.

c. Critical judgments in applying the entity's accounting policies

Impairment test Property, Plant and Equipment
In order to assess the fair value of the property, plant and equipment, when annual impairment testing or impairment reversal testing is required, the present value of future generated cash flows (recoverable value of the assets) are calculated. To calculate the future generated cash flows, assumptions and judgments are made with regard to future profits, investments, interest rates and the capitalization rate based on the available information about the business, technological and operational outlook. Significant changes in these assumptions may have a significant impact on the present value of future generated cash flows and therefore on the fair value of the property, plant and equipment. As per December 31, 2020, there were no impairment indicators.

5.5 Financial RISK management

The Group's activities expose it to a variety of financial risks: market risks (including the effects of foreign exchange risk, interest rate risk and tariff risk), credit risk and liquidity risk. The Group's overall risk management is aimed at minimizing the potential adverse effects of these risks on the financial performance of the Group.

The BSD has overall responsibility for the establishment and oversight of the Group's risk management framework. During 2020 the Risk Management Committee did not engage in risk monitoring activities through the Risk Committee but discussed risk matters in the general setting.

5.6 Explanatory notes to the summary statement of FINANCIAL POSITION

5.6.1 Intangible Assets

The schedule below reflects the acquisitions of intangible assets (licenses and directly attributable cost of preparing the asset for its intended use) during the period:

(Amounts * 1,000)	Dec 31, 2020	Dec 31, 2019
Intangible assets		
Cost January 1	59,085	58,975
Accumulated amortization	(6,231)	(2,293)
Book value January 1	**52,854**	**56,682**
Additions	-	110
Amortization - current year	(3,899)	(3,939)
Cost December 31	59,085	59,085
Accumulated amortization	(10,130)	(6,231)
Balance at end of year	**48,955**	**52,854**

In March 2012, a Professional Service Agreement was signed with SAP Puerto Rico GMBH LLC. (SAP) for the implementation of a new enterprise resource planning (ERP) system. The new ERP system was implemented at the start of 2018 at which point amortization started.

5.6.2 Property, Plant and Equipment

The table below provides an overview of the property, plant and equipment as per December 31, 2020 and as per December 31, 2019:

(Amounts in ANG * 1,000)	Cost 1-Jan-20	Accum. depr. 1-Jan-20	Book value 1-Jan-20	Additions 2020	Disposals 2020	Transfers 2020	Reclass/ adjust 2020	Depre-ciation 2020	Impairment Adjustment 2020	Cost 31-Dec-20	Accum. depr. 31-Dec-20	Book value 31-Dec-20
Communication network	22,957	18,453	4,504	54	-	12	-	(154)	-	23,023	18,607	4,416
Land and Buildings	237,236	153,142	84,093	61	-	-	-	(5,768)	-	237,297	158,910	78,387
Production Plants	352,280	173,508	178,773	253	-	563	-	(10,125)	(14)	353,096	183,647	169,449
Distribution network	770,541	499,580	270,961	(102)	-	4,268	(1,482)	(34,332)	-	773,225	533,911	239,314
Metering network	48,256	29,097	19,159	1,608	-	-	277	(3,706)	-	50,142	32,802	17,340
Industrial Equipment & Accessories	4,336	3,075	1,261	-	-	-	-	(304)	-	4,336	3,379	957
Other assets	15,529	12,088	3,441	223	-	728	-	(1,035)	(446)	16,034	13,123	2,911
Spare parts	8,242	5,566	2,675	1,679	-	-	-	(1,537)	15	9,921	7,088	2,833
Work in progress	19,559	-	19,559	13,516	(3,794)	(5,571)	2,140	-	-	25,850	-	25,850
	1.478,936	**894,509**	**584,426**	**17,292**	**(3,794)**	**-**	**935**	**(56,961)**	**(445)**	**1,492,884**	**951,467**	**541,457**

(Amounts in ANG * 1,000)	Cost 1-Jan-19	Accum. depr. 1-Jan-19	Book value 1-Jan-19	Additions 2019	Disposals 2019	Transfers 2019	Reclass/ adjust 2019	Depre-ciation 2019	Impairment Adjustment 2019	Cost 31-Dec-19	Accum. depr. 31-Dec-19	Book value 31-Dec-19
Communication network	19,325	18,319	1,006	656	-	2,976	-	(134)	-	22,957	18,453	4,504
Land and Buildings	222,620	145,848	76,772	3,939	-	10,676	-	(7,295)	-	237,236	153,142	84,093
Production Plants	289,982	161,255	128,728	16,381	-	45,916	-	(12,268)	15	352,280	173,508	178,772
Distribution network	732,802	466,361	266,441	12,671	-	25,046	22	(33,219)	-	770,541	499,580	270,961
Metering network	47,306	25,526	21,781	467	-	484	-	(3,571)	-	48,256	29,097	19,159
Industrial Equipment & Accessories	4,328	2,745	1,583	8	-	-	-	(330)	-	4,336	3,075	1,261
Other assets	14,871	10,851	4,020	211	-	162	285	(4,944)	3,707	15,529	12,088	3,441
Spare parts	10,015	7,559	2,456	-	-	-	(1,773)	-	(15)	8,242	5,566	2,675
Work in progress	92,424	0	92,424	11,674	(6)	(85,260)	727	-	-	19,559	-	19,559
	1,433,672	**838,462**	**595,211**	**46,008**	**(6)**	**-**	**(739)**	**(61,761)**	**3,707**	**1,478,936**	**894,509**	**584,426**

5.6.3 Leases

Following the adoption of IFRS 16, lease Contracts and/or other contracts that qualify as the scope of leases as determined by the new Standards had to be capitalized. Aqualectra leases cars and land. The latter being governmental land leases. Furthermore, the power purchase agreement for the solar panels installed on the roofs of schools, qualified as a lease, when assessing it against the IFRS 16 requirements. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The lease term for solar panels is currently between 10 and 15 years. The remaining lease terms for cars is between 1 and 6 years, while the land leases are currently at 10 to 30 years remaining. There are several lease contracts that include extension and termination options. There are no leases with low value.

Set out below are the carrying amounts of right of use assets recognized and the movements during the period:

(Amounts in ANG * 1,000)	Solar panels	Car lease	Ground lease	Total
Balance at January 1, 2020	4,432	2,270	13,666	20,368
Addition	-	6,537	-	6,537
Depreciation expense	(336)	(3,463)	(471)	(4.270)
Balance at December 31, 2020	**4,096**	**5,344**	**13,195**	**22,634**

Set out below are the carrying amounts of lease liabilities (included as non current Liabilities) and the movements during the period:

(Amounts in ANG * 1,000)	2020	2019
Balance at January 1	20,836	22,406
Addition	6,537	-
Accretion of interest	1,079	873
Payments	(4,903)	(2,444)
Balance at December 31	**23,549**	**20,836**

The following are the amounts recognized in profit or loss:

(Amounts in ANG * 1,000)	2020	2019
Depreciation expense right-of-use assets	4,270	3,058
Interest expense on lease liabilities	1,079	873
Total amount recognized in profit or loss	**5,350**	**3,931**

The total cash outflows for leases amounted to ANG 4.4 million in 2020. There are no future cash outflows relating to leases that have not yet commenced.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5.2).

All extension options were included in the lease term and termination options were excluded from the lease terms

5.6.4 Inventories

A summary of inventories as per December 31, 2020 and as per December 31, 2019 is specified below:

(Amounts in ANG (net of provision)* 1,000)	Dec 31, 2020	Dec 31, 2019
Materials and spare parts (net)	40,990	37,968
Fuel and lubricants	4,141	5,728
Water	724	561
Total Inventories	**45,855**	**44,257**

Provision inventories

(Amounts in ANG (net of provision)* 1,000)	Dec 31, 2020	Dec 31, 2019
Balance at the beginning of the year	(9,119)	(12,666)
Release	639	3,547
Balance at end of the year	**(8,480)**	**(9,119)**

5.6.5 Trade accounts receivable

The composition of trade accounts receivable as per December 31, 2020 and as per December 31, 2019 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Residential Customers	106,332	97,805
Commercial Customers	48,116	48,594
Industrial Customers	39,235	32,708
Street Light Customers	9,801	5,337
Government Customers	10,633	9,577
Billing cycle to be invoiced	19,954	23,069
Allocated Cash Security deposits	(15,189)	(16,554)
Regulatory receivables	39,477	147
	258,359	**200,683**
Expected credit loss	(107,026)	(115,901)
	(107,026)	**(115,901)**
Total trade accounts receivable	**151,333**	**84,782**

Trade debtors are valued at the actual billing amounts for electricity and water. A provision has been created for doubtful debts as shown below.

Expected credit loss

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Balance at the beginning of the year	(115,901)	(104,770)
Additions	(2,783)	(11,131)
Write off 2020	11,658	-
Balance at end of the year	**(107,026)**	**(115,901)**

5.6.6 Financial Liabilities

The summary below provides insight in outstanding long-term loans as per December 31, 2020 and as per December 31, 2019:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Loan Meerjarenplan (MJP)	13,885	13,885
Loan CIBC / MCB facility Tr-1A	283,233	285,000
	297,118	**298,885**
Current maturities of long-term loans	(28,410)	(26,777)
Total Financial liabilities	**268,708**	**272,108**

Loan MJP:
In order to finance a comprehensive renovation plan for the water distribution network, it was agreed in 1989 that KABNA would provide funds from the MJP of which approximately 50% was to be donated. For the remaining 50% a loan agreement was signed in November 1991 for a maximum amount of ANG 39 million. Because funding by KABNA was stopped in 1996, only ANG 26.3 million was drawn. After a grace period of 8 years, repayment was scheduled to start in December 2000 by 22 annual annuities.

The group has corresponded with the previous Minister of Finance regarding the settlement of a part of the outstanding amount with receivable amount for electricity and water bills of various governmental departments. No securities were pledged to this loan. Interest was fixed at 2.5% per annum.

Loan CIBC/MCB facility
On November 14, 2018, a facilities agreement was signed with Maduro & Curiel's Bank N.V. (MCB) and CIBC First Caribbean Bank (CIBC) for ANG 375 million (of which ANG 325 is committed). The first tranche of ANG 160 million was made available on December 28, 2018. The second tranche of ANG 125 million was disbursed on December 13, 2019. ANG 244 million of the loan bears interest of 3.75% per annum and ANG 41 million of the loan sold down and bears interest of 4%. Both tranches are fixed for 5 years. The facilities agreement also includes and overdraft of ANG 40 million. As secured collateral, the banks have a deed of mortgage on registered property, deed of pledge of movable assets, deed of pledge of receivables and a declaration of non disposal and negative pledge. In 2020, Aqualectra requested the banks to grant certain waivers on behalf of the lenders to the company for not making the payment of the principal and interest that was due on June 29, 2020 and September 28, 2020 as consequence of the COVID-19 impact. This request was granted, with the condition that the interest that was due on the abovementioned repayment dates qualify as borrowed amounts under the facilities and be added as per relevant repayment date to the then outstanding principal amounts thereunder and that from that date interest will accrue over such increased outstanding principal amounts at the applicable rates set out in the agreements.

5.6.7 Provisions

The provisions as per December 31, 2020 and as per December 31, 2019 can be divided in the following categories:

5.6.7.1 Provisions employee benefits

The provision for employee benefits as per December 31, 2020 and as per December 31, 2019 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Provisions employee benefits	80,263	65,484
Other provisions	6,510	6,131
Total provisions	**86,773**	**71,615**

The calculations of the provisions, except vacation leave, are based upon actuarial assumptions. The key assumptions for each plan are included in the table below. For the discount rate applied, refer to the sensitivity analysis within this section.

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Provision medical costs retired employees	8,515	8,476
Provision supplementary pension APC (DT)	11,615	11,724
Provision early retirement benefit (VUT)	134	327
Provision anniversary bonus	15,015	16,060
Provision AOV/BVZ compensation	14,587	16,163
Provision vacation leave	3,573	3,345
Provision retirement stimulation	6,853	9,389
Provision reorganization expense	19,971	-
Total provisions	**80,263**	**65,484**

Actuarial assumptions

	2020	2019	Applicable for
Indexation	0%	0%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Discount rate	3.75%	4%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Inflation	0%	0%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Turnover	1%	1%	Medical, AOV/BVZ and Early Retirement stimulation
Salary increases	1.5%	2%	Anniversary and Early retirement plan

Mortality:	2020	2019
Male:	GBM0813	GBM0813
Female:	GBV0813	GBV0813

Retirement age for 2020 and 2019:

Probability to retire at age 60	85%
Probability to retire at age 65	15%

5.6.8 Trade accounts payable

The Table below provides an overview of the Trade accounts payable as per December 31, 2020 and as per December 31, 2019:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Curoil	11,870	30,877
Local suppliers	8,282	15,956
Foreign suppliers	1,050	6,022
Government institutions	6,128	4,659
Advanced payments received from clients	9,376	10,250
Other accounts payable	2,158	95
Total accounts payable	**38,864**	**67,859**

5.6.9 Contingent assets

Among other contingent assets, there exist a contingent asset related to CUC Holdings. The Minister responsible for IUH N.V. adopted a resolution in January 2011 in which was stated that IUH had to transfer the CUC Holdings shares to Refineria di Korsou (RdK) without anycompensation. The transfer of the shares was effected on January 19, 2011. Subsequently, in a letter dated February 14, 2013, the Group was informed by the Minister of Finance that based on a decision reached by the Council of Ministers on October 31, 2012, stemming from the deteriorating financial situation of the Group and its investment needs, an independent third party was engaged to determine the value of the transferred shares. The third party concluded that a value of ANG 57.6 million is considered a reasonable estimation of the fair value of the shares transferred as ofJanuary 19, 2011. The Council of Ministers approved this valuation on February 20, 2013.

A shareholder's resolution remains pending to be adopted to formalize the above mentioned.

Management has been in deliberation with both the Government and the Shareholders of bothcompanies to accelerate the execution of the decision of the Council of Ministers of February 20, 2013. The Government as the representative of both companies, namely the Minister of Finance in charge of Aqualectra and the Minister of General Affairs in charge of Refineria di Kòrsou has met with the representatives of both companies. It was agreed that both companies will work together to reach an agreement for settlement of the compensation for the shares transferred. The Management of both companies has retained legal and financial advisors to assist in the process of reaching a settlement agreement. Management is pursuing the solution of this matter.

5.7 Explanatory notes to the Consolidated Summary Statement of COMPREHENSIVE INCOME

5.7.1 Revenue from contract with customers

The total revenues are presented below:

December 31, 2020

(Amounts in ANG * 1,000)	Services							
	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and miscellaneous income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distribution, Selikor and Aquadesign	Other revenue	Total
Revenue from contract with customers	438,697	57,147		513	-	7,736	2,740	507,635
Timing of revenues reciognition:								
Services transferred at a point in time	39,477	-	801	-	-	3,286	2,740	46,304
Service transferred over time	399,220	57,147	-	513	-	4,451	-	461,331
Total revenue from contract with customers	**438,697**	**57,147**	**801**	**513**	**-**	**7,736**	**2,740**	**507,635**

December 31, 2019

(Amounts in ANG * 1,000)	Services							
	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and miscellaneous income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distribution, Selikor and Aquadesign	Other revenue	Total
Revenue from contract with customers	459,613	55,515		512	132	9,637	1,368	528,055
Timing of revenues reciognition:								
Services transferred at a point in time	-	-	1,186	-	-	5,027	1,374	7,587
Service transferred over time	459,613	55,515	-	512	132	4,696	-	520,468
Total revenue from contract with customers	**459,613**	**55,515**	**1,186**	**512**	**132**	**9,723**	**1,374**	**528,055**

5.7.2 Direct costs production

Direct cost production is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Fuel usage	131,634	158,382
Chemicals	3,930	5,622
Lubrication	5,558	6,144
Purchase of water & electricity	19,356	19,738
Other direct cost of production	405	885
Purchase of electricity from CUC	15,614	1,794
Purchase of electricity from wind farms	37,389	40,206
Total direct costs production	**213,886**	**232,771**

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
IUH DPP element	-	8,856
IUH Fuel element	-	4,304
IUH Extension element	-	54
Temporary Diesel Power Plant	847	2,866
Total other direct costs of sale	**847**	**16,080**

The IUH agreement ceased to exist as per December 31, 2019. Therefore no expenses were incurred in 2020.

5.7.3 Salaries, social securities and other personnel expenses

Salaries, social securities and other personnel expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Salaries	58,221	57,822
Overtime	3,679	3,638
Social securities	22,425	22,015
Reorganization expenses	19,971	-
Other personnel expenses	8,321	7,410
Total salaries, social securities and other personnel expenses	**112,617**	**90,885**

The development in the labor force during 2020 and 2019 was as follows:

Labor force	Aqualectra N.V.	Integrated Utility Holding N.V.	Aqualectra Multi Utility N.V.	Total
31/12/19	594	2	1	597
31/12/20	581	2	1	584
Net Increase/decrease	**(13)**	**-**	**-**	**(13)**

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
Other (post) employment benefits (net)	4,405	4,865
Total salaries, social securities and other personnel expenses	**4,405**	**4,865**

5.7.4 Parts, repairs and maintenance

Parts, repair and maintenance expenses are expenses made for parts and hired services for the operation and maintenance of the electricity and water production units, electricity and water distribution network and other assets.

December 31, 2020

(Amounts in ANG * 1,000)	Parts	Services	Other	Total
Electricity	14,934	11,348	-	26,282
Water	1,105	4,326	-	5,431
Other assets & facilities	65	1,551	-	1,616
General	7,254	7,126	-	14,380
Other material usage expense	-	-	5,914	5,914
Other service expense	-	-	(5)	(5)
Provision for obsolete inventory	-	-	(568)	(568)
Total Parts, Repair & Maintenance Expenses	**23,358**	**24,351**	**5,341**	**53,050**

December 31, 2019

(Amounts in ANG * 1,000)	Parts	Services	Other	Total
Electricity	16,272	4,745	-	21,017
Water	1,329	6,600	-	7,929
Other assets & facilities	94	744	-	838
General	954	8,953	-	9,907
Other material usage expense	-	-	3,994	3,994
Other service expense	-	-	156	156
Provision for obsolete inventory	-	-	(3,547)	(3,547)
Total Parts, Repair & Maintenance Expenses	**18,649**	**21,042**	**603**	**40,294**

5.7.5 General expenses

General expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2020	Dec 31, 2019
General expenses		
Housing and car fleet	4,647	5,744
Office expenses	4,317	4,979
Insurance and security	5,942	6,564
Consultancy	10,684	10,236
Communications and public relations	2,432	4,130
Other expenses	(9,202)*	(4,974)
Regulation and compliance fees	1,250	1,615
Power outage cost	1,868	-
Supervision expenses	153	221
Total general expenses	**22,456**	**28,150**

* Various old and time bared other liabilities were cleared, resulting in one time miscellaneous gains in 2020.

Supervision expense includes compensation of the BSD, travel expenses and expenses related to consulting services on behalf of the BSD.

5.7.6 Interest expenses

A breakdown of the interest expenses is as follows:

(Amounts * 1,000)	Dec 31, 2020	Dec 31, 2019
Intangible assets		
Loan Meerjarenplan (MJP)	-	89
MCB/FCIB loan	10,519	6,169
CBCS Corporate Bonds	-	5,945
Loan Diesel Power Plant ISLA	-	69
Lease Liability	1,079	873
Other interest expenses	409	774
Total Finance cost	**12,006**	**13,920**
Interest income	(32)	(92)
Total finance income	**(32)**	**(92)**
Total Financial costs (net)	**11,977**	**13,828**

5.7.7 Transactions with key management personnel

Key management are considered those persons who have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management of the Group is provided salary, benefits and incentives based on both the Group's and individual performance. The executive management also participates in a pension plan. The Group does not have a share based compensation plan.

The remuneration of direct management of the Group is included in the consolidated statement of comprehensive income under personnel costs. The remuneration of the BSD is included in the consolidated statement of comprehensive income under general expenses.

Key management, including, the BSD's compensation can be categorized as follows:

(Amounts * 1,000)	Dec 31, 2020	Dec 31, 2019
Short term employee benefits	1,866	2,163
Post employment employee benefits	320	327
Total key management officers' compensation	**2,187**	**2,490**

As per December 31, 2020 key management consisted of 1 Chief Executive Officer, 1 Chief Financial officer and 8 Tier one Managers.

As per December 31, 2019 key management consisted of 1 Chief Executive Officer, 1 Finance Executive and 8 Tier one Managers.

As per December 31, 2020 the BSD consisted of 4 Directors (2019: 5).

5.8 Subsequent events

In early January 2020, a human infection originating in China since 2019 was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified.

On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic. Our business has beenand will continue to be adversely affected by the coronavirus pandemic. Since March 17, 2020, theGovernment of Curaçao has announced various measures.

Given the many uncertainties, Aqualectra prepared three budgets for 2021 and started operating based on the mid-case scenario. The trigger to switch from scenario was the level of sales during the first months of the year 2021. The sales in kWh and M3 during the first three months of 2021 were below the mid-case scenario and even somewhat below the worse-case scenario. That led to the switch to arevised version of the worse-case scenario. Starting April 2021 Aqualectra's financial performance is managed and compared against the revised worse case scenario, documented in the Budget Review documented (Doc. Ref.: 2021-10858, dated April 9, 2021). All ratio's are expected to perform at target during 2021. There are no other noteworthy subsequent events.

INDEPENDENT auditor's report.

To: the Board of Managing Directors and the Board of Supervisory Directors of Integrated Utility Holding N.V.

Report on the Audit of the Consolidated Summary Financial Statements 2020 as included in the Annual Report 2020

Opinion

The consolidated summary financial statements of Integrated Utility Holding N.V., which comprise the consolidated summary statement of financial position as at 31 December 2020, the consolidated summary statement of comprehensive income, consolidated summary statement of changes in shareholder's equity and consolidated summary statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Integrated Utility Holding N.V. for the year ended 31 December 2020.

In our opinion, the accompanying consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements 2020 of Integrated Utility Holding N.V., in accordance with the notes to the consolidated summary financial statements.

Consolidated Summary Financial Statements

The consolidated summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the consolidated financial statements in our report dated 23 June 2021. The report also includes one emphasis of matter paragraph relating to contingent assets.

We draw attention to note 5.6.9 Contingent Assets, section 'Curaçao Utilities Company N.V. (CUC N.V.) shares' where a possible settlement for transfer of shares of Curaçao Utilities Company N.V. (CUC N.V.) is disclosed. The Minister responsible for IUH N.V. adopted a resolution in January 2011 in which was stated that the Group had to transfer the CUC N.V. shares to Refineria di Kòrsou N.V. (RdK N.V.) without any compensation. The transfer of the shares was effected on 19 January 2011.

The Council of Ministers engaged an independent third-party to determine the value of the transferred shares. The third-party concluded that a value of ANG 53.8 million is considered a reasonable estimation of the fair value of the shares transferred as of 19 January 2011. The Council of Ministers approved this valuation on 20 February 2013. A shareholder's resolution remains pending to be adopted to formalize the above-mentioned. Management has been in deliberation with the Government and the Shareholders of both companies to accelerate the execution of the decision of the Council of Ministers of 20 February 2013. The Government as the shareholder of both companies, represented by the Minister of Finance in charge of IUH N.V. and the Minister of General Affairs in charge of RdK N.V., has met with the representatives of both companies. It was agreed that both companies would work together to reach an agreement for settlement of the compensation for the shares transferred. As of the date of our audit opinion, a final settlement has not been reached.

The consolidated summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Management's and Supervisory Board's Responsibility for the Consolidated Summary Financial Statements

Management is responsible for the preparation of the consolidated summary financial statements in accordance with the notes to the consolidated summary financial statements.
The Board of Supervisory Directors is responsible for overseeing the financial reporting process.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the consolidated summary financial statements which are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing, including the Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Curaçao, 26 October 2021
11510499 120/23654

Ernst & Young Accountants

Signed by
C. Smorenburg RA AA

COLOPHON

Group Companies
• Aqualectra N.V.
• Aqualectra Multi Utility Company N.V. (AMU)
• General Engineering & Utility Services N.V. (GEUS)**
• Aqualectra Bottling Co. N.V. **

** The entities GEUS and Aqualectra Bottling Co. N.V. are still part of the group but they are in liquidation.

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