

2019

R-LOGITECH
ANNUAL REPORT



R-LOGITECH



R-LOGITECH CONTENT

01

STRATEGIC REPORT

- 5 Who we Are
- 6 At a Glance
- 8 Global Presence
- 10 Strategy
- 13 Ports & Terminals | Logistics Services
- 17 Freight Forwarding | Transportation & Technology
- 20 Business Performance
- 22 Outlook
- 24 Risks & Uncertainties

02

CONSOLIDATED FINANCIAL STATEMENTS

- 27 Consolidated statement of profit or loss
- 28 Consolidated statement of other comprehensive income
- 29 Consolidated statement of financial position
- 30 Consolidated statement of cash flows
- 31 Consolidated statement of changes in equity
- 32 Notes to the financial statements
- 66 Signing of the financial statements

03

OTHER INFORMATION

- 67

04

INDEPENDENT AUDITOR'S REPORT

- 69

Who we Are
At a Glance
Global Presence
Strategy
Strategic Report
Business Performance
Outlook
Risks & Uncertainties

R-Logitech is an international infrastructure and logistics service provider focused primarily on the natural resources sector. The Group's principal business lines are ports and terminals management, logistics and technology solutions.

Established in 2015, R-Logitech is formed from existing international businesses, each with strong track records. Through the Group we manage ports and terminals and provide global logistics, transportation, technology and infrastructure solutions.

R-Logitech has networks across the natural resources sector including in developing regions. We deliver flexible infrastructure and logistics solutions and are strategically located in a number of coastal and inland sites in Europe, Africa and Asia. We provide reliable, cost effective services by leveraging our physical presence and local knowledge with commercial and technical expertise from our international offices.

Our value offer is underpinned by reliability, cost competitiveness and our ability to provide scalable solutions tailored to meet the needs of our customers. We maintain high standards as required by our blue chip international clients and provide services to shipping lines, NATO member states, mining and oil companies, agricultural businesses, International Non-Government Agencies (NGOs) and the UN.

Headquartered in Monaco, we are part of Monaco Resources Group - a global firm specialising in natural resources with a diversified asset base that spans metals and minerals, agribusiness, energy, infrastructure & logistics and finance.

R-LOGITECH AT A GLANCE

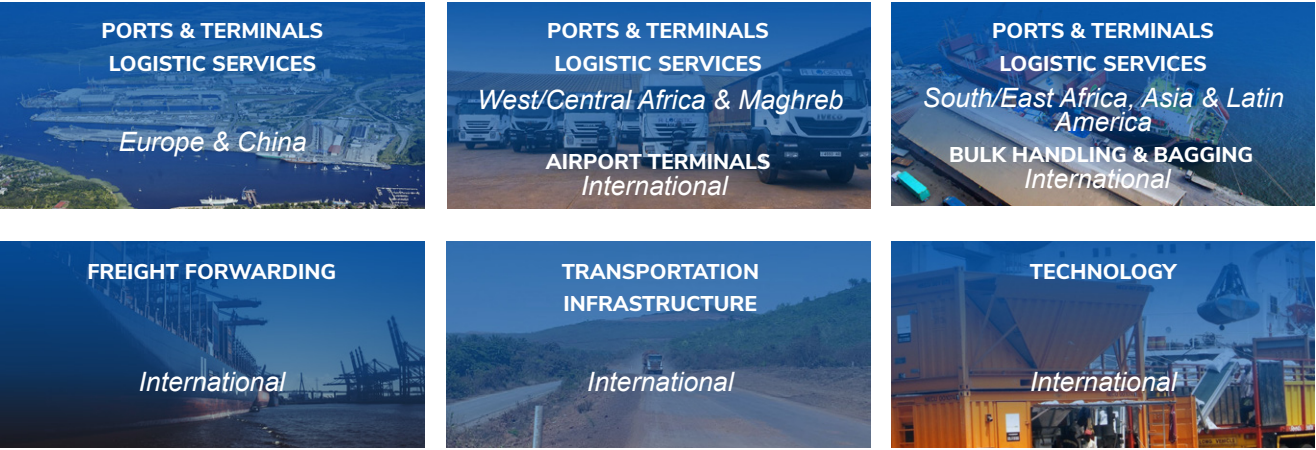
R-Logitech is an international infrastructure and logistics service provider focused primarily on the natural resources sector. The Group's principal business lines are ports and terminals management, logistics and technology solutions.

KEY FIGURES



BUSINESS UNITS

Our Group is organised into six Business Units that spans Ports & Terminals, Logistics Services, Bulk Handling, Bagging, Airports Terminals, Transportation and Technology.



R-LOGITECH KEY DATA



R-LOGITECH GLOBAL PRESENCE

R-Logitech manages a network of global businesses with strong track records across logistics and related services.

**30+
COUNTRIES**

LOCATIONS

Austria
 Belgium
 Benin
 Brazil
 Bulgaria
 Burkina Faso
 Cameroon
 Central African Republic
 Chad
 Chile
 China
 Dubai
 Finland
 France
 Gabon
 Germany
 Ghana
 India
 Italy
 Ivory Coast
 Kingdom of Saudi Arabia

Luxembourg
 Mali
 Monaco
 Mozambique
 Mauritania
 Niger
 Nigeria
 Philippines
 Republic of Congo
 Republic of Guinea
 Senegal
 Sierra Leone
 Singapore
 Spain
 Togo
 Turkey
 UK
 USA

Our Strategy is based on five key success factors.

01 Network

The core of R-Logitech is **our network**. We have established relationships and existing infrastructure in a number of strategic locations which create barriers to entry for new market entrants and provide us with a competitive advantage.

02 Know-How

We have **significant execution capabilities** including equipment, knowledge and people. With approximately **4,500 employees** on the ground, we are able to scale and adapt to the needs of our international clients.

Asset Base 03

Our **large asset base** includes ports, terminals and storage facilities. We also provide logistics and related services through our owned agencies which allow us a better control across the supply chain.

Risk Averse 04

We **avoid risk** within our business model. Our income is received largely in two currencies – USD and Euro thereby avoiding unnecessary fluctuations and we undertake regularised contract based activities including for blue chip clients including the French and US Military and the UN.

Diversified 05

Our **diversified business model** spans different locations and products and combines developed and emerging markets.



01

R-LOGITECH STRATEGIC REPORT



R-LOGITECH

PORTS & TERMINALS
LOGISTICS SERVICES
AIRPORT TERMINALS
BULK HANDLING & BAGGING

PORTS & TERMINALS LOGISTICS SERVICES



EUROPE & CHINA

As one of the largest port-infrastructure companies in Europe, Euroports operates and manages a network of ports in strategic locations across Europe and China.

Euroports' value proposition includes high quality maritime supply chain solutions delivered through its network of deep sea and inland terminals.

26	6	60	4,8
Deep-Sea terminals	Inland terminals	Million tonnes per annum	Million tonnes storage capacity



PORTS & TERMINALS LOGISTICS SERVICES



WEST, CENTRAL AFRICA & MAGHREB

R-Logistic operates through a network of agencies on the African continent to establish innovative and integrated multimodal transport solutions, supporting its clients in their core businesses, including mining, oil and gas, industrial, agricultural, commodity trading and military logistics support.

The company provides services to diverse organisations including NGOs, retail and energy sector businesses.



AIRPORT TERMINALS

INTERNATIONAL




- AIRPORT SUPERVISION, GROUND HANDLING & FREIGHT WAREHOUSE
- Management of ground support activities for aircrafts.
 - Technical operations (Ramp and traffic).
 - Coordination of all plane stop operations.
 - Air Cargo (Freight handling and warehouse).
 - Passengers assistance (Boarding, passengers and luggage).
 - Terminal Management of International Airports

PORTS & TERMINALS
LOGISTICS SERVICES



SOUTH, EAST AFRICA, ASIA & LATIN AMERICA

Nectar has extensive knowledge and experience in the operation and management of specialist bulk terminals. The Group has built up a strong reputation with regards to their terminal design and development services around the world.



BULK HANDLING & BAGGING

INTERNATIONAL



Nectar offers dry bulk handling services around the world from quayside bagging and bulk discharge services to consultancy and warehousing designed around customer requirements.

Nectar offers a range of mobile cargo handling solutions including its award-winning mobile technology. Its industry-leading equipment can be tailor-made to meet specific needs.



R-LOGITECH

FREIGHT FORWARDING
TRANSPORTATION INFRASTRUCTURE
TECHNOLOGY

FREIGHT FORWARDING



INTERNATIONAL

Manuport Logistics, offers customers a fully-integrated supply chain solution with a broad range of freight-forwarding services.

Manuport Logistics serves a diverse portfolio of leading customers with specific industry needs, ranging from consumer goods, textiles, flooring, steel, complex project cargoes, and sugar to forest products, fertilisers, foods, chemicals, oils, and other liquids.

Each freight-forwarding supply chain requires its own unique expertise. Manuport Logistics delivers this through teams of experts that guarantee the highest quality in handling and forwarding, supported by quality specific accreditations such as ISO9001 and AEO.



TRANSPORTATION INFRASTRUCTURE



INTERNATIONAL



We invest in the necessary infrastructure for the transportation of products in relation to natural resources.

The investment includes roads and rail infrastructures to support the other logistic services our Group offers.

TECHNOLOGY SOLUTIONS

INTERNATIONAL

Our Technology activities focuses on providing and developping innovative technical solutions supporting the logistics needs of our international clients optimising costs and time with our Award-winning technology.



AWARD WINNING MOBILE BAGGING TECHNOLOGY

We have designed mobile bagging units for both warehouse and quayside operations to fit the needs of our clients, maintaining the quality assurance and high standards of craftsmanship.

INNOVATIVE LIQUID HANDLING

Shipping liquids in flexitanks, ISO tanks and packed formats has been Manuport Logistics speciality for over 30 years. The Company's experience in managing liquids from production to customer enable's Manuport Logistics to develop innovative solutions.



TRACKING & MANAGEMENT SYSTEM

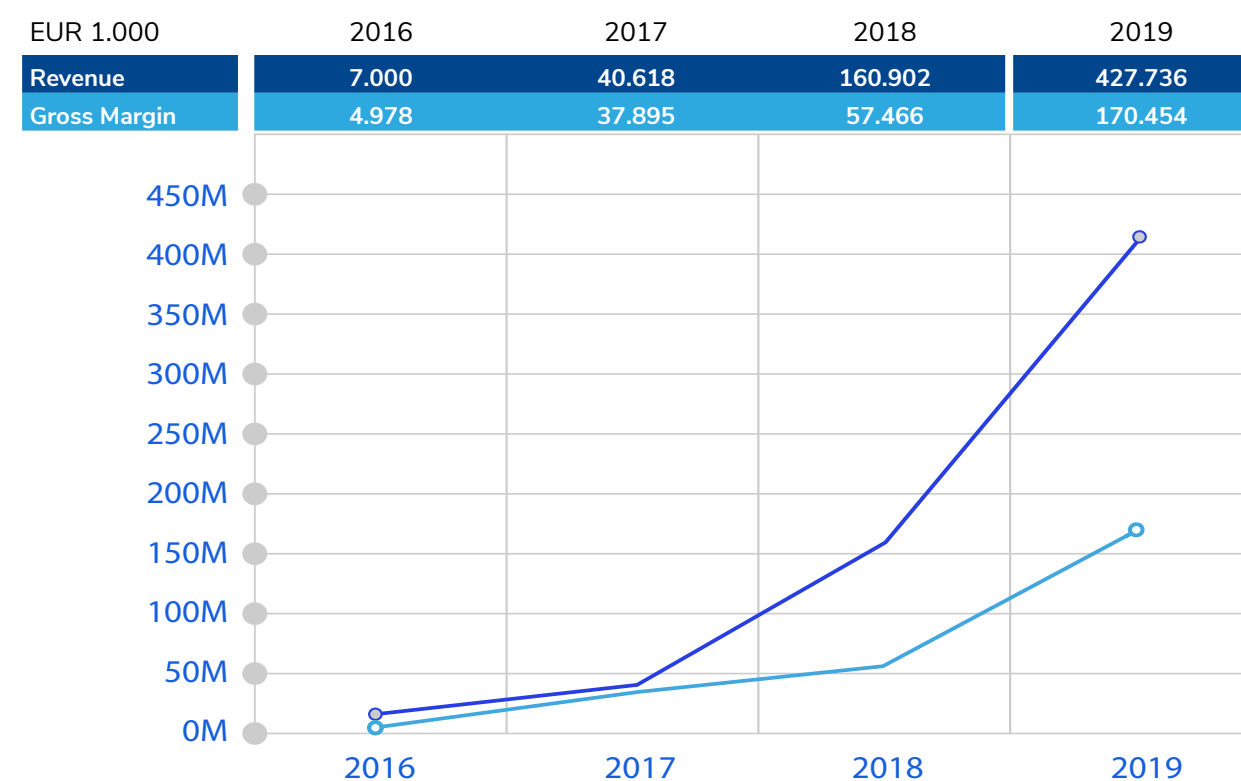
R-LOGISTIC tailored ERP system allows 100% tracking of all aspects of the supply chain process. This system offers greater efficiency, transparency and control.

BUSINESS PERFORMANCE

The Company commenced its activities in 2016. In 2017 the Company acquired significant activities in the logistics: a controlling stake in Nectar and multiple (air) port operations in West-Africa through the acquisition of former Necotrans entities (now named "R-Logistic").

The acquisition of a majority stake in Euroports Holding in 2019 contributed significantly to the growth of the Group.

The table below provides a segmented overview of the Revenue and Gross profit ("GM") of the Company:



The solvency (total group equity divided by the balance sheet total) at the balance sheet date is 30.47% in 2019.

01

R-LOGITECH OUTLOOK

OUTLOOK

GENERAL

The recent emergence of the novel coronavirus could lead to substantial disruption in China, USA, Europe and the world economy, which could have an adverse impact on the demand for the commodities, products and logistics supplied by the Group. Although, the risk of a large scale spreading of the virus remains uncertain in 2020, near term weakness is a reality, and it could have additional longer-term material adverse effects on world markets and thus affecting the Group.

Near term confidence in stability of global demand hinges on many factors, especially the impact of the coronavirus disruption.

The Group remain focused on the strategy to sustainably growth while operating in a responsible manner across all aspects of our business. Clearly in the shorter term, the impact to the Group could be negative but remains uncertain. The Group is closely watching coronavirus developments and potential scenario impacts on global growth and markets and what adjustments, if any, are appropriate for our business planning.

Preliminaries from the first quarter 2020 show a resilient performance of the activities of the Group. Ports and terminals and related logistics services are vital to maintain the supply chain during the fight against COVID-19 and are of strategic importance for all governments. At the end of March 2020 all our ports and terminals were operational, with results within the budgets.

The acquisition of a majority stake in Euroports Holdings in 2019 which will be fully consolidated for the first time in 2020, will contribute significantly to the growth.

FINANCING

The company and its subsidiaries are long term financed with funding resulting from loans and the emission of a bond at FF stock exchange. No significant repayment is due in 2020.

EMPLOYEES

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will be employed, when the growth in activities requires so.

RISKS & UNCERTAINTIES

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

COVID-19

The recent emergence of the novel coronavirus could lead to substantial disruption in China, USA, Europe and the world economy, which could have an adverse impact on the demand for the commodities, products and logistics supplied by the Group. Although, the risk of a large scale spreading of the virus remains uncertain in 2020, near term weakness is a reality, and it could have additional longer-term material adverse effects on world markets and thus affecting the group.

Near term confidence in stability of global demand hinges on many factors, especially the impact of the coronavirus disruption.

The Group remain focused on the strategy to sustainably growth while operating in a responsible manner across all aspects of our business. Clearly in the shorter term, the impact to the Group could be negative but remains uncertain. The Group is closely watching coronavirus developments and potential scenario impacts on global growth and markets and what adjustments, if any, are appropriate for our business planning.

FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar against the Euro, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the sales side, whereas the reporting currency is Euro. In case that foreign currency effects have a significant impact, the exposure is hedged through adequate instruments. The local expenditures are mainly covered in local African currencies that can fluctuate from the earnings that are in USD. Note that this exposure is limited.

FINANCING, CASH FLOWS AND LIQUIDITY

The Company's activities are dependent on sufficient availability of liquidity. We have significant overdraft lines with major local banks. These lines are committed on a short term by nature and, therefore, no guarantee can be given that these lines will be extended. However, all lines have been prolonged over the previous years and there is no imminent reason to assume that these lines will not be extended in the foreseeable future.

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, leases of property and permits. Similarly, communities in certain regions may oppose activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

OTHER RISKS

Other risks facing the Company include performance risk on agreements; quality of work performed, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

Monaco, 27 April 2020

Pascale Younès
Director



Consolidated statement of profit or loss
 Consolidated statement of other comprehensive income
 Consolidated statement of financial position
 Consolidated statement of cash flows
 Consolidated statement of changes in equity
 Notes to the financial statements
 Signing of the financial statements

Please note that the use of rounded amounts and percentages may result in rounding differences of one unit (KEUR, %, etc.).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

EUR 1.000	Note	2019	2018
Continuing Operations			
Revenue	2	427.736	160.902
Cost of sales	2	-257.282	-103.436
Gross profit	2	170.454	57.466
Operating income and expense			
Other operating income	3	-	1.710
Selling expenses	3	-5.155	-126
Administrative expenses	3	-103.977	-40.357
		-109.132	-38.773
Operating profit		61.322	18.693
Depreciation and similar	3	-45.704	-3.684
Non-operating expenses			
Other non operating income and expenses		-1.402	-
Financial income and expense	4	-31.327	-1.855
Net finance cost		-32.729	-1.855
Profit before tax		-17.112	13.155
Income tax expense	5	-2.084	-2.420
Profit from continuing operations		-19.196	10.735
Profit		-19.196	10.735
Profit attributable to:			
Equity holders of the company		-11.519	7.806
Non-controlling interests		-7.678	2.929
		-19.196	10.735

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR 1.000	31/12/2019	31/12/2018
Profit	-19.196	10.735
Other comprehensive income		
Revaluation PPE (note 6)	185.263	-
PPA adjustment Goodwill	-16.109	-
Deferred Tax Liabilities	-48.187	-
Translation differences foreign companies	1.175	88
Total comprehensive income	102.945	10.823
Total comprehensive income attributable to:		
Equity holders of the company	54.110	7.896
Non-controlling interests	48.833	2.927
Total result	102.945	10.823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

EUR 1.000	Note	31/12/2019	31/12/2018
Assets			
Non-current assets			
Property plant and equipment	6	582.104	9.184
Intangible fixed assets	7	781.075	15.523
Financial fixed assets	8	39.866	12.461
Total non-current assets		1.403.045	37.168
Current assets			
Inventories	9	6.092	3.762
Receivables, prepayments and accrued income	10	151.790	61.597
Cash and cash equivalents	11	68.195	11.493
Total current assets		226.077	76.852
Total assets		1.629.122	114.020
Equity and liabilities			
Equity			
Share capital		1.000	1.000
Reserves and retained earnings		283.423	13.745
Equity attributable to the owners of the company		284.423	14.745
Non-controlling interest		211.928	20.510
Total equity		496.351	35.255
Non-current liabilities			
Loans and borrowings	12 & 14	795.311	26.743
Provisions	13	6.126	5.338
Deferred tax liabilities	5	120.811	484
Total non-current liabilities		922.249	32.565
Current liabilities and accruals	12 & 14	210.523	46.199
Total current liabilities		210.523	46.199
Total equity and liabilities		1.629.122	114.020

CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

EUR 1.000	31/12/2019	31/12/2018
Operating profit	61.322	18.693
Adjustments for:		
- Depreciation (and other changes in value)	-	3.684
	-	3.684
Working capital changes		
- Movements trade receivables	-31.172	-37.048
- Movements inventories	-2.330	-295
- Movements on other receivables and assets	-61.147	37
- Movements trade payables	27.748	24.170
- Movements other payables and liabilities	108.048	-10.020
- Movements and other financing	52.228	-7.298
	93.375	-30.454
Income tax paid	-2.084	-2.420
	-2.084	-2.420
Cash flow from operating activities	152.613	-10.497
Investments in intangible fixed assets	-325.254	-6.087
Disposals of intangible fixed assets	5.354	74
Investments in property plant and equipment	-333.767	-948
Acquisitions of group companies	-296.500	-2.305
Disposals of group companies	-	330
Acquisitions of non-consolidated companies	-	-5.646
Investments in other financial assets	-	-397
Cash flow from investment activities	-950.167	-14.979
Proceeds from issuance of capital	-	985
Proceeds from borrowings and leasing liabilities	902.758	23.066
Repayment of borrowings and leasing liabilities	-22.210	-
Movements on loans receivable	2.127	-
Other finance income	-5.009	2.235
Other finance expense	-962	-2.349
Interest received/paid	-23.954	-1.741
Minority shareholder	-	417
Cash flow from financing activities	852.751	22.613
Net cash flow		
Exchange rate and translation differences on movements in cash	1.506	88
Movements in cash	56.702	-2.775
Cash and cash equivalents at 1 January 2019	11.493	
Cash and cash equivalents at 31 December 2019	68.195	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

EUR 1.000	Issued share capital	Revaluation reserve	Translation reserve	Other reserves	Result for the year	Legal entity share in group equity	Third-party share in group equity	Group Equity
2018								
Opening Balance	15	-	-29	2.838	6.272	9.096	15.720	24.816
Total comprehensive income and expense for the period								
Profit/(loss) for the period	-	-	-	-	7.806	7.806	2.929	10.735
Foreign currency translation differences	-	-	92	-	-2	90	-2	88
Total comprehensive income and expense for the period	-	-	92	-	7.804	7.896	2.927	10.823
Other movements in equity								
Allocation of prior year result	-	-	-	6.272	-6.272	-	-	-
Capital contribution	985	-	-	-	-	985	-	985
Acquisitions	-	-	-	561	-	561	417	978
Disposals	-	-	-	-3.793	-	-3.793	1.446	-2.347
Total other movements in equity	985	-	-	3.040	-6.272	-2.247	1.863	-384
Total	1.000	-	63	5.878	7.804	14.745	20.510	35.255
2019								
Opening Balance	1.000	-	63	5.878	7.804	14.745	20.510	35.255
Total comprehensive income and expense for the period								
Profit/(loss) for the period	-	-	-	-	-11.519	-11.519	-7.678	-19.196
Revaluation PPE (note 6)	-	64.536	-	-	-	64.536	56.431	120.967
Foreign currency translation differences	-	-	1.095	-	-	1.095	80	1.175
Total comprehensive income and expense for the period	-	64.536	1.095	-	-11.519	54.110	48.833	102.945
Other movements in equity								
Allocation of prior year result	-	-	-	7.804	-7.804	-	-	-
Acquisitions	-	-	-	215.567	-	215.567	142.585	358.152
Total other movements in equity	-	-	-	223.371	-7.804	215.567	142.585	358.152
Total	1.000	64.536	1.158	229.249	-11.519	284.422	211.928	496.351

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1.1 Corporate information

The activities of R-Logitech S.A.M. ("R-Logitech" or "the Company") and its group companies primarily consist of running ports and terminals, providing logistical services and transportation, procurement solutions and technical solutions. The Company has its legal seat at 7, Rue du Gabian, Monaco and is registered with the chamber of commerce under number 15S06815.

The Company was incorporated as a limited liability company under the laws of Monaco for the purpose of establishing a holding company for logistics and technological solutions.

Until 4 October 2018 the company was registered under R-Logitech S.à.r.l. a limited liability company incorporated under the laws of Monaco, having its statutory seat in Monaco and its registered office at 7, Rue du Gabian, Monaco, registered with the chamber of commerce under number 15S06815.

By resolution of the shareholder's meeting of 6 June 2018 the company changed its legal structure. R-Logitech Group continues under the form of a public limited liability company (Société Anonyme Monégasque) under the name "R-Logitech S.A.M."

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in Monaco. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

The Company is exempted from its obligation to prepare consolidated financial statements as Cypcorp First Investment Ltd. prepares and publishes consolidated statements. However, the Group has voluntarily decided to prepare consolidated financial statements over the financial year 2018.

The Company- only financial statements are prepared in accordance with the General Accepted Accounting

Principles of Monaco ("Monegasque GAAP") and are presented and published separately from the consolidated financial statements.

This statutory company - only annual report of the Company prevails over this annual report from a legal perspective. The objective of this report is to provide an overview of the activities of the Group and its subsidiaries.

The difference between the statements in accordance with Monaco GAAP and these IFRS financial statements are related to the valuation of the subsidiaries: In accordance with Monegasque GAAP, the subsidiaries are valued at cost, whereas the subsidiaries are valued (and consequently consolidated) at the net asset value.

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of

NOTE 1.

the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.4 New and revised IFRSs and IAS 8 changes

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) (collectively, the Boards) respectively have issued largely converged new IFRS. The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has elected to measure the right-of-use

assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On initial application of IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 8,5%. The Group has used hindsight for determining the lease term when considering options to extend and terminate leases.

IFRIC 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. Due to its global reach, including operating in high-risk jurisdictions, the Group is subject to enhanced complexity and uncertainty, which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognise and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgments. The Group has re-assessed its global tax exposure and the key estimates taken in determining the positions recorded to adopt IFRIC 23.

NOTE 1.

There were no leasing Assets and Liabilities according to IAS 17 reported in the financial statements as per 31 December 2018.

The following reconciliation of operating lease commitments as per 31 December 2018 to lease liabilities recognized at 1 January 2019

EUR 1.000	
Total operating lease commitments as per 31 December 2018	2.169
Recognition exemptions	
• Operating lease liabilities before discounting	2.169
• Discount using incremental borrowing rate	1.079
• Operating lease liabilities	1.090
Total lease liabilities under IFRS 16 as per 01 January 2019	1.090

NOTE 1.

As of 1 January 2019, the global tax exposure has been determined by referencing to the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions. The adoption of the interpretation had no material impact on the Group.

Several other amendments to existing standards apply for the first time in 2019, but do not have an impact financial statements of the Group.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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 into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

NOTE 1.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and

NOTE 1.

the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the

parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method

NOTE 1.

from the date when the investment ceases to be an associate or a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and

other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10 Leasing

For any new contracts entered into on or after 1 January 2019, the Group evaluates whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that con-tains the right to use an asset for a period of time in exchange for consideration to be paid.

To apply this definition the Group assesses whether the contract meets three key evaluations of IFRS 16:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset in the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.
- the Group assess whether it has the right to direct 'how and for what purpose' the asset is used in the period of use.
- At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the following costs:
 - the initial measurement of the lease liability,

NOTE 1.

- any initial direct costs incurred by the Group,
- an estimate of any costs to dismantle and remove the asset at the end of the lease, and
- any lease payments made in advance of the lease commencement date net of incentives.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the beginning of leasing date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. The Group uses an incremental borrowing rate if the implicit rate is not available.

Lease payments included in the measurement of the lease liability are made up of the following:

- fixed payments
- variable payments based on an index or rate,
- amounts expected to be payable under a residual value guarantee and
- payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has decided to choose for the possibility of IFRS 16 to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in loans and borrowings or current liabilities and accruals.

1.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not re-translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal

NOTE 1.

of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it

is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 Property, plant and equipment

Property, plant and equipment and intangible assets are

NOTE 1.

stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and licenses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not amortized.

The major categories of property, plant and equipment and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows:

Land:	Fair value model
Buildings:	0%
Plant and Equipment:	10% - 33%
Other operating assets:	up to 10%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 Impairment

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

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use

the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.17 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTE 1.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Since 1 January 2018 the Group classifies its financial instruments as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group's business model for managing the financial assets and contractual terms of the cash flows.

Amortised cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.

FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when

this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.

FVTPL : Assets that do not meet the criteria for amortised cost or FVTOCI. Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement.

Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the

effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on FVTPL equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivatives are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities (except derivatives and liabilities with provisional price features) are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Derivatives and financial liabilities including provisional price features are carried at FVTPL

1.19 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the

NOTE 1.

initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter-party; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. R-Logitech Group applies the simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortised cost the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present

value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered non-collectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.20 De-recognition of financial assets and financial liabilities

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

NOTE 1.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

1.21 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying

instrument, time to expiry, yield curves, volatility of the underlying instrument and counter-party risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognised firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.22 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

NOTE 1.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical or understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Depreciation and amortization of property plant and equipment

Plant and equipment are depreciated / amortized using the linear method, and therefore the annual charge is subject to the estimation of the economic life of property, plant and equipment and the actual economic life can fluctuate from initial estimates.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are base on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

NOTE 2. SEGMENT INFORMATION

General

The company is an international infrastructure and logistics service provider.

Following the acquisition of Euroports in June 2019 the Group is organised into six Business Units that spans Ports & Terminals, Logistics Services, Bulk Handling, Bagging, Airport Terminals, Transportation and Technology.

This structure is used by the management to assess the performance of the company.

As this acquisition has taken place in June 2019 an appropriate segment reporting will be done from 2020 onwards.

NOTE 3. EXPENSES

EUR 1.000	2019	2018
Selling expenses		
Personnel	4.671	-
Sales and marketing expenses	485	126
Total selling expenses	5.155	126
Administrative expenses		
Personnel	59.987	16.416
Professional services fees	5.402	1.830
Facilities and offices	25.725	18.364
Other operating expenses	12.863	3.747
Total administrative expenses	103.977	40.357
Operating expenses	109.132	40.483
Other operating income	-	1.710
Breakdown: depreciation and amortization		
Property Plant and Equipment	13.966	2.702
Intangible assets	3.262	982
Right-of-use asset	26.338	-
Impairment of stock	2.138	-
Total depreciation and amortization	45.704	3.684

The average number of employees of the Group during the year, converted to full-time equivalents was 4508 (2018: 1.410) of which 12 are employed in Monaco (2018: 12).

NOTE 4. FINANCIAL INCOME AND EXPENSES

EUR 1.000	2019	2018
Financial income and expense		
Other interest income and similar income	6.485	435
Interest expenses and similar charges	-30.439	-2.176
Other financial income	962	1.470
Other financial expenses	-5.171	-2.349
Total financial income and expense	-31.489	-2.620
Income from foreign exchange		
Forex gains	162	889
Forex losses	-	-124
Total income from foreign exchange	162	765
Total financial income and expense	-31.327	-1.855

Furthermore expenses for expected loss assurance in amount of EUR 589 thousand are included in the other financial expenses.

NOTE 5. TAXATION

Income taxes consist of the following:

EUR 1.000	2019	2018
Current income tax expense	-2.084	-2.420
Deferred income tax	-	-
Total income tax expense	-2.084	-2.420

EUR 1.000	2019	2018
	%	%
	EUR	EUR
Taxable result	-17.112	13.155
Tax burden based on nominal rate	30,0%	30,0%
Tax differences	7.218	-1.527
Taxation on result on ordinary activities	2.084	-18,1%

The effective Group taxation differs from the statutory Monegasque income taxation applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

Deferred taxes (total EUR 120.811) were accounted on revaluation of buildings in other comprehensive income (EUR 48.187 thousand), resulting from the purchase price allocation of Euroports (EUR 72.369 thousand) and for other in amount of EUR 255 thousand.

NOTE 6. PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

EUR 1.000	Land and buildings	Plant and machinery	Transportation vehicles	Other operating assets	Total
Gross carrying amount					
1 January 2018	2.290	6.409	5.519	1.086	15.304
Reallocations	-2.286	-5.324	-	7.610	-
Additions	-	-	-	948	948
Disposals	-	-	-3.490	-	-3.490
31 December 2018	4	1.085	2.029	9.644	12.762

Accumulated depreciation and impairments					
1 January 2018	-	384	445	47	876
Depreciation	-	-	199	2.503	2.702
31 December 2018	-	384	644	2.550	3.578
Net book value at 31 December 2018	4	701	1.385	7.094	9.184

EUR 1.000	Land and buildings	Plant and machinery	Transportation vehicles	Other operating assets	Total
Gross carrying amount					
IFRS 16 adoption		1.090			
1 January 2019	4	2.175	2.029	9.644	13.852
Acquisition	200.373	440.772	3.040	4.746	648.931
Revaluation	185.263	-	-	-	185.263
31 December 2019	385.640	442.947	5.069	14.390	848.045

Accumulated depreciation and impairments					
1 January 2019	-	384	644	2.550	3.578
Acquisition	-	236.892	-	-	236.892
Depreciation	-	22.749	178	2.544	25.471
31 December 2019	-	260.025	822	5.094	265.941
Net book value at 31 December 2019	385.640	182.922	4.246	9.296	582.104

Acquisitions relate to the acquisition of Euroports Group in June 2019. For further description see note 15.

NOTE 6.

Included in the above line items are right-of-use assets over the following:

	EUR
Buildings	29.202
Plant & machinery	49.069
	78.271

NOTE 7. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

EUR 1.000	Concessions	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2018		9.206	1.289	10.495
Disposals		-	-74	-74
Purchase price allocation adjustment		6.087	-	6.087
31 December 2018		15.293	1.215	16.508

Accumulated amortization and impairments				
1 January 2018	-	3		3
Amortization	-	982		982
31 December 2018	-	985		985

Net book value at 31 December 2018	15.293	230		15.523
---	---------------	------------	--	---------------

EUR 1.000	Concessions	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2019	-	15.293	1.215	16.508
Acquisitions	702.359	-	21.480	723.839
Additions	-	-	748	748
Purchase price allocation adjustment	-	252.676	-	252.676
31 December 2019	702.359	267.969	23.443	993.771

Accumulated amortization and impairments				
1 January 2019	-	-	985	985
Acquisitions	193.895	-	-	193.895
Amortization	12.462	-	5.354	17.816
31 December 2019	206.357	-	6.339	212.696

Net book value at 31 December 2019	496.002	267.969	17.104	781.075
---	----------------	----------------	---------------	----------------

NOTE 7.

Concessions

Concessions in intangible assets contain terminal operation rights, that represent contractual entitlements to operate certain terminals of ports recognized as part of previous business combinations. Furthermore there are concessions, which contain operation rights to operate airports and terminals, that are recognized at cost of acquisitions. These concessions are located amongst others in the following states: Finland, Germany, Spain, China, Belgium, Italy.

For concessions relating to IFRS 16 adoption reference is made to note 16.

The rights are amortised on a straight-line basis over the estimated economic life of the concessions of 0-39 years.

Goodwill

The increase in Goodwill in 2019 with an amount of EUR 252,6 million results from the acquisition of the majority stake in Euroports Group. The reported Goodwill results from the difference between the consideration and the equity of 100% of the shares in Euroports Group as of 1 June 2019, reference is made to Note 15.

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company's management.

Impairment

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of multiple years, based on the financial plans. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

NOTE 8. FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

EUR 1.000	Deferred tax assets	Associated companies	Other receivables	Total
Book Value				
Balance at 1 January 2018	-	5.521	897	6.418
Additions	-	5.646	397	6.043
Balance at 31 December 2018	-	11.167	1.294	12.461
Book Value				
Balance at 1 January 2019	-	11.167	1.294	12.461
Additions	21.119	2.050	4.236	27.405
Balance at 31 December 2019	21.119	13.217	5.530	39.866

The "Associated companies" mainly consist of investments in port operations in the Philippines.

The "Other receivables" are mainly related to deposits that have been provided to service providers for utilities of port operation facilities.

Additions in 2019 relate to the acquisition of Euroports Group as per June 2019. For further description see note 15.

NOTE 9. INVENTORIES

EUR 1.000	31/12/2019	31/12/2018
Raw materials and consumables	6.092	3.762
Total inventories	6.092	3.762

The inventory consists of consumables that are required to keep the operation up-and-running. No impairment has been recorded for the inventories during the year.

NOTE 10. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

EUR 1.000	31/12/2019	31/12/2018
Trade receivables	85.023	53.851
Related parties	1.186	3.313
Other receivables	32.829	3.053
Taxation	10.589	438
Prepayments and accrued income	22.163	943
Total receivables, prepayments and accrued income	151.790	61.597

Regarding the trade receivables the Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade

receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Groups's provision matrix:

NOTE 10.

Provision Matrix IFRS 9 for receivables and contract based assets 31/12/2019:

	Expected default rate	Carrying amount	Credit Loss allowance (included)
Current	1,31%	60.659.807,06 €	793.195,58 €
1-30 days past due	1,39%	10.119.402,19 €	49.880,22 €
31-60 days past due	1,43%	7.464.943,17 €	106.787,61 €
61-90 days past due	1,62%	2.219.886,70 €	35.974,87 €
more than 90 days past due	2,22%	8.106.680,19 €	270.638,24 €
		88.570.719,30 €	1.256.476,53 €

The provision for doubtful receivables as at 31 December 2019 amounts to a total of EUR 1.756 thousand (2018: 1.168). The difference between the Credit loss allowance as per 31 December 2018 and 31

December 2019 amounts to EUR 588 thousand and is recognized as other financial expenses.

NOTE 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as reflected in the balance sheet represent all positions including subsidiaries and joint ventures

NOTE 12. LIABILITIES

EUR 1.000	31/12/2019	31/12/2018
Long-term liabilities		
Bank loans (> 1 year)	469.082	125
Bonds	124.773	26.618
IFRS 16 Leasing Liability	201.455	-
Other Long-term Liabilities	6.126	-
	801.437	26.743
Current liabilities and accruals		
Bank loans (< 1 year)	4.500	6.291
Short term portion of IFRS 16 Leasing Liability	29.989	-
Trade payables	63.964	36.216
Shareholder payable	330	-
Taxes and social security charges	6.614	217
Other current liabilities	48.108	97
Accrued liabilities and deferred income	61.517	3.378
	210.524	46.199

NOTE 12.

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
1 January 2018	3.677	40.223	-	43.900
Cash-flows				
-Repayment	-	-	-	-
-Proceeds	23.066	2.670	-	25.736
Non-cash				
-Foreign exchange movements	-	88	-	88
-Addition to right-of use asset in exchange for increased lease liabilities	-	-	-	-
-Movement in accruals	-	3.218	-	3.218
31 December 2018	26.743	46.199	-	72.942
	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
1 January 2019	26.743	46.199	-	72.942
Adoption of IFRS 16	-	-	1.090	1.090
Revised 1 January 2019	26.743	46.199	1.090	74.032
Cash-flows				
-Repayment	-	-1.791	-20.419	-26.710
-Proceeds	573.239	77.656	250.773	906.168
Non-cash				
-Foreign exchange movements	-	331	-	331
-Movements in accruals	-	58.139	-	58.139
31 December 2019	599.982	180.535	231.444	1.011.960

Long Term Liabilities

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 7 years. The interest rate of these loans are between 7.5% and 9% per annum.

Bonds represent the 2018 – 2023 bond which were launched in 2018 on the Frankfurt Exchange (EUR 125 million). The term of the bond is 5 years with an interest of 8,50 % per annum. The fair value of the bond amounts to EUR 117,79 million at 31 December 2019.

Current Liabilities and Accruals

All liabilities due in less than a year represent bank overdraft facilities, that are renewed regularly on an annual basis. The liabilities related to R-Logistic have an interest rate between 3% and 9% per annum.

NOTE 13. PROVISIONS

The provisions comprise of employment benefit related matters. No legal provision exceeds EUR 200 thousand except for a provision related to a dispute that dates back to the year 2000. In 2000 the former Necotrans company also deployed trading activities and did not deliver properly under one of the contracts.

The claim has been fully provided for. No trading activities are deployed by any former Necotrans company.

NOTE 14. LEASING

The Group has leases for port operation concessions, land, warehouses and related facilities, offices, plant and machinery, some IT equipment and some vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Leases of the Group do not contain variable lease payments.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 6), with the exemption of leases for port operation concessions which are classified separate within intangible assets.

Concessions, warehouses and related facilities have generally a long lease term of 15+ years.

Leases of vehicles and IT equipment are generally limited to a lease term of 2 to 5 years.

Leases of property generally have a lease term of 2 to 5 years.

Lease payments of the Group are generally fixed.

Each lease generally has restrictions that, unless there is a contractual right for the Group to sub-rent the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying asset at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office and other buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group has to insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right of use assets leased	Range of remaining term	Average remaining term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with termination options
Buildings	38	0 - 27 Years	5 Years	33	2	34
Concession (intangible)	136	0 - 39 Years	15 Years	134	-	121
Plant and machinery	412	0 - 10 Years	3 Years	4	108	46

NOTE 14.**Right-of-use assets**

Additional information on the right-of-use assets by class of assets is as follows:

EUR 1.000	Carrying Amount	Additions	Depreciation	Disposal
Concessions (intangible)	170.518	3.308	12.212	0
Warehouses and related facilities	29.073	7.273	7.144	0
Plant and machinery	45.704	23.375	13.099	6.911

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

EUR 1.000	31/12/2019	31/12/2018
Current	29.989	0
Non-current	200.368	1.090

The Group has no possible future lease termination options, therefore additional information on the lease liabilities and amounts in respect of possible future lease termination options not recognised are given.

At 31 December 2019 the Group had not committed to leases which had not commenced. The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

NOTE 14.

Minimum lease payment due	Within 1 year	1-5 years	Over 5 years	total
31.12.2019				
Lease payments	37.912	95.194	183.120	316.226
Finance charges	7.923	24.738	52.121	84.782
Net present value	29.989	70.456	130.998	231.444
31.12.2018				
Lease payments	0	0	3.037	3.037
Finance charges	0	0	1.946	1.946
Net present value	0	0	1.090	1.090

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	EUR
Variable costs	1.124.108
Short-term leases	7.073.011
Leases of low value assets	33.053
Lease payments not recognised as a liability	8.230.172

At 31 December 2019 the Group was committed to short term leases and the total commitment at that date was EUR 1.369

Additional profit or loss and cash flow information

Total cash outflow in respect of leases in the year EUR	20.418.450
---	------------

For interest expense in relation to leasing liabilities, leasing interest amount to EUR 5.219.836

NOTE 15. ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

2019 Acquisitions

In 2019, the most significant transaction was that R-Logitech acquired a 53,35% interest in Europort. Due to the general proximity of transactions to the reporting date, the fair values are provisional and expected to be finalised within 12 months of the acquisition. It is expected that adjustments could be made to the allocation of value between acquired current and non-current assets, deferred taxes and provisions.

The consideration of acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

EUR 1.000	Europort
Non-current assets	773,2
Current assets	170,5
Non-controlling interest	22
Non-current liabilities	718,6
Current liabilities	159,2
Total fair value of net assets acquired	43,9
Net consideration	296,5
Goodwill	252,6

Europort

Effective in June 2019 R-Logitech acquired a majority stake in Euroports Holding in February 2019, which contributed significantly to the growth of the Group. The group is required to account for Europort using the full consolidation method in accordance with IFRS 10.

2019 Disposals

R-Logitech only disposed businesses which are individually and aggregated not material in 2019.

NOTE 16. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the Group divided into the classes amortised cost and fair value through profit and loss ("FVTPL"). Financial instruments of the class fair value through other comprehensive income ("FVTOCI") are not applicable.

2018 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	8	1.294	-	1.294
Trade receivables	10	53.851	-	53.851
Receivables, prepayments and accrued income	10	7.746	-	7.746
Cash and cash equivalents	11	11.493	-	11.493
Total financial assets		74.384	-	74.384
Borrowings (> 1 year)	12	26.743	-	26.743
Trade payables	12	36.216	-	36.216
Bank loans (< 1 year)	12	6.291	-	6.291
Current liabilities and accruals	12	3.692	-	3.692
Total financial liabilities		72.942	-	72.942
2019 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	-	39.866	-	39.866
Trade receivables	9	85.023	-	85.023
Other Receivables, prepayments and accrued income	9	66.767	-	66.767
Cash and cash equivalents	10	68.195	-	68.195
Total financial assets		259.851		259.851
Borrowings (> 1 year)	12	801.437	-	801.437
Current liabilities and accruals	12	210.524	-	210.524
Total financial liabilities		1.011.960		1.011.960

Fair Value Measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- **Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that

the Company can assess at the measurement date; or

- **Level 2** – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- **Level 3** – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

No instruments are valued at fair value.

Financial and Capital Risk Management

The Group has exposure to the following risks arising from financial instruments:

Credit risk Liquidity risk Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans related to resources development:

- The Financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.
- For the Receivables, prepayments and accrued income, the group policy is being introduced to ensure that all receivables will be secured through adequate credit insurance.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2016 and 2019 none of the Group's revenue attributable to sales transactions with a single multinational customer exceeded 10%. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. Nevertheless, since the acquisition of the activities, in principle insurance coverage is (in the process of being) obtained for all Trade Receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The hedging activities primarily take place for the coverage of foreign currency exposure and this is structured in a manner in

which margin calls are avoided.

Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.

The activities are mainly exposed to the USD/EUR exchange rate, as the activities are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for the sales side. Furthermore, the local operations have a limited exposure to the local currency for the part that local resources are paid in the local currency. This effect is insignificant compared to the sales and other operating expenses.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market price risk

The activities are performed on a contract basis that spans multiple years. Due to exclusive operations and ports, the market price risk is limited.

At 31 December 2018, the Company has no hedging instruments and no expenses related to derivatives are reflected in the profit and loss account over the year 2018 and 2016.

Equity price risk

The Company invested into unlisted shares of (air)port operators in order to generate synergies between our group and the co-shareholders. The exposure is limited as the investments are related to exclusive activities in various regions.

NOTE 17. REMUNERATION OF KEY MANAGEMENT

The remuneration of the director is carried by the parent company.

NOTE 18. TRANSACTIONS WITH RELATED PARTIES

In 2019, the Company conducted various transactions with related parties.

EUR 1.000	Note	2019	2018
Related parties <1yr	10	1.186	3.313
Total Receivables		1.186	3.313
Shareholder >1yr	12	330	-
Total Liabilities		330	-
Net receivables (-liability)		856	3.313

The receivables from related parties will be repaid within the next 12 months. The receivables contain logistic services provided to other Monaco Resources Companies.

NOTE 19. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of

agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 20. AUDITOR'S REMUNERATION

EUR 1.000	2019	2018
Audit of the financial statements	78	82
Other audit engagements	932	-
Total professional service fees	1.010	44

NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2019	2018
Consolidated (direct)			
R-Logitech S.A.M.	Monaco	100,00%	100,00%
Nectar Holdings Ltd.	United Kingdom	40,00%	30,00%
Riviera Marine S.A.M.	Monaco	0,00%	29,60%
RL Holding S.A.	Luxembourg	100,00%	0,00%
R-Logistic Group Ltd.	Cyprus	100,00%	100,00%
R-Logitech UK Ltd.	United Kingdom	100,00%	100,00%
Southern & Mediterranean Logistics S.A.M.	Monaco	100,00%	100,00%
Consolidated (indirect)			
Abidjan Port Gestion SAU	Ivory Coast	100,00%	0,00%
Absolit N.V.	Belgium	42,69%	0,00%
Albemarle Investments Limited	United Kingdom	53,36%	0,00%
Antwerp Port Shuttle N.V.	Belgium	53,36%	0,00%
Aragata Port Holding Company Limited	Cyprus	53,36%	0,00%
ATS (Handling)	Congo	0,00%	50,00%
Barging Solutions N.V.	Belgium	53,36%	0,00%
BPH International Forwarding (Shanghai) Corporation LTD	China	53,36%	0,00%
BPH Westerlund Holdings N.V.	Belgium	53,36%	0,00%
Changsu Westerlund Warehousing Co, Ltd.	China	40,02%	0,00%
CIBEN S.A.S.	France	53,36%	0,00%
Citraco SARL	Togo	65,00%	64,40%
Conquest Asia	China	53,36%	0,00%
Corex SARL	Gabon	50,00%	50,00%
EP BCo SA	Luxembourg	53,36%	0,00%
EP PaCo SA	Luxembourg	53,36%	0,00%
Eurofruitports N.V.	Belgium	27,21%	0,00%
Euroports Beteiligungsholdings GmbH	Germany	53,36%	0,00%
Euroports Asia Holdings Ltd.	Singapore	53,36%	0,00%
Euroports Belgium N.V.	Belgium	53,36%	0,00%
Euroports Benelux S.A.R.L	Luxembourg	53,36%	0,00%
Euroports Bulk Terminal Rostock GmbH	Germany	53,36%	0,00%
Euroports Containers 524 N.V.	Belgium	50,91%	0,00%
Euroports Düngemittel Dienstleistung Rostock GmbH	Germany	53,36%	0,00%
Euroports Ferry Stevedoring Rostock GmbH	Germany	53,36%	0,00%
Euroports Finland Oy	Finland	53,36%	0,00%
Euroports France SAS	France	53,36%	0,00%
Euroports General Cargo Terminal GmbH	Germany	53,36%	0,00%
Euroports Germany Verwaltungs GmbH	Germany	53,36%	0,00%
Euroports Germany GmbH & Co. KG	Germany	53,36%	0,00%
Euroports Getreide Service Rostock GmbH	Germany	53,36%	0,00%
Euroports GROUP BV	Belgium	53,36%	0,00%
Euroports Holdings S.A.R.L	Luxembourg	53,36%	0,00%
Euroports Iberica TPS SL	Spain	53,36%	0,00%
Euroports Inland Terminals S.A.	Belgium	53,36%	0,00%
Euroports investment (Changshu) Co. Ltd	China	53,36%	0,00%
Euroports Italy S.p.A.	Italy	53,36%	0,00%
Euroports Logijstik AS	Turkey	27,21%	0,00%
Euroports Logistics Oy	Finland	53,36%	0,00%
Euroports Papier - Lager - und Umschlaggesellschaft GmbH	Germany	53,36%	0,00%

NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2019	2018
Consolidated (indirect)			
Euroports Pietarsaari Oy Ab	Finland	53,36%	0,00%
Euroports Port Acquisitions Luxembourg S.à r.l.	Luxembourg	53,36%	0,00%
Euroports Rauma Oy	Finland	53,36%	0,00%
Euroports SHRU Holdings S.à r.l.	Luxembourg	53,36%	0,00%
Euroports Storage Antwerp N.V	Belgium	53,36%	0,00%
Euroports Terminals Antwerp N.V.	Belgium	53,36%	0,00%
Euroports Terminals Gent N.V.	Belgium	53,36%	0,00%
Euroports Terminals Leftbank N.V.	Belgium	53,36%	0,00%
Euroports Terminals Rostock GmbH	Germany	53,36%	0,00%
Euroports TPS Port Spain S.L., Sociedad Unipersona	Spain	53,36%	0,00%
Euroports Turkey B.V.	Netherlands	27,21%	0,00%
Fast Customs N.V.	Belgium	53,36%	0,00%
Fra-Fret Aerienne Côte d'Ivoir	Ivory Coast	100,00%	0,00%
Garafiri Konta Infrastructure SAU	Guinea	50,00%	0,00%
Gesamthafenbetriebsgesellschaft Rostock mbH	Germany	53,36%	0,00%
HPG SA	Gabon	39,00%	39,00%
IVK Manuport Logistics LLC	Dubai	14,94%	0,00%
KP Gestion Portuaire SA	Guinea	100,00%	0,00%
Liquid Solutions BVBA	Belgium	53,36%	0,00%
Logsys Bulgaria	Bulgaria	53,36%	0,00%
Manuport Logistics Asia Pte. Ltd.	Singapore	32,02%	0,00%
Manuport Logistics Chile SPA	Chile	20,41%	0,00%
Manuport Logistics do Brasil Ltda	Brazil	40,02%	0,00%
Manuport Logistics Engelbrecht S.A.S.	France	53,36%	0,00%
Manuport Logistics Germany GmbH	Germany	40,02%	0,00%
Manuport Logistics Malta (Holding) Limited	Malta	53,36%	0,00%
Manuport Logistics Malta Limited	Malta	53,36%	0,00%
Manuport Logistics Marseille S.A.S.	France	53,36%	0,00%
Manuport Logistics N.V.	Belgium	53,36%	0,00%
Manuport Logistics Netherlands BV	Netherlands	53,36%	100,0%
Manuport Logistics USA LLC	USA	53,36%	0,00%
Manuport Participações LTDA.	Brazil	39,49%	0,00%
Manuport Road Transport Belgium N.V.	Belgium	53,36%	0,00%
Manuport Road Transport France SAS	France	53,36%	0,00%
Manuport Services N.V.	Belgium	53,36%	0,00%
Mauritanienne & Océans S.A.	Mauritania	51,00%	0,00%
NAT Shipping Bagging Services LTD	United Kingdom	40,00%	30,00%
Nectar (East Africa) LTD	United Kingdom	40,00%	30,00%
Nectar (West Africa) Limited	United Kingdom	0,00%	30,00%
Nectar (West Africa) Nigeria LTD	Nigeria	40,00%	30,00%
Nectar GHANA LTD	Ghana	40,00%	30,00%
Nectar Group LTD	United Kingdom	40,00%	30,00%
Nectar MOZAMBIQUE LTDA	Mozambique	30,00%	22,50%
Nectar SENEGAL SARL	Senegal	40,00%	30,00%

NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

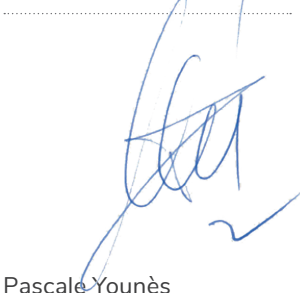
Name	Country of incorporation	Ownership interest	
		2019	2018
Consolidated (indirect)			
Nectar SIERRA LEONE BULK TERMINAL LTD	Sierra Leone	32,00%	24,00%
Oakquild LTD	United Kingdom	40,00%	30,00%
Oy Timberpark Ab	Finland	40,24%	0,00%
Polywest N.V.	Belgium	53,36%	0,00%
Promar Agencies N.V.	Belgium	26,68%	0,00%
R-Logistic Cameroun SA	Cameroun	60,00%	60,00%
R-LOGISTIC Congo SA	Congo	100,00%	0,00%
R-Logistic Africa PVE LTD	Mauritius	100,00%	100,00%
R-Logistic Afrique SA	Ivory Coast	75,00%	75,00%
R-Logistic Algerie EURL	Algerie	100,00%	100,00%
R-Logistic Benin SA	Benin	99,80%	99,80%
R-Logistic Burkina Faso SA	Burkina Faso	70,00%	70,00%
R-Logistic France S.A.S.	France	100,00%	100,00%
R-Logistic Guinée SA	Guinea	100,00%	0,00%
R-Logistic Mali SA	Mali	75,00%	0,00%
R-Logistic Niger SA	Niger	100,00%	100,00%
R-Logistic S.A.S.	France	100,00%	100,00%
R-Logistic Terminals PVE LTD	Mauritius	100,00%	100,00%
R-Logistic Togo SA	Togo	99,00%	99,00%
R-LOGITECH SA	Luxembourg	100,00%	100,00%
Rostock Trimodal GmbH	Germany	34,58%	0,00%
Saint-Louis Port Gestion	Senegal	100,00%	0,00%
SALS AD	Bulgaria	35,58%	0,00%
Société de Gestion Fluviale SA	Guinea	100,00%	0,00%
Société des Ports Fluviaux du Congo SAU	Congo	100,00%	0,00%
Tank Transit Consulting SA	Senegal	75,00%	0,00%
Technipipe SAS	France	0,00%	46,00%
Technipipe Solutions SAS	France	0,00%	50,00%
Terminal Rinfuse Venezia S.P.A.	Italy	53,36%	0,00%
Thaumas N.V	Belgium	53,36%	0,00%
Westerlund Bulk Terminals N.V.	Belgium	53,36%	0,00%
Westerlund Group N.V.	Belgium	53,36%	0,00%
Zhuhai Galoan Euroports Terminals Co. Ltd.	China	26,68%	0,00%

NOTE 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2019	2018
Non-consolidated (Associates)			
Beira Grain Terminal	Mozambique	3,75%	2,81%
Container Depot München GmbH	Germany	38,00%	0,00%
Container Depot München GmbH & Co. Service KG	Germany	43,31%	0,00%
Grosstanklager – Ölhafen Rostock GmbH	Germany	50,00%	0,00%
Ibargo N.V.	Belgium	45,00%	0,00%
Manuport Assessoria Aduaneira e Logistica LTDA	Brazil	19,50%	0,00%
R-Logistic Sénégal SA	Senegal	75,00%	0,00%
SEASIA Nectar Port Services INC	Philippines	9,60%	12,00%
Servei Mancomunitat de Prevencio del Port de Tarrago	Spain	13,95%	0,00%
Sociedad de Estiba y Desestiba del Puerto de Tarra	Spain	27,25%	0,00%
Sucre Oceane SAS	France	50,00%	50,00%
Sugarlab 518 N.V.	Belgium	50,00%	0,00%

SIGNING OF THE FINANCIAL STATEMENTS

Monaco, 27 April 2020



Pascale Younès
Director

03

R-LOGITECH
OTHER INFORMATION

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 68.

SUBSEQUENT EVENTS

The recent emergence of the novel coronavirus could lead to substantial disruptions in China, USA, Europe and the world economy, which could have an adverse impact on the demand for the commodities, products and logistics supplied by the Group. Although, the risk of a large scale spreading of the virus remains uncertain in 2020, near term weakness is a reality, and it could have additional longer-term material adverse effects on world markets and thus affecting the group.

Near term confidence in stability of global demand hinges on many factors, especially the impact of the coronavirus disruption.

The group remain focused on the strategy to sustainably growth while operating in a responsible manner across all aspects of our business. Clearly in the shorter term, the impact to the group could be negative but remains uncertain. The Group is closely watching coronavirus developments and potential scenario impacts on global growth and markets and what adjustments, if any, are appropriate for our business planning.

APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

The Company-only annual report of 2018 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2018 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2019

The Board of Directors proposes to transfer the result over the financial year 2019 to the other reserves. The financial statements do not yet reflect this proposal.

04

R-LOGITECH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of R-Logitech S.A.M.

OUR OPINION

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of R-Logitech S.A.M. as at 31 December 2019 and of its results and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU- IFRS).

WHAT WE HAVE AUDITED

We have audited the accompanying consolidated financial statements for the year ending 2019 of R-Logitech S.A.M. Monaco ('the Company'), which comprise the

Consolidated statement of profit or loss
Consolidated statement of other comprehensive income
Consolidated statement of financial position
Consolidated statement of cash flows
Consolidated statement of changes in equity
Notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements are International Financial Reporting Standards as adopted by the European Union.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of R-Logitech S.A.M. in accordance with the IFAC Code on independence requirements. Furthermore, we have complied with sections §§ 43, 49, 55 WPO (German Auditor's Regulations), §§ 2f, 20ff BS WP/vBP (Statute for German Auditors) and § 319 HGB (German Commercial Code).

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the General Meeting of R-Logitech S.A.M., but these are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter and description

Optimization of the group structure

The Company regularly reviews the optimization of the group structure, which has led to internal transfers of group companies.

Acquisitions and valuations

The Company has expanded through the years by acquiring new operations. In June 2019 the Company acquired the majority of the shares of Euroports Holdings Sarl. We have investigated the valuation, purchase price allocation and deferred tax implications of the acquisition by following the requirements of IFRS 3 business combinations.

Impairment of goodwill, other intangible assets

As a result of the acquisition of the Euroports shares during the year 2019 and the appropriate purchase price allocations the company has disclosed an additional amount of EUR 252,7 million as goodwill under intangible fixed assets. The goodwills are subject to the future performances of these companies. This requires management to closely monitor the carrying values. In 2019 no impairments were noted.

Application of new IFRS

The company has to comply with new mandatory IFRS in 2019, which could have a major impact to its actual and retroactive figures.

Our audit response on Key audit matter

For individually significant transactions relating to these measures that were completed until 31 December 2019 we reviewed and tested these with reference to supporting documentation (e.g. contractual agreements) and we assessed the associated accounting treatment focusing on fair presentation and disclosure.

We performed a detailed analysis on the valuations and audited the validity and completeness of the stated positions. Furthermore, we assessed whether the disclosures were made in accordance with IFRS 3 Business Combinations.

We audited management's assessment of the indicators of any impairment and challenged significant underlying assumptions. Furthermore, we assessed the appropriateness of management's recoverable value models, which included the inherent model inputs and significant assumptions. We challenged the significant inputs and assumptions used in impairment testing for intangible assets. We also assessed the adequacy and completeness of impairment related disclosures in the financial statements, including the key assumptions used as well as the sensitivity.

We performed procedures to check the adequacy and completeness of the application of the new standards. In addition we performed audit procedures on the disclosures and the correct application and presentation accordingly IFRS 16.

RESPONSIBILITIES OF THE MANAGEMENT BOARD

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and for the preparation of the directors' report, and for
- such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

OTHER MATTERS

These consolidated financial statements have not been prepared in accordance with the legal requirements of Monaco Company Ordinance and are not intended for statutory filing.

OUR REPORT ON THE DIRECTORS' REPORT & THE OTHER INFORMATION

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of R-Logitech S.A.M. on December 16th, 2019 by engagement letter dated on December 16th, 2019.

Berlin, 27 April 2020

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)
Charlottenstraße 68
10117 Berlin



Stephan Martens
Partner



Detlef Schröder
Partner

04

R-LOGITECH APPENDIX TO OUR AUDITOR'S REPORT

APPENDIX TO OUR AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS 2019
OF R-LOGITECH S.A.M.

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

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

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

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

From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

DokID:

All rights reserved. This form may not be reprinted, either in whole or in part, or copied in any manner, without the express written consent of the publisher.
© IDW Verlag GmbH · Tersteegenstraße 14 · 40474 Düsseldorf

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.



R-LOGITECH CONTACT

R-LOGITECH

HEADQUARTERS
R-LOGITECH S.A.M.
7, rue du Gabian
98 000 Monaco
www.r-logitech.com

+377 97 98 67 71
investorrelations@r-logitech.com