Logwin AG

Annual Financial Report 2019

Key Figures 1 January – 31 December 2019

Earnings position *In thousand EUR*	2019	2018
Revenues		
Group	1,130,319	1,149,607
Change on 2018	*–1.7%*	
Air + Ocean	753,521	778,756
Change on 2018	*–3.2%*	
Solutions	376,817	371,302
Change on 2018	*1.5%*	
Operating Result (EBITA)		
Group	47,589	49,175
Margin	*4.2%*	*4.3%*
Air + Ocean	46,649	46,224
Margin	*6.2%*	*5.9%*
Solutions	8,275	9,865
Margin	*2.2%*	*2.7%*
Net result		
Group	35,380	39,194

Financial position *In thousand EUR*	2019	2018
Operating cash flows	65,438	47,439
Free cash flow	17,872	36,147

Net asset position	31 Dec 2019	31 Dec 2018
Equity ratio	35.5%	39.2%
Net liquidity *(in thousand EUR)**	72,864	62,623

	31 Dec 2019	31 Dec 2018
Number of employees	4,330	4,390

* Net liquidity as of 31 December 2018 was adjusted for the effect of the adoption of IFRS 16 as of 1 January 2019.

This document is a translation of the German original annual financial report of Logwin AG for the year ended 31 December 2019 as well as the report by the Réviseur d'Enterprise Agréé thereon. In case of any deviation between the German original version and the translated version the German version is prevail.

Group Management Report

General information on the Logwin Group

Business model

Logwin Konzern The Logwin Group offers its customers global logistics and transport solutions in its business segments Air + Ocean and Solutions. In doing so, Logwin combines the advantages of an internationally established logistics group with those of a flexible, medium-sized company.

Air + Ocean business segment The Air + Ocean business segment provides worldwide logistics and transport solutions with a focus on intercontinental air and ocean freight, frequently in connection with upstream and downstream value added services. With its global network of group subsidiaries and long-term partners, Logwin is present at the customer's locations and aims to ensure the highest possible standards of quality and security for logistics chains worldwide.

Solutions business segment As a specialist in contract logistics, the Solutions business segment offers individual customer and industry-oriented solutions, particularly in the retail and consumer goods sector as well as in the area of industrial contract logistics with a focus on the chemicals and automotive sectors. The solutions range from supply chain management, transportation and warehousing to value added services and complete outsourcing projects. The business segment also maintains a special network for customers in the field of fashion and consumer goods.

With customer-specific combinations of individual logistics services, the Logwin Group manages the supply chains between suppliers and consumers, either partially or as a whole. Comprehensive supply chain management, warehousing, value added services and transportation by road, rail, air or ocean freight are the key elements of the services provided by the various entities of the Logwin Group. A worldwide uniform IT infrastructure with its own data centers in Europe and Asia supports globally uniform processes and simple customer connections in addition to ensuring compliance with steadily rising quality, security and compliance requirements.

Logwin AG is listed on the Frankfurt Stock Exchange. The majority shareholder is DELTON Logistics S.à r.l., Grevenmacher (Luxembourg).

Financial performance management

The Logwin Group controls its financial situation by means of various key performance indicators (KPI) that management believes are relevant for measuring performance of the operations, the financial position and cash flows as well as in decision making. Basically the KPIs are intended to preserve a balance between profitability, an effective use of resources and sufficient liquidity. The monthly, quarterly and annual changes in these indicators are compared with the prior year and the forecast/budget data to assist in making management decisions. Furthermore, several KPIs are also particularly relevant for calculating management remuneration.

Unless defined in the relevant accounting standards, the methods of their calculation are described below in line with the European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures (APM) dated 5 October 2015:

Profitability Revenues – as defined by the applicable standards – are in general a key financial earnings figure and thus also an important measure for the Logwin Group as it reflects the ability of selling products and services on the market. This measurement is suitable especially in Logwin's transaction-based logistics businesses as well as its use as a starting point for further volume- and quantity-analysis. In addition revenues are an indicator for corporate development (growth) and with some limitations a suitable cash-flow-oriented success factor (pay-sensitivity of revenues).

The operating result before goodwill impairment – EBITA (earnings before interest, taxes and amortization) – measures the operating profitability of the Group and of the individual business segments and is the key performance indicator of profitability of the Logwin Group. EBITA is derived from revenues less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income, impairment losses on non-current assets (excluding goodwill) as well as impairments on assets measured at amortized cost that are shown separately. In the management's opinion EBITA is most suitable to make Logwin Group's performance illustratable and comparable as it presents the advantage to consistently include the consumption of fixed assets as depreciation is recognized whereas volatile goodwill impairment is excluded. In the financial year under review, EBITA was positively influenced by the first-time application of IFRS 16, as the interest component included in the lease payments of the operating lease contracts accounted for under this standard is now reported under finance costs.

The net result is another key performance indicator for the Logwin Group and provides a comprehensive measure of the Group's overall performance after interest and income taxes and a transparent basis for comparing overall performance, particularly over time. The net result is calculated based on the income statement and thus is defined by the relevant accounting standards (referred to as "profit or loss" in IAS 1.7). The result for the period was negatively affected by the first-time application of IFRS 16, as the recognition of operating leases in the balance sheet leads to a partially earlier recognition of expenses from these contracts.

In addition, gross profit and gross profit margin are further performance measures for assessing Logwin Group's performance. Gross profit is defined as revenues less cost of sales whereas gross profit margin is calculated by dividing gross profit by revenues. Both figures are used to assess the financial strength of the business model as well as the operating profitability over time.

Financial performance Free cash flow is the central key performance indicator for liquidity management in the Logwin Group and its business units since the financial year 2019. The free cash flow replaces the net cash flow previously used as a key performance indicator, the informative value of which has been negatively affected by the application of IFRS 16. This figure is defined as the sum of the operating cash flows and investing cash flows as determined by the applicable cash flow standard IAS 7 less the repayment of lease liabilities (for the method of calculation we refer to the subtotals in the statement of cash flows). It is targeted at maintaining sufficient liquidity to cover all of the Group's financial obligations from debt repayments and dividends, in addition to operating payment commitments and investments. In particular, free cash flow is regarded as an indicator of how much cash is available at the end of a reporting period for paying dividends or repaying debt.

Operating cash flow – a financial indicator of the applicable IAS 7 (referred to as “net cash flow from operating activities” in IAS 7.20) and therefore calculated directly based on the cash flow statement – includes all items that are related directly to operating value creation. It reflects the amount of operating profit converted into cash available for investing and financing activities. Its purpose is to manage and supervise operating liquidity as well as to ensure the generation of cash oriented operational value.

Net asset position The net liquidity and the equity ratio are further key figures applied by the Logwin Group to assess its net asset position. Both measures aim at promoting good financial standing on behalf of good capital market conditions as well as ensuring liquidity. Net liquidity is calculated as cash and cash equivalents less liabilities from leases and other financial liabilities. Its target is to show how much of the liquid funds would be left if all current liabilities are redeemed.

The equity ratio is calculated by comparing a company’s total equity to its total assets and thus provides information regarding the capital structure of a company. The equity ratio shows the proportion of the total assets owned outright by the investors as well as how the company is leveraged with debt.

The recognition of additional leasing liabilities in accordance with IFRS 16 reduced the reported net liquidity and equity ratio.

Non-financial performance indicators, non-financial statement and diversity concept

In addition to the aforementioned financial performance indicators, the number of employees as of the reporting date (absolute headcount, employees includes all persons directly employed by the company, who are active for Logwin in Germany or abroad, full or part-time) represents a key non-financial performance indicator. Looking at the number of staff makes it possible to further analyze costs and productivity and provides insights into the use of resources and capacity. In addition, the number of employees provides benchmarks for other quantitative and qualitative personnel metrics.

Please refer to the CSR report and diversity report for information on the non-financial statement, which is to be issued in 2020 for 2019, and the diversity concept to be applied within the Logwin Group. The documents can be downloaded from http://www.logwin-logistics.com/company/overview/corporate-social-responsibility.html.

Research and development

Development activities in the Logwin Group concentrate on service and process innovations. These innovations are generally developed in close collaboration with customers in order to achieve improvements in operational and administrative processes. The specialists in the Tender Management/Logistics Engineering, Process Management and respective IT departments of the Solutions business segment in particular are entrusted with this type of work for complex contract logistics projects.

Corporate Governance

Members of the Board of Directors and the Executive Committee

Dr. Antonius Wagner (*1961)
Chairman of the Board of Directors and the Executive Committee
Bad Homburg v. d. Höhe (GER)

Sebastian Esser (*1974)
Deputy Chairman of the Board of Directors and member of the Executive Committee
(Chief Financial Officer)
Großostheim (GER)

Thomas Eisen (*1971)
Member of the Executive Committee
Salzburg (AUT)

Dr. Michael Kemmer (*1957)
Non-executive member of the Board of Directors
Munich (GER)

Hauke Müller (*1964)
Member of the Executive Committee
Hamburg (GER)

Philippe Prussen (*1977)
Non-executive member of the Board of Directors
Attorney
Luxembourg (LU)

Axel Steiner (*1973)
Member of the Executive Committee
Großostheim (GER)

The Board of Directors of Logwin AG has adopted a Corporate Governance Charter, which is available on the internet at www.logwin-logistics.com/company/investors/governance.html.

Information in accordance with Article 11 of the Luxembourg Takeover Act dated 19 May 2006

Lit (a): Details on the equity structure of the Logwin Group are included in note 28 on page 78 of the notes to the consolidated financial statements. As of 31 December 2019, there were 2,884,395 fully paid up, no-par registered voting shares issued and admitted for trading on the Frankfurt Stock Exchange.

Lit (b): There are no restrictions on the transfer of the shares.

Lit (c): The majority shareholder of Logwin AG is DELTON Logistics S.à r.l., Grevenmacher, Luxembourg. The sole shareholder of DELTON Logistics S.à r.l. is Stefan Quandt. For further details, please refer to notes 1 and 40 on pages 33 and 100 of the notes to the consolidated financial statements.

Lit (d): There are no shares that give the holders any special rights of control.

Lit (e): There are no employee stock ownership schemes in the Logwin Group.

Lit (f): There are no restrictions on voting rights in the Logwin Group.

Lit (g): As of 31 December 2019, Logwin AG is unaware of any understandings with shareholders that restrict the transfer of shares or voting rights in accordance with Directive 2004/109/EC.

Lit (h): Rules governing the appointment and replacement of members of the Board of Directors and changes to the Articles and Memorandum of Association are contained in Articles 8, 16 and 17 of the Articles and Memorandum of Association of Logwin AG and in chapter 8 of the Corporate Governance Charter. Both documents can be downloaded from www.logwin-logistics.com/company/investors/governance.html.
In particular, the following applies:

- The members of the Board of Directors are appointed by the General Meeting of shareholders for a period not exceeding six years. They may be dismissed by the General Meeting at any time. The repeated appointment of a member of the Board of Directors is permitted.
- If a member of the Board of Directors (including executive members of the Board) retires prematurely, the remaining members may co-opt a new member to the Board in accordance with the legal provisions on a provisional basis. Final election will take place when the shareholders next meet for their General Meeting.
- The General Meeting may change the company’s Articles and Memorandum of Association at any time, taking into account the legal provisions governing minimum attendance and majority voting.

Lit (i): The powers of the Board of Directors, in particular relating to the empowerment to issue or withdraw shares, are regulated in Articles 5, 8, 9, 10, 11, 18, 19 and 23 of the Articles and Memorandum of Association of Logwin AG and in chapter 3 of the Corporate Governance Charter. Both documents are available at www.logwin-logistics.com/company/investors/governance.html.
In particular, the following applies:

- The Board of Directors is responsible for the management of the company.
- The Board of Directors is vested with the powers to perform all acts of administration and disposal in the interests of the company. The Board of Directors may appoint a committee of directors charged with performing the daily management of the company (hereinafter referred to as “Executive Committee”).
- The Board of Directors defines the scope of activity of the Executive Committee and of the individual committees. It also authorizes the procedures that are to be used for the Executive Committee and the individual committees.

- The daily management of the company is performed by the Executive Committee under the supervision of the Board of Directors. The Board of Directors decides on the signatory powers of the members of the Executive Committee.
- The Board of Directors is authorized until 20 May 2024 to increase the company's registered capital by issuing on one or more occasions up to 1,509,105 new no par registered shares with or without an issue premium ("prime d'émission") in exchange for cash and/or non-cash capital contributions.
- The company may repurchase its own shares in accordance with the provisions of the law.

Lit (j): There are finance agreements containing clauses that grant lenders the right to terminate the agreement prematurely in the event that the number of shares held by the majority shareholder of Logwin AG falls below certain thresholds.

Lit (k): There are no agreements between Logwin AG and members of its Board of Directors or other employees that provide for compensation in the event of termination of employment without important reason or in the event of a takeover bid.

Economic report

Overall conditions

Global economy The expansion of the global economy weakened in 2019. Economic momentum in the developing and emerging countries stabilized in the course of 2019, while economic development in the advanced economies deteriorated over the course of the year. The development was significantly influenced by a decline in industrial production growth and a decrease in the volume of world trade.

The global economy has been particularly affected by the intensification of the trade conflict between the United States and China and the related increase and expansion of tariffs on additional product groups. In addition, trade policy tensions and newly introduced restrictions on the movement of goods between the European Union and the United States have increased. Accordingly, world trade growth has declined slightly and the risks arising from the uncertainties surrounding future global trade relations remain.

In the United States of America, economic growth slowed down slightly in 2019. This is mainly due to declining fiscal stimuli as well as trade policy uncertainties and the resulting weaker global economy. Private consumption continued to develop positively, supported among other things by the robust development of the labor market. In the euro zone, growth in 2019 weakened compared to the previous year. While the development of industrial production and the export activity declined due to the weakened world trade, private consumer spending supported the economic growth driven by employment growth and the good financing conditions of private households. Along with trade policy tensions, the Brexit remains one of the key risk factors for economic development in the euro area.

The Chinese economy has continued to grow due to solid private consumption and robust exports, with decreased growth rates compared to previous years. In the major commodity exporting countries such as Russia and Brazil and also in India growth rates also lagged behind those of the previous year.

German (logistics) industry In the German economy growth has declined significantly compared with previous years. The main reason for the slowdown in growth momentum is the noticeable decline in industrial production, which is attributable to the subdued global economic environment and a significant deterioration in the investment climate in Germany. However, private consumption and investments in residential construction continue to have a positive influence on economic growth. In the course of the economic development, the mood in the German logistics industry also deteriorated further in the course of the year.

Competition and market In all relevant areas, the market and competitive environment in the logistics sector was very challenging in the course of 2019. In view of the significant increase in purchase prices this required a high level of commitment to securing existing customer transactions and their profitability as well as in acquiring new customers.

The air freight market declined for the first time in several years. The decline affects all major routes. In sea freight, the overall market stagnated.

In the past year, the contract logistics market was characterized by unchanged competitive and margin pressure both in existing business and in the acquisition of new businesses. Existing business showed a decline in volumes and occasional customer losses.

Business performance

In a challenging market and competitive environment, the Logwin Group was largely able to continue the very pleasing earnings development of the previous year. Sales decreased slightly compared to the previous year. Sales in the Air + Ocean business segment stayed somewhat below the previous year's figure with a market-driven decline in volumes. In the business segment Solutions, however, sales increased slightly due to a pleasing development in international transport volumes.

The Air + Ocean business segment faced declines in both air and sea freight volumes in 2019 in a challenging market environment. The declining volume trend was partially offset in sea freight by freight rates that were on average higher than in the previous year. In the 2019 financial year, a new Transport Management System was successfully implemented in several national companies. The conversion of all national companies to the system will take place successively in the following years and will contribute to further securing the high efficiency of the Air + Ocean business segment.

In the course of 2019, the Solutions business segment focused on the optimization and ongoing development of existing business. Due to customer losses, individual sites were closed and further measures were taken to increase efficiency. The resulting personnel reductions led to a significant negative impact on earnings in a part of the German activities, which was only partially offset by the positive development of international transport activities and one-off effects. Future-oriented projects and investment measures in the infrastructure of the warehouses and locations as well as the IT processes of the essential of the business segment were another focus of the 2019 financial year.

in million EUR	**2019**	**2018**	*Absolute change*
Revenue	1,130.3	1,149.6	–19.3
EBITA	47.6	49.2	–1.6
Net result	35.4	39.2	–3.8
Free cash flow	17.9	36.1	–18.2
Net liquidity	72.9	62.6	+10.3

Net liquidity as of 31 December 2018 was adjusted for the effects of the first time applications of IFRS 16 as of 1 January 2019.

Earnings position

Revenues The Logwin Group reported a slight decrease in revenues from EUR 1,149.6m in the prior year to EUR 1,130.3m in 2019. The sales decline of 1.7% was mainly due to the volume-driven declines in the Air + Ocean business segment.

Air + Ocean
The Air + Ocean business segment generated sales of EUR 753.5m in the fiscal year 2019 (prior year: EUR 778.8m), which corresponds to a decline of 3.2%. In a difficult market environment characterized by declining growth in world trade, volumes decreased in both ocean freight and air freight. The volume declines were partially offset by higher average freight rates, especially in ocean freight.

Solutions
At EUR 376.8m, sales in the Solutions business segment in 2019 were slightly above the previous year’s level of EUR 371.3m. In the year under review, the business segment was again under the influence of strong price and competitive pressure. Volumes in the international transport business in particular developed positively, whereas the trend in contract logistics was characterized by declining revenues in existing business and individual customer losses.

in million EUR	**2019**	**2018**	*Absolute change*
Logwin Group	1,130.3	1,149.6	–19.3
thereof Air + Ocean	*753.5*	*778.8*	*–25.3*
thereof Solutions	*376.8*	*371.3*	*5.5*

In addition to the two presented operating business segments, the revenues of the Logwin Group include the segment Others, which among others comprises the management of real estate, central services and holding companies.

Gross margin and gross profit At 8.8%, the gross margin of the Logwin Group remained on the previous years level in fiscal year 2019. In the Air + Ocean business segment the development of freight rates contributed to a slight gross margin increase. In the business segment Solutions, the gross margin declined significantly, in particular due to unfavorable cost developments in the retail transportation network as well as one-time expenses for personnel measures.

Selling, general and administrative costs Selling, general and administrative expenses increased slightly from EUR 52.9m in the prior year to EUR 54.8m in fiscal year 2019. The increase is mainly due to higher expenses in the business segment Others, that mainly result from the implementation of new transport management systems.

Operating Result (EBITA) In fiscal year 2019, the Logwin Group recorded a slight decline of its operating result (EBITA) by EUR 1.6m from EUR 49.2m in the previous year to EUR 47.6m. At 4.2% (prior year: 4.3%), the Group's operating margin remained at a very pleasing level. The decline in earnings is mainly due to the development in the Solutions business segment, whereas the Air + Ocean business segment achieved a slight improvement in earnings. Operating earnings in both business segments were positively influenced by the first-time application of IFRS 16.

Air + Ocean
At EUR 46.6m, the operating result of the Air + Ocean business segment slightly exceeded the prior year's result of EUR 46.2m. The increase is mainly due to a slight margin-related rise in gross profit.

Solutions
In the year 2019, the Solutions business segment's operating result decreased noticeably from EUR 9.9m to EUR 8.3m. The decline was mainly due to a significant decrease in gross profit. In particular, unfavorable cost developments in the transport network and one-off effects from personnel measures had a negative impact. This was offset by increased one-off income.

in million EUR	**2019**	**2018**	*Absolute change*
Logwin Group	47.6	49.2	–1.6
Margin	*4.2%*	*4.3%*	*–0.1%*
Air + Ocean	46.6	46.2	0.4
Margin	*6.2%*	*5.9%*	*0.3%*
Solutions	8.3	9.9	*–1.6*
Margin	*2.2%*	*2.7%*	*–0.5%*

In addition to the two presented operating business segments, the EBITA of the Logwin Group includes the segment Others, which among others comprises the management of real estate, central services and holding companies.

Financial result and income taxes Compared with the prior year (EUR –0.8m), the financial result for the 2019 financial year declined to EUR –4.2m. This significant reduction resulted mainly from the increase in financing expenses from lease contracts from EUR –0.2m to EUR –3.5m as a result of the first time application of IFRS 16 in the financial year. In contrast, positive foreign currency effects from intra-group financing increased from EUR 0.3m to EUR 0.5m. In contrast, income tax expenses decreased from EUR –9.2m in the prior year to EUR –8.0m, mainly due to the decline in profit before taxes.

Net result In the 2019 financial year the Logwin Group's net result amounted to EUR 35.4m (prior year: EUR 39.2m) and thus fell short of the prior year's figure by EUR 3.8m.

Financial position

Financial management in the Logwin Group The Logwin Group is essentially financed by equity and leasing as well as, if necessary, the factoring of receivables and, to a limited extent, by bank and other loans if necessary. The operating entities of the Logwin Group finance themselves primarily from operating cash flows or intragroup loans.

The Logwin Group's financial liabilities increased from EUR 11.5m to EUR 91.0m as of 31 December 2019 and relate almost exclusively to liabilities from finance leases. The increase is mainly attributable to the first time application of IFRS 16 in the financial year.

Operating cash flows In fiscal year 2019, the Logwin Group achieved cash inflows from operating activities of EUR 65.4m (prior year: EUR 47.4m). The strong increase is mainly attributable to a significant increase in depreciation as a result of the first time application of IFRS 16. The decline in the operating result and the increase in working capital had the opposite effect.

Investing cash flows At EUR –16.8m, the cash flow from investing activities of the Logwin Group was EUR -7.8m below the prior year's cash flow of EUR –9.0m. The deviation is mainly the result of an increase in investments by EUR 7.1m. EUR 6.9m of the increase are associated with increased IT investments in the Others business segment, which are mainly related to investments in new transport management systems.

Free cash flow After the deduction of repayments of lease liabilities of EUR –30.7m (prior year: EUR –2.3m) the Logwin Group generated a free cash flow of EUR 17.9m (prior year: EUR 36.1m).

Financing cash flows The cash flows from financing activities amounted to EUR –41.4m in 2019 (prior year: EUR –10,0m) and primarily included the repayment of lease liabilities amounting to EUR –30.7m (prior year: EUR –2.3m) which increased as a result of the first time recognition of operating lease contracts according to IFRS 16. The financing cash flow also includes the EUR –10.1m dividend payment to Logwin AG's shareholders (prior year: EUR –7.2m) in accordance with the resolution taken at Logwin AG's annual general meeting .

Net asset Position

Total assets The Logwin Group's total assets increased from EUR 471.1m at the end of the prior year to EUR 587.4m as of 31 December 2019. The rise in total assets compared to the prior year was due in particular to an increase in lease liabilities and right of use assets from lease contracts.

Non-current assets increased strongly to EUR 216.0m in the reporting year (prior year: EUR 123.9m). Due to the first-time application of IFRS 16 on the accounting of lease agreements, property, plant and equipment amounting to EUR 115.9m (prior year: EUR 35.6m) is now the main item. In addition, non current assets include goodwill of EUR 66.3m (prior year: EUR 66.8m), deferred tax assets of EUR 18.4m (prior year: EUR 14.4m) and other intangible assets of EUR 13.9m (prior year: EUR 5.6m).

The Logwin Group's current assets rose moderate to EUR 371.4m compared to EUR 347.2m as of the end of 2019. The items presented under current assets include trade receivables and contract assets recognized under IFRS 15 of EUR 157.0m (prior year: EUR 164.5m) and cash and cash equivalents of EUR 163.9m (prior year: EUR 155.5m). In addition, current assets include insurance receivables in connection with jointly and severally owed import sales tax amounting to EUR 18.3m.

Equity The Logwin Group's equity amounted to EUR 208.6m at the end of 2019 compared to EUR 184.7m in the prior year. The increase in equity mainly reflects the net result for the 2019 financial year of EUR 35.4m (prior year: EUR 39.2m). The dividend payment to the shareholders of the Logwin AG of EUR 10.1m (prior year: EUR 7.2m) reduced the equity in the year under review. The equity ratio decreased from 39.2% as of the end of the prior year to 35.5% as of 31 December 2019 due to the strong increase in total assets.

Liabilities Non-current liabilities increased significantly from EUR 45.6m at the end of the prior year to EUR 103.2m at the end of 2019, mainly due to the addition of long-term liabilities from lease contracts as well as the increase in pension and anniversary provisions due to the application of lower interest rates. Current liabilities increased significantly from EUR 240.8m to EUR 275.7m at 31 December 2019 and mainly comprise trade accounts payables of EUR 178.8m (prior year: EUR 188.7m). The increase mainly resulted from the recognition of additional liabilities from lease contracts in connection with the first time application of IFRS 16 and liabilities from joint and several liability for import sales tax of EUR 18.3m recognized in the balance sheet in the financial year.

Cash and net liquidity Cash and cash equivalents of the Logwin Group came to EUR 163.9m at the end of the 2019 reporting year compared to EUR 155.5m as of 31 December 2018. Mainly as a result of the higher level of cash and cash equivalents, the Group's net liquidity, which was adjusted for the effects of the application of IFRS 16, for the prior year increased again significantly from EUR 62.6m as of the end of the prior year to EUR 72.9m as of 31 December 2019.

Employees

The Logwin Group had 4,330 employees worldwide as of 31 December 2019, compared with 4,390 at the end of 2018. The Air + Ocean business segment had 35 employees more than in the prior year. The Solutions business segment employed 110 fewer people than in 2018 mainly as a result of site closures and personnel measures on various operating sites.

The number of employees in the Logwin Group in Germany declined from 1,913 to 1,850.

	2019	2018	*Absolute change*
Logwin Group	4,330	4,390	–60
thereof Air + Ocean	*2,830*	*2,795*	*35*
thereof Solutions	*1,293*	*1,403*	*–110*

Report on the Logwin share

The Logwin Share On all German stock exchanges 46,861 no par value shares of Logwin AG were traded in the year under review. This was equivalent to a turnover of EUR 7.2m. Between the beginning and end of the reporting period, the price of the Logwin share rose from EUR 123.00 to a Xetra closing price of EUR 159.00. However, the significance of this share price development is limited due to the low volumes traded.

Share buyback program The Annual General Meeting on 10 April 2019 authorized the Board of Directors to decide on the buyback of treasury shares by 10 April 2024. No no-par-value shares were acquired in the 2019 financial year as well as in the previous year.

Authorization capital measures The Extraordinary Meeting of Shareholders held on 10 April 2019, authorized the Board of Directors to increase the share capital by 1,509,105 shares by 20 May 2024, on one or more occasions by issuing new no-par value shares with or without premium against cash and/or non-cash contributions.

Key figures for the Logwin share

		31 Dec 2019	31 Dec 2018
Closing price (Xetra)	*in EUR*	159.00	123.00
High/low 52 weeks	*in EUR*	175.00/121.00	150.00/121.00
Number of shares	*Units*	2,884,395	2,884,395
– thereof outstanding	*Units*	2,884,395	2,884,395
Market capitalization	*in million EUR*	458.62	354.78

Shareholdings The majority shareholder of Logwin AG is DELTON Logistics S.à r.l., Grevenmacher, Luxembourg. The members of the Board of Directors and the Executive Committee held neither shares nor options to purchase shares in Logwin AG as of 31 December 2019.

Company rating The rating by Standard & Poor's for the Logwin Group (corporate credit rating) was raised in 2019 to 'BB+' with a stable outlook.

Subsequent events report

In January 2020, the Logwin Group sold a site of the business segment Solutions with effect from 29 February 2020. The respective assets and liabilities are shown separately as held for sale on 31 December 2019.

There were no further events subject to reporting requirements that occurred between 31 December 2019 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 28 February 2020.

Overall presentation of risks and opportunities

Risk management system

Objectives and strategy The Logwin Group has established a Group-wide risk management system in order to ensure the proper management of the company and to implement a determined risk policy at Logwin AG. This forms a key part of the planning and internal control system and is thus an essential element in managing and controlling the company. The aim of Logwin AG's risk policy is the timely and systematic identification of risks that can lead to a significant adverse deviation from forecasts or targets or may become a risk to the further existence of the company so that such risks can be avoided or their negative effects minimized by initiating prompt countermeasures. The systematic identification and analysis of opportunities is not a component of the Group-wide control and risk management system. Continuous close monitoring of business activities at various levels of management of the Logwin Group ensures that opportunities are identified and exploited.

Structure and process The risk management system is ensured by Group-wide policies and procedures that are set out in risk management guidelines. Risk owners in the business segments and holding companies identify and assess risks that can emerge in their areas. These are then systematically summarized depending on predetermined reporting threshold values and communicated to the relevant management levels in the business segments and to the Executive Committee and the Board of Directors of Logwin AG. Besides regular reporting at specified intervals, immediate reporting procedures for new significant risks play an essential part in the risk management system. Controlling and managing the risks is the responsibility of the risk owners, the relevant management levels in the business segments or the Executive Committee, depending on the degree of authority. These clearly defined processes and responsibilities do not just guarantee that all identified risks are duly addressed, but also ensure that the Executive Committee and the Board of Directors of Logwin AG are informed about all major risks.

Control and risk management system for other processes and systems and for the financial reporting process The risk management system was deliberately established as an instrument independent of other processes and systems. However, findings from this system are incorporated into various other processes and systems:

- In particular, thanks to local risk tracking by risk owners, matters relevant to compliance can also be reported and are then monitored by the compliance management system of the Logwin Group.
- In the context of strategic planning, budgeting and forecasting, it is necessary to define how to deal with certain risks within the planning horizon.

Conversely, the findings of other processes and systems must be taken into account in risk management, e.g. by entering issues that are reported through planning (strategic planning, budget or forecast). The Internal Audit department also performs audits. Depending on the matter at hand, audit findings can also be tracked as risks if necessary.

Besides the risk management guidelines, Group-wide accounting guidelines regulate the financial reporting process as a further feature of the internal control and risk management system. The financial reporting process in the Logwin Group reflects its decentralized organizational structure, i.e. at the business segment level, numerous in part systembased reconciliation and plausibility checks are used to monitor the individual Group companies with regard to their reporting preparations (e.g. scheduling and assigning tasks, obtaining balance confirmations, assessing provisions) and also with regard to the preparation of the financial statements. Another element in the internal control system are the letters of representation presented by the management of each subsidiary regarding their annual financial statements. All input and work steps in the consolidation process are documented in the consolidation software, which is used Group-wide. Furthermore, the internal audit department is also involved in monitoring compliance with the accounting guidelines in selected cases.

Risks

Taking into consideration the measures taken or planned, the risks identified across the Group do not – either individually or in interaction with one another – affect the Logwin Group's ability to continue as a going concern. Partial changes in individual opportunities and risks do not have a material effect on Logwin Group's overall risk profile for the 2020 financial year, which – in the companies view – will not change materially compared to the prior year. The following sections first describe the risks and then the opportunities that could have a material effect on Logwin Group's earnings, financial and net asset position. Unless otherwise stated, these descriptions apply to all business segments.

Overview As a global logistics service provider, the Logwin Group faces macroeconomic or political risks along with risks arising from operating business activities. Moreover, financial, legal and regulatory as well as other risks could conceivably also affect its business performance. The Logwin Group has – in accordance with legal requirements – set up a comprehensive risk management system. The system's objective is to systematically identify and manage risks early on, which could negatively impact earnings or lead to deviations from the budget, or cast significant doubt on the Group's ability to continue as a going concern. The possibility cannot be excluded that the risk management system could prove to be inadequate or inefficient, and that unrecognized risks or negative developments could materialize in the Group's course of business activities or not be identified quickly enough in order to prevent them from materializing. As a result, the Logwin Group's net assets, financial situation and earnings position may be significantly affected.

Macroeconomic and political risks The performance of the global economy and of world trade is of crucial importance for the demand for logistics services and thus for the business performance of the Logwin Group.

The Logwin Group is currently closely monitoring the potential risks arising from the corona virus epidemic, particularly in the business segment Air + Ocean. The first negative effects, e.g. due to the discontinuation of flights to and from China and the extension of holidays for the Chinese New Year, have already been observed. A longer-term impairment of global trade and economic development as a result of the epidemic could have a significant impact on the net assets, financial position and results of operations of the Logwin Group.

Material risks therefore lie in the global economic developments and in particular in the euro zone economy and the Asian economies. In this regard, there is the particular risk of a serious impact from the decline in economic growth in China. The introduction of trade barriers in the short- and medium-term and efforts to restrict free trade for political reasons can also have a significant negative effect. According to the assessment of the company, risks relating to Brexit are of minor significance for the Logwin Group. Even though the decision as to whether and, if so, what trade agreement the UK will join following Brexit could have a major impact on the (previously) free movement of goods, services, persons and payments between the UK and EU member states, this plays only a minor role in the Logwin Group due to insignificant revenues from transport services in the movement of goods between the EU and the UK. No significant effects are expected in the 2020 financial year for the primary intercontinental import and export business to and from the UK.

A significant decline in economic momentum in relevant economic areas, economies and sectors, such as the textile industry, automotive or certain segments in wholesale and retail trade, would lead to a decline in in the Logwin Group customer's demand for logistics services in individual or all Logwin operating units, which could make it necessary for the Logwin Group to take corrective measures. Exchange rate changes can also have a significant impact on trade flows and thus on the market size for intercontinental air and ocean transport.

The Logwin Group monitors the relevant general economic developments with the aim of anticipating the effects of negative macroeconomic developments early on and minimizing the repercussions for its financial position and performance by managing the respective exposure and, if possible, adapting the business model.

Terrorist incidents in many parts of the world often also target key traffic and transshipment points on global trade routes. This can lead to short-term disruptions and medium-term changes in trade flows owing to security considerations of the customers of the Logwin Group. These changes in transport volumes and the growing importance of economic embargoes and sanctions in global international relations can have a significant negative impact on the net asset, financial and earnings position. The Logwin Group reduces its risks in this regard by diversifying its global activities and the day-to-day, risk-minimizing management of its customers' transport volumes.

Risks arising from operating business activities The business activities of the operating units of the Logwin Group are subject to a variety of risks worldwide. These are explained in more detail in the sections below.

Market and customer risks
Many customers who have launched cost reduction programs become even more cost-conscious and consequently demand reduced prices from their logistics service providers. This can result in existing logistics contracts being reexamined and an increasing number of contracts being put out to tender. This applies especially to the Solutions business segment, which is highly dependent on individual large customers. There is the risk for the Logwin Group that these customer measures will have an adverse effect on its earnings situation. Thanks to the high quality of services and the cost savings achieved in recent years, the Logwin Group is still able to meet rising requirements and to hold its ground against its competitors.

In various customer contracts, liability and investment risks are transferred to the Logwin Group as the service provider, or penalties for failure to render contractual services are agreed as a condition for engaging in business relations. These may lead to risks significantly exceeding the basic legal warranty risk, which could have a negative impact on the net assets, financial situation and earnings position of the Logwin Group. The Logwin Group minimizes these risks by means of comprehensive controlling at contract and branch level. Furthermore, potential risks are identified early on within the risk management process and immediately counteracted.

In the Air + Ocean business segment, there is a key risk of a lasting slowdown in the long-term growth trends in the area of air and ocean freight. Due to the very low industry concentration and the global oversupply of air and ocean freight capacity, fiercer competition for stagnating air and ocean freight volumes can further increase pressure on margins. With high service quality and intensive efforts to continuously acquire new customer business, the Air + Ocean business segment is striving to counteract the erosion of its margins.

Procurement risks
Developments in industry-specific costs pose another considerable risk for the Logwin Group's earnings situation. There is a general risk in this regard that cost increases cannot always be passed on to customers immediately and in full, which could lead to a considerable reduction in earnings. As far as possible, this risk is taken into account through careful contractual arrangements and sufficient diversification with regard to the service providers and suppliers engaged.

A large part of the services provided by Logwin Group is rendered by subcontractors. The local and global availability of a diversified supplier market is a prerequisite for the Logwin Group to provide customers with freight forwarding services at competitive prices. At present, considerable consolidation trends can be observed above all in the global shipping market, but also increased cooperation efforts among air freight carriers. There is the risk that consolidation in the carrier market could impede the ability to sufficiently stand out from the competition, which can have a considerable impact on Logwin Group's earnings.

However, despite limited in-house transport capacity, there is the risk that the available transportation capacities and cargo space will be underutilized, particularly in the retail network of the Solutions business segment. The same can be true, but not quite to the same extent, for firmly booked capacity in air freight.

A noticeable increase in freight rates can also have considerable negative effects on the earnings position of the Logwin Group if higher rates cannot be fully passed on to customers in a timely manner. Furthermore, risks related to logistics real estate that is rented or otherwise held and remaining vacant could have a negative effect on the Logwin Group's net assets, financial and earnings position. The Logwin Group limits these risks through appropriate contract design and the continuous monitoring of ongoing business activities. Furthermore, established internal processes allow it to react quickly and flexibly to constantly changing circumstances.

There is also the risk of an increase in fuel and heating oil prices, particularly in connection with transportation services, but also for maintaining logistics real estate. Based on the currently low price level, there is the risk of significant prices rises in the medium term, which could lead to an unexpected and, in some cases, very abrupt increase in the cost of sales.

In sea freight, the limitation of the sulphur content in fuel for ships by the IMO2020 regulation will lead to an increase in effect on freight rates from 2020. There is a risk that the resulting price increases cannot be fully passed on to customers. The Logwin Group considers this risk and the risk of shifting flows of goods due to the increase in costs to be low.

It is also important for the Logwin Group when providing seamless transportation and logistics services at different locations to have properly qualified staff at competitively appropriate conditions. In the event that sufficient appropriate staff are not or only restrictedly available at the company's locations, the Logwin Group faces the risk of not being able to provide its services as agreed due to increased labour costs, or only in a way that is economically unviable.

This also applies to skilled experts in logistics in addition to the workforce in the commercial area. This could have a negative effect on the Logwin Group's business performance and profitability in the short, medium or long term. The Logwin Group mitigates this risk with intensive and systematic recruitment activities and various measures for the development and advancement of its employees. Furthermore, Logwin's reputation as an attractive employer is enhanced by, for example, taking part in recruitment fairs. In addition, regular health and safety management courses are hosted to help avoid health risks and potential accidents.

Technical risks
The availability of a functional IT infrastructure and IT applications is critically important for the economic performance of the Logwin Group. There are IT risks due to the possible outage of operational and administrative IT systems, which could significantly impede business processes and pose a threat to the Logwin Group's ability to continue as a going concern in the event of prolonged or sufficiently extensive disruptions. Existing and new threats to Logwin Group's data security and IT infrastructure are regularly assessed in order to limit IT risks. In 2019 as in the previous

year heightened IT risks in the area of data and cyber security have been observed. The rising number of new threats, such as business compromise email, ransomware attacks or discovery of vulnerabilities in the products of several IT infrastructure manufacturers, seems to indicate that the threats facing the Logwin Group have remained on an unchanged high level compared to the prior year. Therefore, the Logwin Group takes suitable protective measures to ensure and enhance the secure availability of IT services and functionality.

The outage of technical equipment such as automated storage technology for high-rise warehouses, ground conveyor vehicles and facilities or material flow computers can result in revenue shortfalls, liability and warranty risks for damage and quality defects. The Logwin Group is able to minimize these risks with regular maintenance and the continuous improvement of technical equipment and machinery.

Should the current introduction of new transport management systems result in unexpected delays or implementation problems, this could on the one hand lead to negative effects on the net assets, financial position and earnings due to additional implementation expenses or depreciation of already capitalized assets. Nor would it be possible to rule out an impairment of the settlement of current transactions or appreciable losses in efficiency in this case. The risk is classified as low due to the project progressing according to plan at the time of preparation of this report.

Financial risks

Liquidity risks

The business operations of the operating units of the Logwin Group as a logistics provider require it to use loans, factoring and credit-related forms of finance, for example when renting or leasing infrastructure, transport equipment and other technical equipment and facilities over the short to medium term. Continuing restricted access to means of finance and guaranteed credit lines, insufficient availability of suitable receivables that can be sold in the factoring process or a sustained increase in the cost of such financing instruments could lead to considerable risks for liquidity and earnings of the Logwin Group.

The Logwin Group manages its liquidity risk by monitoring the current liquidity situation on a daily basis. Liquidity planning is used to determine future requirements and to analyze on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources. As of 31 December 2019, the Logwin Group had unused credit facilities of EUR 39.2m (prior year: EUR 39.1m). The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m from the factoring facility depending on the volume of receivables sold.

Note 36 to the consolidated financial statements on page 97 provides a maturity analysis of the financial liabilities.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports world-wide. The Logwin Group will be confronted with liquidity and earnings risks if such established financial instruments are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms under-lying international financial business transactions fail to work. The risk is reduced by diversification and contractual agreements with leading financial service providers selected according to defined criteria.

Credit risk
There are credit risks arising from relationships with customers and banks, which could have a negative impact on earnings if they were to materialize. Credit risks arising from relationships with customers are minimized by detailed credit assessments and a restrictive allocation of payment terms. Furthermore, in nearly all countries trade credit insurance exists for the majority of customers. Credit risks resulting from relationships with banks (counterparty risk) are counteracted via diversification of banking relationships.

Allowances are made for possible default risks on trade accounts receivable and other financial assets. Please refer to note 23 on page 73 of the notes to the consolidated financial statements for more information on the extent of loss provisions of trade accounts receivable.

Unless stated otherwise, the carrying amount of financial instruments is their maximum default risk.

Currency risk
The companies of the Logwin Group generate revenues in various currencies in the course of carrying out their worldwide activities and therefore also recognize their assets in non-euro currencies. As a result, the Group is subject to ongoing currency risks. Moreover, between the companies of the Logwin Group there are internal financing balances in foreign currencies.

As a result, a significant risk to earnings and liquidity from the negative effects of exchange rate movements cannot be excluded.

Wherever feasible, the Logwin Group reacts to potential foreign exchange risks affecting liquidity by using hedging instruments. Taking into account hedging activities, a change in the respective functional currency of the group companies by +/– 10% in relation to the US dollar, the main foreign currency of the Logwin Group, as of 31 December 2019 would have an effect on the Group's net result of –/+ EUR 0.2m (prior year: –/+ EUR 0.3m).

Note 35 on page 95 contains a list of forward exchange contracts as of the end of the reporting period.

As the euro is the reporting currency of the Logwin Group, the financial statements of the companies are translated into euro, which is the functional currency of the Group, for the purposes of the consolidated financial statements. These translation-related foreign currency risks are typically not hedged in the Logwin Group. This can create a considerable impact on the presentation of the earnings position and net assets of the Logwin Group. The Logwin Group closely monitors the extent of the possible impact on an ongoing basis.

Interest rate risk
Interest rates can change after a prolonged phase of low interest rates as a result of various influential factors. Increased rates of interest can pose a risk to the earnings of the Logwin Group. As of 31 December 2019, the Group had financial liabilities subject to variable interest rates resulting from lease contracts. These interest rate risks resulting from these contracts are closely monitored on an ongoing basis and tolerated at the current level.

Legal and regulatory risks The Logwin Group performs various customs and VAT-related processes on behalf of its customers as part of its cross-border, international transportation activities. Risks are involved in performing these processes and making the required customs or tax declarations. This applies especially when the Logwin Group is liable for the completeness and accuracy of such declarations, for example, when bearing joint and several liability. Considerable risks to the financial situation and earnings position of the Logwin Group arise in particular in cases where a customer is unable to settle its payment obligations. To limit these risks, these proceedings are handled by appropriately qualified personnel. Furthermore, the internal control and risk management system in place helps to counter possible threats early on.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding back payment of import VAT of around EUR 17m plus interest in connection with customs clearances that the company had performed with joint and several liability on behalf of customers in the period between December 2005 and March 2006. The company's claim for remission was rejected in the year under review. As a result of the payment of the import VAT plus interest demanded by the Austrian customs authorities by an insurance company in January 2020, Logwin considers the risk of a future negative impact on the net assets, financial position and results of operations to exist no longer. At the request of the insurance company, Logwin has filed an appeal against the dismissal of the application for remission with the Austrian Federal Administrative Court in January 2020.

In an increasingly security-conscious environment, the possibility of the introduction of stricter security measures such as tighter import controls and controls in connection with air freight security cannot be excluded. It is difficult to assess what the effects of this might be for the logistics industry, but having to meet international security regulations would presumably result in increased costs and significantly higher investment requirements for additional security measures, which could then affect the financial and earnings position of the Logwin Group.

Country-specific risks can result, for example, from inconsistent interpretation, application and abrupt changes to legal, tax and customs regulations. This is not only the case for various emerging countries where the legal system does not yet conform to international standards (or only to a limited extent). It also applies to locally adopted implementing regulations of EU law, whose transposition sometimes differs greatly from country to country. Through the close monitoring of the development of global safety regulations and other legal frameworks, the Logwin Group strives to respond to additional requirements early on and to mitigate or avert the impact of additional expenses by adjusting customer agreements.

Moreover, in providing its services and running its own facilities, the Logwin Group is subject to the laws, rules and regulations prevailing in the countries where it operates, such as transportation licenses and occupational health and safety. Conditions and licensing requirements may restrict transportation and logistics activities. For a number of customer projects, the companies of the Logwin Group are dependent upon retaining their current licenses and permits at all times. Losing such authorization could significantly threaten the profitability of the customer projects concerned. The risks arising from this are constantly monitored by the risk owners in order to directly counter potential threats.

The contractually agreed acceptance of risks, principally warranties, indemnification and tax risks, remain in connection with winding up the business operations sold by the Logwin Group. If Logwin Group is held liable, this can have an considerably negative impact on the financial situation and earnings position of the Logwin Group. These risks are contractually limited as far as possible.

The Logwin Group is particularly affected by environmental laws and regulations in those areas where the provision of logistics services involves the handling potentially hazardous materials such as operating filling stations. In addition, various logistics facilities require the handling of hazardous goods. The logistics and transportation sector, at least in Germany and the rest of the EU, can be expected over the next few years to become the focal point of policies and laws on the environment and climate change. In this context, there are risks that will only be possible in part to offset the resultant cost increases through increased efficiency or to pass them on to customers in the form of higher prices. This could have a considerable impact on the Logwin Group's earnings and financial position. Ongoing monitoring and systematic reviews by the monitoring bodies and, in particular, by the quality management officers of the Logwin Group ensure the early identification and elimination of these risks.

Other risks The Logwin Group is exposed to the risk of claims for damages arising from breaches of duty by management. In addition, malicious acts such as theft, fraud, breach of trust, misappropriation of payments and corruption hold a high level of potential risk and can result in substantial damage both in material terms and to Logwin's reputation. In this context, the internal control system of the Logwin Group helps to reduce possible risks. Furthermore, the Logwin Group has defined a code of conduct with the aim of promoting the integrity of employee conduct and to prevent situations that are incompatible with these principles. The code of conduct is publicly available on Logwin Group's homepage and also firmly incorporated into the employment contracts of staff. There are regular information and training sessions on the code of conduct. Special online training was designed for senior managers and sales staff. More than 700 employees have successfully completed this course so far. In 2019, these training activities were supplemented by the introduction of an online training on anti-corruption. This explains in more detail which actions are to be classified as corruption, which legal principles may be relevant and the consequences of misconduct. Following the introduction of this module, approximately 100 employees have already completed this module.

The Logwin Group accepts business risks in order to make use of market opportunities. Should these risks materialize, they could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group. At EUR 66.3m, recognized goodwill as of 31 December 2019 is one major item in the Logwin Group's non-current assets, and is mainly attributable to the Air + Ocean business segment. In compliance with the requirements of IAS 36, goodwill is subject to an impairment test. Prolonged performance that is weaker than anticipated in individual areas within the Logwin Group involves the risk that an impairment will have to be recorded for the goodwill recognized in the consolidated balance sheet ("impairment risk"). Another influential factor is the current and anticipated trend in interest rates. Sustained weak or weaker than anticipated performance of individual Logwin companies could require an additional adjustment of recognized deferred taxes. A lack of recoverability of non-current assets could have a negative influence on the net assets, financial situation and earnings position of the Logwin Group.

Compliance The Logwin Group attaches great importance to Group-wide compliance with national and international legislation, contractual agreements and the Group's internal policies. To firmly anchor this principle, the Logwin Group has formulated a Code of Conduct, which is binding for all employees in the Group. This code of conduct specifically defines general behavioral principles, requires employees to understand and comply with the relevant legislation, governs how to deal with business partners and public-sector institutions and sets out guidance on avoiding conflicts of interest. The Board of Directors of Logwin AG has also adopted a Corporate Governance Charter, which is based on the Corporate Governance regulations of the Luxembourg Stock Exchange and sets out requirements for the governance of the Logwin Group and for ensuring compliance with related legislation. The Corporate Governance Charter of Logwin AG has been published on the Logwin Group's homepage. Please refer to the "Corporate governance" section of this management report.

To monitor compliance with compliance requirements, a compliance officer was appointed. Under the overall responsibility of the Executive Committee, a compliance management system was created that forms the framework for the structured monitoring, assessment, management and tracking of compliance risks on the basis of defined risk fields. Comprehensive and recurring employee training in the form of classroom and online sessions complement the range of measures that is continuously being expanded.

Compliance activities are also supplemented by the work of the internal audit. The focus here is on monitoring compliance with legislation and internal rules in addition to contractual agreements. Together with business segment representatives, the internal audit function carries out audits of selected locations and companies worldwide. External specialists and lawyers are involved in monitoring compliance with national legislation, with a particular emphasis on anti-corruption, compliance with tax and customs legislation, data protection and labor law. Overall, these measures have systematically expanded the Logwin Group's compliance organization in recent years. Nevertheless, the possibility of infringements against national or international regulations occurring, resulting in risks that could threaten the very existence of the Logwin Group, can never be excluded completely.

Opportunities

Macroeconomic and industry-related opportunities Besides the aforementioned risks, ongoing globalisation also provides the Logwin Group with certain opportunities. Further global economic growth will drive the growth of the logistics industry in the future as well. This is especially true for Asia, where trade flows with other regions and especially within the continent will increase further. In addition, market opportunities can arise in the shape of growth momentum provided by other countries experiencing strong growth in regions such as South America or the Middle East.

Should the economic environment in key industrial regions, such as the US and Europe, develop better than our forecast, this may also lead to unexpected growth momentum, as the business development of our customers determines the demand for storage and transport services. Accordingly, rising transport volumes in imports and exports as well as the positive development of freight rates can have an advantageous effect on the performance of the Logwin Group.

Besides regional characteristics, growth impulses can also result from individual industries. Especially favourable developments in the automotive, consumer goods, chemicals or plant and mechanical and engineering sector can have a positive effect on the Logwin Group's business performance. Booming online trade represents a further opportunity for the Logwin Group. This is pushing the demand for the transport of goods and, thus, offers major growth potential for national and international transportation business.

Opportunities from operating activities Opportunities can be seized by taking advantage from the options provided by technological innovations. Digital transformation provides new opportunities for the integration with customers and suppliers of the Logwin Group. This means market opportu- nities in a challenging and dynamic environment can be quickly and selectively seized and competitiveness can be improved. Furthermore, rising technological intensity in operational processes can help realize optimization potential so that, besides efficiency improvements, the increased use of modern, networked IT systems can lead to improved operational quality, an increased cost efficiency and a reduction of response times. Opportunities can also be found in the continuous rise in productivity and cost transparency, as well as from leveraging synergy effects, which therefore are the focus of Logwin management's efforts.

The trend towards outsourcing logistics services continues unabated. Supply chains are becoming more complex and international, but also more prone to disruptions. Therefore, customers are looking for stable and integrated logistics solutions and seeking the support of specialized service providers. Should this trend continue, the Logwin Group could potentially seize further opportunities for growth.

There are opportunities in procurement, especially due to positive price development, such as for purchased transportation services, but also for fuel and heating oil prices.

Other opportunities Other opportunities may arise from acquisitions or by reassessment of the business operations. By constantly checking existing business as well as observing potential takeover targets, the Logwin Group seeks to identify any promising prospects early on and – after carefully weighing up the risks – seize such opportunities. Opportunities for improving the earnings position of the Logwin Group can also be found in potential positive effects from movements in exchange rates or changes in interest rates.

Outlook

All statements in the outlook report are subject to increased uncertainty due to the current development of the corona virus epidemic.

Economic forecast In line with the leading economic forecasts, the Logwin Group expects global growth to stabilize on the level in 2020. Only slight economic growth is expected for the euro zone and the German economy. In contrast, a moderate increase in economic growth is becoming apparent in the emerging markets, although expectations here are mixed and a further slowdown in growth is expected, particularly for China. It is not possible to estimate the extent and magnitude of the overall economic dampening effect of the extended business interruption on Chinese New Year and the restrictions on goods, passenger and other business traffic caused by the corona virus epidemic. For the Logwin Group, the development of individual subsectors of German consumption, in particular the textile and clothing industry, as well as the development of the strongly import- and export related economic sectors, especially the automotive industry will be of major importance.

The possibility that material overall risk factors could have a negative impact on the business development of the Logwin Group is assessed as realistic and is reflected in the assessment of future business development. These risk factors include the subdued growth expectations for the Chinese economy as well as persisting political uncertainty in the USA and individual European countries. The trade conflict between China and the USA and its potentially negative effects on world trade pose additional risks with regard to the general economic development. The direct risks of the Brexit for the Logwin Group, on the other hand, are classified as low.

Revenue expectations The Logwin Group anticipates slight revenue growth for 2020. Overall economic development in 2020 will play a key role in this context. This forecast is subject to the provision that the corona virus epidemic will not have a significant impact on economic development, particularly in Asia, and on world trade. At the present time, the economic impact of the epidemic cannot be estimated.

Air + Ocean
The economic development in the main markets of the Air + Ocean business segment is characterized by subdued growth in 2020 due to the economic uncertainties as well. Sales should expand moderately. The focus continues to be on acquiring new customers, expanding business with existing customers and securing existing business. As in previous years, revenue in 2020 will depend to a large extent on the development of freight rates and exchange rates in addition to the volume developments with existing and new customers. The Logwin Group expects a slight increase in the rates of both air and ocean freight. The continuation of the worldwide introduction of the new transport management system in the largest country organization in Germany and China, will significantly determine the development.

Solutions
Revenue in the Solutions business segment is anticipated to be slightly below the previous year's level in 2020. This is mainly due to customer losses and declining sales with existing customers in contract logistics, which can only be partially offset by price increases in the transport network, which have already been agreed or are planned. In the Solutions business segment the expected stable or slightly rising freight rates in the transport sector will have a considerable impact on revenue development as well.

Earnings expectations Under the conditions described above, the Logwin Group expects a slight decline of the operating result in 2020. A slight decline in earnings in the Air + Ocean business segment is offset by a significant increase in earnings in the Solutions business segment, which is due in particular to the absence of one-off expenses from personnel measures and price increase initiatives. Accordingly, net result for the period will show a stronger decline compared with the 2019 financial year, taking into account non-recurring effects and a normalization of the tax rate.

Air + Ocean
Following the further slight increase in earnings of the Air + Ocean business segment in the reporting year, it will not be possible to fully maintain this earnings level in 2020 in the actually very challenging market and competitive environment. Nevertheless, the forecast assumes that important business with existing customers will be retained and that growth will be achieved in new customer business. Transport volumes should rise accordingly. The planned introduction of IT-Systems can have a negative impact on earnings due to the associated one-off expenses. Market-related margin losses and declining volumes could have a negative impact on earnings.

Solutions
Uncertainty about the overall economic development and individual market segments such as textiles and clothing, but also the automotive industry persists and may jeopardize the achievement of the targeted earnings trend. In the Solutions business segment, operating profit is expected to rise significantly in 2020. The reasons for this are, in addition to measures to reduce costs and increase prices, the absence of one-off expenses for personnel measures. This will be offset by the absence of positive one-off effects seen during the year 2019.

Liquidity development The Logwin Group expects a significant increase in free cash flow in 2020. A slight improvement in working capital will contribute to this. This is countered by the continued high level of investment in IT systems. Accordingly net liquidity will rise slightly.

Due to expected business expansion in the Air and Ocean business segment, the Logwin Group expects a slight increase in the number of staff in financial year 2020. In the Solutions business segment a stable number of staff is expected.

Consolidated Financial Statements

Income Statement

In thousand EUR	2019	2018	*Note/page*
Revenues	1,130,319	1,149,607	*10/61*
Cost of sales	–1,030,797	–1,048,760	*11/62*
Gross profit	**99,522**	**100,847**	
Selling costs	–25,503	–25,619	*11/62*
General and administrative costs	–29,272	–27,316	*11/62*
Other operating income	7,611	8,326	*12/62*
Other operating expenses	–4,343	–5,565	*12/62*
Impairments on assets measured at amortized cost	–426	–265	
Operating result before impairments of property, plant and equipment and other intangible assets	**47,589**	**50,408**	
Impairment of property, plant and equipment and other intangible assets	–	–1,233	*13/63*
Operating result before goodwill impairment (EBITA)	**47,589**	**49,175**	
Goodwill impairment	–	–	
Net result before interest and income taxes (EBIT)	**47,589**	**49,175**	
Finance income	438	387	*14/63*
Finance expenses	–4,640	–1,201	*14/63*
Net result before income taxes	**43,387**	**48,361**	
Income taxes	–8,007	–9,167	*15/64*
Net result	**35,380**	**39,194**	
Attributable to:			
Shareholders of Logwin AG	34,858	38,643	
Non-controlling interests	522	551	
Earnings per share – basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG	**12.09**	**13.40**	
Weighted average number of shares outstanding	2,884,395	2,884,395	

Statement of Comprehensive Income

In thousand EUR	2019	2018	*Note/page*
Net result	**35,380**	**39,194**	
Gains/losses on currency translation of foreign operations	2,032	–803	
Reclassification of currency translation differences into profit or loss	–17	–496	
Other comprehensive income that may be reclassified into profit or loss in future periods	**2,015**	**–1,299**	
Remeasurement of the net defined benefit liability	–3,877	–606	*30/80*
Deferred tax from remeasurement of the net defined benefit liability	941	118	*27/77*
Other comprehensive income that will not be reclassified into profit or loss in future periods	**–2,936**	**–488**	
Other comprehensive income	**–921**	**–1,787**	
Total comprehensive income	**34,459**	**37,407**	
Attributable to:			
Shareholders of Logwin AG	33,867	36,801	
Non-controlling interests	592	606	

Statement of Cash Flows

In thousand EUR	2019	2018	*Note/page*
Net result before income taxes	43,387	48,361	
Financial result	4,201	814	*14/63*
Net result before interest and income taxes	47,589	49,175	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortization	38,727	7,697	*11/62*
Result from disposal of non-current assets	–12	272	*12/62*
Impairment of property, plant and equipment and other intangible assets	–	1,233	*13/63*
Other	1,307	–619	
Income taxes paid	–12,123	–11,077	
Interest paid	–4,341	–1,019	
Interest received	438	387	
Changes in working capital, cash effective:			
Change in receivables	8,763	–14,695	
Change in payables	–15,120	16,366	
Change in inventories	210	–281	
Operating cash flows	**65,438**	**47,439**	
Capital expenditures in property, plant and equipments and other intangible assets	–17,194	–10,074	
Proceeds from disposals of consolidated subsidiaries and other business operations	–	650	*16/65*
Proceeds from disposal of non-current assets	347	440	
Payments for acquisitions of subsidiaries	–	–14	
Other cash flows from investing activities	11	48	
Investing cash flows	**–16,836**	**–8,950**	
Net cash flow	**48,602**	**38,489**	
Repayment of current loans and borrowings	29	–57	*17/65*
Repayment of liabilities from leases	–30,730	–2,342	*17/65*
Payments from non-controlling interests	55	–	
Distribution to non-controlling interests	–548	–303	
Distribution to shareholders of Logwin AG	–10,095	–7,211	
Other cash flows from financing activities	–94	–74	
Financing cash flows	**–41,383**	**–9,987**	
Free-Cashflow (= Net cash flow less repayment of liabilities from leases)	**17,872**	**36,147**	
Effects of exchange rate changes on cash and cash equivalents	1,152	–580	
Changes in cash and cash equivalents	**8,371**	**27,922**	
Cash and cash equivalents at the beginning of the year	155,531	127,609	
Change	8,371	27,922	
Cash and cash equivalents at the end of the period	**163,902**	**155,531**	*25/76*

Balance Sheet

Assets *In thousand EUR*	**31 Dec 2019**	**31 Dec 2018**	*Note/page*
Goodwill	66,319	66,821	*18/66*
Other intangible assets	13,912	5,623	*19/69*
Property, plant and equipment	115,873	35,619	*20/70*
Investments	817	777	
Deferred tax assets	18,377	14,409	*27/77*
Other non-current assets	707	671	
Total non-current assets	**216,005**	**123,920**	
Inventories	2,577	2,799	*22/73*
Trade accounts receivable	137,975	145,009	*23/73*
Contract Assets	19,009	19,480	*23/73*
Income tax receivables	2,393	2,614	
Other receivables and current assets	41,486	21,795	*24/75*
Cash and cash equivalents	163,902	155,531	*25/76*
Assets held for sale	4,057	–	*26/76*
Total current assets	**371,399**	**347,228**	
Total assets	**587,404**	**471,148**	

Liabilities *In thousand EUR*	**31 Dec 2019**	**31 Dec 2018**	*Note/page*
Share capital	131,300	131,300	
Group reserves	76,195	52,430	
Equity attributable to the shareholders of Logwin AG	**207,495**	**183,730**	
Non-controlling interests	1,055	956	
Shareholders' equity	**208,550**	**184,686**	*28/78*
Non-current liabilities from leases	64,036	9,703	*21/71*
Pensions provisions and similar obligations	34,617	31,201	*30/80*
Other non-current provisions	3,571	3,280	*31/85*
Deferred tax liabilities	926	1,013	*27/77*
Other non-current liabilities	30	443	*34/86*
Total non-current liabilities	**103,180**	**45,640**	
Trade accounts payable	178,823	188,654	
Current liabilities from leases	26,923	1,775	*21/71*
Current loans and borrowings	79	50	*29/79*
Current provisions	6,337	8,415	*32/85*
Income tax liabilities	4,199	4,634	*33/85*
Other current liabilities	55,913	37,294	*34/86*
Liabilities associated with assets held for sale	3,400	–	*26/76*
Total current liabilities	**275,674**	**240,822**	
Total liabilities and shareholders' equity	**587,404**	**471,148**	

Statement of Changes in Equity

In thousand EUR	Equity attributable to the		
	Share capital	Additional paid-in capital	Retained earnings
1 January 2018 before adoption of new IFRS-Standards	**131,300**	**44,599**	**–19,095**
Effects from adoption of new IFRS-Standards			–289
1 January 2018 after adoption of new IFRS-Standards	**131,300**	**44,599**	**–19,384**
Net result			38,643
Other comprehensive income			–488
Total comprehensive income			**38,155**
Distributions			–7,211
31 December 2018	**131,300**	**44,599**	**11,560**
1 January 2019	**131,300**	**44,599**	**11,560**
Net result			34,858
Other comprehensive income			–2,936
Total comprehensive income			**31,922**
Distributions		–10,095	
Attribution of retained earnings to additional paid-in capital		112,124	–112,124
Payments from non-controlling interests			
Changes in scope of consolidation			–7
31 December 2019	**131,300**	**146,628**	**–68,649**

The accompanying notes are an intergral part of these consolidated financial statements.

shareholders of Logwin AG				
Accumulated other comprehensive income				
Available-for-sale reserve	Currency translation reserve	**Total**	Non-controlling interests	**Total share-holders' equity**
–25	**–2,375**	**154,404**	**663**	**155,067**
25		–264	–10	–274
–	**–2,375**	**154,140**	**653**	**154,793**
		38,643	551	39,194
	–1,354	–1,842	55	–1,787
–	**–1,354**	**36,801**	**606**	**37,407**
		–7,211	–303	–7,514
–	**–3,729**	**183,730**	**956**	**184,686**
–	**–3,729**	**183,730**	**956**	**184,686**
		34,858	522	35,380
	1,945	–991	70	–921
	1,945	**33,867**	**592**	**34,459**
		–10,095	–548	–10,643
		–		–
		–	55	55
		–7		–7
–	**–1,784**	**207,495**	**1,055**	**208,550**

Notes to the Consolidated Financial Statements as of 31 December 2019

General Information

1 Corporate information

The consolidated financial statements of Logwin AG, Grevenmacher, Luxembourg, ("Logwin AG" or "Logwin") for the financial year as of 31 December 2019, were authorized for issue by resolution of the Board of Directors on 28 February 2020, and under Luxembourg law are still subject to approval by the Annual General Meeting. Logwin AG, 5 an de Längten, L-6776 Grevenmacher, is a limited company incorporated and domiciled in Grevenmacher, Luxembourg, whose shares are publicly traded on the Frankfurt Stock Exchange. The majority shareholder is DELTON Logistics S.à r.l., with registered office in Grevenmacher, Luxembourg.

As an integrated logistics service provider, the Logwin Group has a long-standing experience, specialized infrastructure and expertise in various sectors of industry and trade and assumes responsibility for its customers' supply chain management, warehousing, value added services and both local and global freight transportation by road, rail, air and ocean. The principal activities of the business segments Air + Ocean and Solutions are described in note 9 "Segment reporting".

2 Statement of compliance with IFRS

The consolidated financial statements of Logwin AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. All standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC), formerly known as the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretation Committee (SIC), whose application is mandatory for financial year 2019, have been applied.

3 Basis of preparation of the financial statements

The financial statements of the subsidiaries are prepared using uniform accounting policies and the same reporting date as the financial statements of the parent company.

The consolidated financial statements have been prepared on a historical cost basis. This excludes derivative financial instruments and other financial instruments that are assigned to the measurement category "financial instruments at fair value through profit or loss". The financial year of the Group corresponds to the calendar year. The consolidated financial statements are presented in euros (EUR). Unless stated otherwise, all figures are shown in thousands of euros (thousand EUR or EUR k). Due to rounding differences, information included in these financial statements may differ slightly from the actual figures by +/– one unit (EUR, % etc.).

4 Consolidation principles

As of 31 December 2019, the number of consolidated companies remains unchanged to the prior year's balance sheet date and includes two domestic and 52 foreign companies. They have developed as follows:

	31 Dec 2018	Additions	Disposals	31 Dec 2019
Luxembourg	2	–	–	2
Germany	12	–	–	12
Other countries	40	1	1	40
Total	**54**	**1**	**1**	**54**

The addition relates to the first-time consolidation of Logwin ROMANIA S.R.L., Bucharest, Romania, in fiscal year 2019.

The disposal relates to the liquidation of a company from the Air + Ocean business segment.

Please refer to page 102 for a list of shareholdings.

All intragroup balances, transactions, income, expenses, gains and losses are eliminated in full. Subsidiaries are fully consolidated from the time of acquisition, i.e., from the time at which the Group obtains control. They are no longer included in the consolidated financial statements when the parent company loses control over the subsidiary. Non-controlling interests represent the portion of net results and net assets of consolidated companies not held by the Group and are presented separately in the consolidated income statement, in the statement of comprehensive income, in the consolidated statement of changes in equity and within equity in the consolidated balance sheet – separately from the shares attributable to the shareholders of Logwin AG.

5 New accounting provisions

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have published new accounting provisions in recent years. The table below contains the new standards and interpretations that had to be applied for the first time for financial year 2019:

Standard/interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	various	Annual improvements on IFRSs, cycle 2015 – 2017	1 January 2019	Yes
Amendment	IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019	Yes
Amendment	IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019	Yes
New Interpretation	IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Yes
Amendment	IFRS 9	Prepayment Features with Negative Compensation	1 January 2019	Yes
New Standard	IFRS 16	Leases	1 January 2019	Yes

The new or amended accounting standards and interpretations mentioned above were applicable for the first time for the current reporting period. The Logwin Group had to change its accounting policies and make adjustments resulting from the adoption of the following standard:

- IFRS 16 Leases

The effects of the adoption of this standard and the resulting new accounting policies are described in Note 8 “Effects of changes in accounting policies”. All other new standards had no material effect on the accounting policies of the Logwin Group and did not require any adjustments or had no material effect on the consolidated financial statements of Logwin AG and are therefore not explained in more detail.

Furthermore, the IASB and IFRS IC adopted the following new and revised accounting standards, which were not yet mandatory in fiscal year 2019. The Logwin Group did not make use of the option of voluntary early application in individual cases in fiscal year 2019.

Standard / interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IFRS 3	Definition of a business	1 January 2020	No
Amendment	IAS 1, IAS 8	Definition of material	1 January 2020	No
New Standard	IFRS 17	Insurance contracts	1 January 2021	No
Amendment	IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	1 January 2020	No

The amendments to IFRS 3 aim to solve the problems that arise when an entity determines whether it has acquired a business or a group of assets.

The IASB has issued the Amending Standard "Definition of material (Amendments to IAS 1 and IAS 8)" to clarify the definition of materiality and to harmonise the various definitions in the framework and in the standards themselves.

Accordingly, information is material when it is reasonably expected that its omission, misstatement or concealment will affect the decisions of primary users of multi-purpose financial statements.

IFRS 17 governs the principles relating to recognition, measurement, presentation and disclosures for insurance contracts within the scope of the standard. The objective of IFRS 17 is for accounting entities to provide relevant information to lead to a credible presentation of insurance contracts. This information serves as the basis for the users of the financial statements to assess the effects of insurance contracts on the net assets, financial position, results of operations and cash flows of an enterprise.

The amendments to IFRS 9, IAS 39 and IFRS 7 are intended to mitigate the effects of the so-called IBOR-Reform on financial reporting.

The new regulations explained and revised above are currently not expected to have any material effects on the future financial statements of the Logwin Group.

6 Significant accounting judgments and estimates

The preparation of financial statements requires management to make certain estimates and assumptions and hence accounting judgments that affect the amounts of assets and liabilities recognized at the end of the reporting period and the income and expense items for the reporting period. Actual amounts may differ from these estimates, leading to a risk that an adjustment to the carrying amounts of assets or liabilities might be required in subsequent financial years.

Uncertainties exist in connection with the goodwill impairment test that has to be performed at least once a year, since expected future cash flows, sustainable growth rates and an appropriate weighted cost of capital (WACC) must be considered for the discounted cash flow method used for this purpose. The components of the WACC are the risk-free interest rate, the market risk premium, the so-called beta factors, country risk premiums, the spread for the credit risk and the debt ratio. The carrying amount of recognized goodwill as of 31 December 2019 amounted to EUR 66.3m (prior year: EUR 66.8m). Please refer to the explanations in note 18 “Goodwill.”

Additional estimates are required in actuarial calculations of the value of provisions for pensions and similar obligations with regard to the assumptions used. Their carrying amount as of 31 December 2019 is EUR 34.6m (prior year: EUR 31.2m). Please refer to note 30 “Provisions for pensions and similar obligations.”

Estimates also have to be made with regard to the recognition of deferred tax assets and expectations regarding future taxable profits and about how these will be offset against tax loss carryforwards or, where applicable, existing deferred tax liabilities.

Their carrying amount at the end of the reporting period is EUR 18.4m (prior year: EUR 14.4m). Please refer to note 27 “Deferred taxes.”

Assumptions also have to be made with regard to the useful life of property, plant and equipment and other intangible assets and their recoverability has to be assessed for accounting purposes. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Management accounting judgments also include the decision as to whether development costs meet the conditions for capitalization as internally generated intangible assets, in particular software.

A test for the impairment of trade accounts receivable is also necessary. Management must assess to what extent the significant risks and rewards are transferred to the factoring company in order to report receivables sold in the course of factoring appropriately in the balance sheet. Please refer to note 7, “Summary of significant key figures and accounting policies” – under “Factoring” – for information on the reporting of factoring in the consolidated financial statements.

In accounting for leases, the determination of the lease term, the amount of the lease payments and the incremental borrowing rate used as the discount rate may be discretionary and are based on both assumptions and estimates. In particular, the assessment of renewal, termination and purchase options for property leases involves discretionary decisions by management.

In addition, with respect to the recognition of provisions, the Group has to make assumptions regarding the probability and amount of expected outflows of assets.

According to the provisions of IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The timing of the transfer of control – at a point of time or over a period of time – is subject to judgment.

7 Summary of key performance indicators and significant accounting policies

Foreign currency translation
The consolidated financial statements are presented in euros, which is Logwin AG's functional currency and the Group's presentation currency.

The assets and liabilities of group companies with a functional currency other than the euro are translated into euros using the mean exchange rate in effect at the reporting date and revenues and expenses are translated at the average rate during the financial year. Exchange rate gains or losses on foreign currency translation are reported as a separate item under shareholders' equity. On disposal of a foreign operation previously included in the scope of consolidation, the cumulative amount reported in equity relating to that particular foreign operation is recognized in profit or loss for the period.

The following table shows the development of the exchange rates of the major currencies used in the consolidated financial statements:

		Average rate		Closing rate	
Currency		2019	2018	31 Dec 2019	31 Dec 2018
1 EUR =					
Australian dollar	AUD	1.6109	1.5798	1.5992	1.6215
Brazilian real	BRL	4.4130	4.3083	4.5128	4.4427
Chinese renminbi	CNY	7.7352	7.8073	7.8175	7.8778
British pound	GBP	0.8779	0.8848	0.8521	0.9027
Hong Kong dollar	HKD	8.7716	9.2599	8.7133	8.9716
Polish zloty	PLN	4.2978	4.2604	4.2567	4.3028
Singapor dollar	SGD	1.5273	1.5929	1.5088	1.5642
Thailand baht	THB	34.7622	38.1651	33.4720	37.3170
US dollar	USD	1.1195	1.1815	1.1189	1.1454
South African rand	ZAR	16.1772	15.6126	15.7398	16.4506

Business combinations

If the Logwin Group has obtained control, the Group recognizes business combinations using the acquisition method. In accordance with IFRS 10 "Consolidated Financial Statements," control exists if a group is subject to changing yields from its involvement in an investee or has a right to these yields and has the ability to influence these yields using its control over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which the Group gains control until the date at which it ceases to have control. When it gains control of a subsidiary, the Logwin Group measures all identifiable assets, liabilities and contingent liabilities acquired at their fair values as of the acquisition date in accordance with IFRS 3.

The carrying amount of any non-controlling interests in the acquired company is calculated from the proportionate share held by the minority stakeholders in the fair value of the identifiable assets, liabilities and contingent liabilities. Acquiring additional interests in companies over which control was already achieved as a result of previous transactions (non-controlling interests) is deemed in terms of consolidation theory to be a transfer of equity between groups of shareholders. In this case, the acquisition costs for the additional shares are offset against the non-controlling interests to be derecognized. Any difference is offset against retained earnings without affecting profit or loss.

Goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Any gains resulting from a purchase at a price below fair value are directly recognized in profit or loss. Transaction costs are immediately recognized in profit or loss.

Revenue recognition

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The timing of the transfer of control – at a point of time or over a period of time – is subject to judgment.

Since first-time application of IFRS 15 for international air and sea freight transport services revenue is recognized over a period of time. Sales from such transportation services in the business segments Air + Ocean and Solutions are now recognized in accordance with IFRS 15.35 on a time-related basis, as it can be assumed that the customer receives the benefits from the company's services on a continuous basis and receives and uses them at the same time while the services are performed. As a rule, the service obligation isfulfilled while the Logwin Group provides the transport services. As a measure of the degree to which a service has been rendered on a given reporting date, the transport duration already elapsed is used in relation to the expected total duration of the transport (input-oriented method), since it is not practicable to measure the actual distance travelled.

For the provision of transport services in the business segment Air + Ocean, to some extent retrospective discounts are applied, which are based on the sales generated with the customer or the achievement of certain volumes within a defined period, which is generally 12 months. Revenue from services is recognized in the amount of the consideration agreed upon in the contract less the estimated discounts. Revenue is recognized only to the extent that it is highly probable that a significant reversal of the revenue will not be necessary. A provision is recognized for the discounts expected to be granted in respect of the revenues generated up to the end of the respective reporting period. Provisions are recognized for the Group's obligation to compensate for transport damage.

The transport services provided by the business segments Air + Ocean and Solutions generally represent a bundle of services, as the promised services are highly interdependent (IFRS 15.29c) and the Logwin Group provides a significant integration service (IFRS 15.29a), which represents a significant part of the bundle of services. For this reason, the transaction price is not allocated to the promised service components; rather, the transaction price is allocated to the identified service bundle.

Estimates of revenues, costs or contract progress are adjusted when circumstances change. Any resulting increases or decreases in estimated revenues or costs are recognized in profit or loss in the period in which management becomes aware of the circumstances that give rise to the adjustment.

In the case of fixed-price contracts, the customer pays an amount that may be fixed by means of a payment plan. If the services rendered by the Logwin Group exceed the payments received, a contract asset is recognized. If the payments received exceed the services rendered, a contractual liability is recognized.

In accordance with IFRS 15.35, sales of the Solutions business segment from distribution and warehousing must in principal also be recognized over a period of time, as the Logwin Group generally fulfils its performance obligation while the service is being rendered. The Logwin Group recognizes sales in this business segment predominantly in accordance with the simplification rule of IFRS 15.B16 in the amount that the company is permitted to charge the customer, as there is generally a claim to consideration from the customer that directly corresponds to the value of the service already rendered by the company for the customer.

The contracts in the Solutions business segment in connection with warehousing and distribution generally contain several service components which are basically independent, i.e. the customer can use them alone or together with other available resources. However, the Logwin Group provides a significant integration service, so that a bundle of services can generally be assumed.

The Group has no contracts with customers where the period between the transfer of the promised service to the customer and payment by the customer is longer than one year. Accordingly, the promised consideration is not adjusted by the time value of the money.

Entities are required to classify revenue from contracts with customers into categories that reflect the effect of economic factors on the nature, amount, timing and uncertainty of revenue and cash flows. For the Logwin Group, a breakdown of sales by existing segments and geographical regions is considered appropriate for its circumstances.

In the case of business transactions that do not generate sales themselves but are incurred together with the main sales activities, all income and related expenses arising from the same business transaction are netted in accordance with IAS 1.34 if this presentation reflects the content of the business transaction or event; this includes, for example, customs duties passed on.

IFRS 15 was applied in accordance with the modified retrospective method under which the cumulative adjustment amounts were recognized in retained earnings as at 1 January 2018. The comparative period was not adjusted. Retained earnings as of 1 January 2018 increased by EUR 0.2 million as a result of the transition.

EBITA

A core measure of earnings for the Logwin Group is EBITA (earnings before interest, taxes and amortisation). It is derived from revenues less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income and impairment losses on property, plant and equipment and other intangible assets as well as impairments on assets measured at amortized costs that are shown separately from the financial year 2018 on as a result of the first time adoption of IFRS 9.

Earnings per share

Earnings per share are calculated as a ratio of the net result for the period attributable to shareholders of Logwin AG to the weighted average number of shares outstanding. Dilution would arise if the result were reduced by potential shares from options and conversion rights. No such rights exist with regard to the shares of Logwin AG.

Free Cash flow

Another major control parameter for the Logwin Group is the free cash flow. The free cash flow in the Logwin Group is defined as the sum of the operating cash flows and investing cash flows less the repayment of lease liabilities.

Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. Internally generated intangible assets are capitalized provided they meet the criteria for capitalization and the costs incurred exceed the materiality threshold. Otherwise costs are recognized in income in the period in which they are incurred. Subsequent measurement is performed at cost less any accumulated amortization and any accumulated impairment losses.

The amortization period and method and the residual value for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of the intangible asset. Capitalized intangible assets are amortized over an economic useful life of between 3 and 10 years. Intangible assets with an indeterminable useful life are reviewed for recoverability annually.

Gains and losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement under other operating income or other operating expenses when the asset is disposed of.

Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition, construction or production less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis, based on an economic useful life of between 10 and 50 years for buildings and 3 to 20 years for machinery, operating and office equipment.

The depreciation period, the depreciation method and the residual value for an item of property, plant and equipment are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and treated as changes in accounting estimates. Depreciation of property, plant and equipment is recognized in the income statement in the expense category consistent with the function of the asset.

An item of property, plant and equipment is derecognized upon its disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and recognized in the period the item is derecognized under other operating income or other operating expenses.

Impairment of assets

The Group assesses at each reporting date and occasional whether there is an indication that an asset may be impaired (please see also note 6 “Significant accounting judgments and estimates”). An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use. The recoverable amount is calculated for each individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount may be calculated for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. To determine the value in use, the estimated future cash flows from the continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the asset. Where impairment losses on property, plant and equipment or intangible assets have a material impact on the earnings position of the Logwin Group, these are reported in a separate item in the income statement. Impairment losses on trade accounts receivable are reported in a separate item in the income statement.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is determined. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized immediately in profit or loss for the period. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Special aspects relating to the impairment of goodwill
Goodwill is tested on the level of the business segments Air + Ocean and Solutions for impairment at least once a year or as necessary. The Logwin Group selected 31 December as the date of its annual goodwill impairment test. An impairment test is performed at any time there is an indication of goodwill impairment.

For the purpose of impairment testing, any goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Logwin Group's cash-generating units, or to the groups of cash-generating units, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Each unit to which goodwill is allocated:
- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a business segment determined in accordance with IFRS 8 "Operating Segments".

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. In the Logwin Group, the cash-generating units are the business segments. An impairment loss is recognized in cases where the recoverable amount of the cash-generating unit is less than the carrying amount. Impairment losses on goodwill may not be reversed if the reasons for the impairments cease to exist.

Where part of a cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the fair value associated with the operation disposed of and the recoverable amount of the cash-generating unit retained.

Inventories
Inventories are stated at the lower of cost or net realizable value using the moving average method. Risks resulting from slow-moving items and from the obsolescence of inventories, as well as potential losses from pending supply agreements are reflected by writing down inventory items to their net realizable values.

Income taxes
Income tax receivables and income tax liabilities are calculated in accordance with IAS 12. The amount of current tax receivable or liabilities is the best estimate of the tax amount expected that reflects uncertainty related to current income tax, if any. In addition, deferred tax assets and deferred tax liabilities are reported in the balance sheet. Deferred income taxes result from temporary differences between the carrying amounts stated in the consolidated balance sheet and the taxation base of assets and unused tax loss carryforwards. Any future tax savings or tax charges that are likely to result from these differences are reported as assets or liabilities taking into account uncertainties related to income taxes. Deferred tax assets are only stated to the extent that taxable earnings are likely against which the temporary difference or the loss carry forward can be offset. Where the savings or charges underlying the tax deferrals are recognized in equity, the creation or reversal of deferred taxes is also recognized in equity.

The relevant basis for assessment is valued at the rate of tax likely to be applicable at the time of realization. Country-specific tax rates are always applied for companies included in the consolidation. Thus a corporate tax rate of 15% plus the solidarity surcharge ("Solidaritätszuschlag") of 5.5% on corporate income tax is used to calculate deferred taxes for Germany as well as a local trade tax based on the local multiplier. When deferred tax assets exceed the amount of deferred tax liabilities, their recoverability is evaluated taking the probable development in earnings of the relevant group company into account.

Deferred tax assets and deferred tax liabilities are netted when they refer to income taxes that are assessed by the same tax authority for the same taxable entity.

Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale or held for distribution if it is highly probable that they will be realized primarily through sale or distribution rather than through continued use.

In general, these assets or the disposal group are recognized at the lower of their carrying amount and fair value less costs to sell.

Intangible assets and property, plant and equipment are no longer amortized.

Financial instruments

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

Recognition and derecognition

Financial instruments are recognized for the first time on the settlement date. A normal market purchase or sale of financial assets is recognized on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations have been fulfilled, cancelled or expired.

Valuation

On initial recognition, the Logwin Group measures a financial asset at its transaction price plus - in the case of a financial asset that is not subsequently measured at fair value through profit or loss - the transaction costs directly attributable to the acquisition of this asset. Transaction costs of financial assets measured at fair value are recognized as an expense in profit or loss.

The subsequent measurement of financial assets is based on their classification into one of the categories described below.

Classification of financial assets

The classification of financial assets is based on three categories, which result in different measures of value and different recognition of changes in value. The classification is based both on the contractual cash flows of the instrument and on the business model in which the instrument is held.

The Group determines the classification of its financial assets at initial recognition and reviews this classification at the end of each financial year, whereby a distinction is made between debt instruments and equity instruments as follows.

Debt instruments

The measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Logwin Group classifies its debt instruments into one of the following three measurement categories:

- At amortized cost: Assets which are held to collect the contractual cash flows and for which these cash flows represent exclusively interest and principal payments are measured at amortized cost. Interest income from these financial assets is reported under financial income using the effective interest method. Gains or losses from derecognition are recognized directly in the income statement and - together with the foreign currency gains and losses - are reported under other gains/losses.
- FVOCI: Assets held to collect contractual cash flows and to sell financial assets, where the cash flows are exclusively interest and principal payments, are measured at fair value through other comprehensive income. Changes in the carrying amount are recognized in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains or losses that are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement and reported in other gains/losses.
- FVTPL: Assets that do not meet the criteria of the category "measured at amortized cost" or "FVOCI" are classified as at fair value through profit or loss (FVTPL). Gains or losses on a debt instrument subsequently measured at FVTPL are netted against other gains or losses in the period in which they arise.

Equity instruments

The Logwin Group measures all equity instruments held at fair value through profit or loss in the category at fair value through profit or loss (FVTPL).

Changes in the fair value of financial assets at fair value through profit or loss (FVTPL) are recognized in the income statement under other gains/losses.

The following table provides an overview of the various categories:

Financial assets	Subsequent measurement	Changes in value
Financial instruments at fair value through profit or loss (FVTPL)	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss.
Debt instruments at fair value through other comprehensive income (FVOCI with recycling)	Fair Value	Impairment losses, currency translation and effective interest are recognized in profit or loss, other changes in value are recognized directly in equity, recognition or transfer from equity to profit or loss on disposal is recognized in profit or loss (recycling).
Equity instruments at fair value through profit or loss (FVOCI option, without recycling)	Fair Value	Dividends recognized in profit or loss, other changes in value are recognized directly in equity, no recognition or reclassification from equity to profit or loss on disposal (without recycling)
Financial instruments measured at amortized cost	Amortized cost	Recognition of impairment losses, currency translation and effective interest in profit or loss

There were no reclassifications between the applicable measurement categories in accordance with IFRS 9 in the 2019 financial year.

The Group's business model was assessed when IFRS 9 was first applied, on 1 January 2018. The assessment as to whether the contractual cash flows from debt securities consist exclusively of principal and interest payments was based on the facts and circumstances at the time the assets were initially recognized.

Classification of financial liabilities

A financial liability is measured at fair value through profit or loss if it is held for trading or designated accordingly upon initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Changes in fair value attributable to changes in the credit risk of the liability are recognized in other comprehensive income. The remaining change in fair value is recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. In subsequent measurement, these liabilities are measured at amortized cost using the effective interest method.

Financial liabilities	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss on initial recognition	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss
At amortized cost	Amortized cost	Changes in value are recognized in profit or loss immediately

The Group did not designate any financial assets or liabilities at fair value through profit or loss upon initial recognition. No reclassifications were effected between the categories in accordance with IFRS 9 during financial year 2019.

Categories of Financial Assets and Financial Liabilities - Disclosure

The Logwin Group generally holds the following financial instruments:

- Cash and cash equivalents
- Trade accounts receivable
- Other receivables and assets
- Financial assets
- Derivative financial instruments
- Trade accounts payable and other financial liabilities
- Leasing liabilities

Cash and cash equivalents

Cash and cash equivalents include bank balances, cash in hand, checks and short-term investments. Cash equivalents are short-term, highly liquid financial investments with an original term of three months or less that can be converted into cash at any time and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortized cost.

Trade accounts receivable

Trade accounts receivable are amounts owed by the customer for services rendered in the ordinary course of business. They are generally payable within a few weeks, contain no significant financing components and are classified as current. The Group holds trade receivables to collect contractual cash flows and subsequently measures them at amortized cost. Due to the short-term nature of the receivables, their carrying amount corresponds to their fair value.

Factoring

The Logwin Group uses a factoring program for major German Group companies. This is a flexible form of financing, i.e. by selling the receivables the factoring company provides a line that Logwin can draw on in whole or in part if required. The receivables from the factoring company resulting from the sale of the receivables are shown in the balance sheet under trade receivables and recognized at amortized cost, insofar as the line is not or only partially drawn. The Logwin Group recognizes the utilization of the factoring line as a reduction in receivables, as essentially all risks and opportunities arising from the receivables are transferred to the factoring company. Accordingly, the cash flow from the utilization of the line is also reported in the item “Net cash outflow/ inflow from the utilization or repayment of the factoring line” within the operating cash flow if a utilization or repayment of a previously made utilization took place in the reporting period. No material payment obligations are to be expected from the ongoing commitment. There are no obligations to repurchase receivables.

Investments

Under investments, the following equity and debt instruments with long-term use are measured at fair value through profit or loss (FVTPL):

- Financial investments in debt securities that are neither measured at amortized cost nor at fair value through other comprehensive income
- Financial instruments in equity instruments for which the entity has elected not to recognize changes in fair value in other comprehensive income.

Other receivables and assets

Other receivables and assets include loans granted, bonds and other receivables with repayment periods of less than one year. The Logwin Group measures its other financial assets at amortized cost if the financial asset is held as part of a business model whose objective is to hold financial assets to collect the contractual cash flows and the terms of the contract result in cash flows that represent only principal and interest payments on the outstanding principal amount. Due to their short-term nature, their carrying amount corresponds to their fair value.

Derivative financial instruments

The Logwin Group uses forward exchange contracts to hedge the risk of a change in the value of corresponding underlying transactions due to changes in market prices. Derivatives are used exclusively for economic hedging purposes and not as speculative investments. Since they do not meet the criteria for hedge accounting, they are classified as "held for trading" for accounting purposes and recognized at fair value through profit or loss, with changes in value recognized in profit or loss. They are presented as current assets or liabilities since they are expected to be settled within 12 months of the end of the reporting period.

Trade payables and other financial liabilities

Trade payables and other liabilities relate to outstanding liabilities for goods and services received by the Logwin Group before the end of the fiscal year. Other financial liabilities relate to borrowings and are initially recognized at fair value less transaction costs incurred and subsequently at amortized cost using the effective interest method. These liabilities are reported as current liabilities unless their settlement is not due within 12 months of the reporting period.

Valuation and recording of expected credit losses

The Logwin Group recognizes an allowance for expected credit losses on investments in debt instruments measured at amortized cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each balance sheet date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The general impairment model provides for three levels that determine the amount of losses to be recognized and the interest received in the future. Under this model, expected losses are recognized at the present value of the expected 12-month credit loss on initial recognition (Level 1). If there is a significant increase in the default risk, the allowance for losses on loans and advances must be increased to the amount of the expected losses for the entire remaining term (Level 2). If there is objective evidence of impairment, interest is recognized on the basis of the net carrying amount (carrying amount less allowance for losses) (Level 3).

For trade receivables and contract assets, the simplified approach of the impairment model is applied, according to which a provision for losses on loans and advances is recognized for all instruments, irrespective of their credit quality, in the amount of the expected losses over the remaining term. Credit risk within each group is segmented by common credit risk characteristics. This is usually based on an external credit risk assessment. Receivables sold to a factoring company are valued on the basis of the rating of the factoring company unless the purchase limit of the individual customer or the total receivables portfolio has been exceeded. In this case, the individual rating of the customer concerned is used as the basis.

The estimated expected loan defaults are calculated on the basis of historical experience of actual loan defaults. These are adjusted by means of scaling factors (growth rates of gross domestic product and world trade in relation to the long-term average) to reflect the differences between the economic conditions at the time the historical data was collected, the current conditions and the Group's view of the economic conditions over the expected term of the receivables. Default loss rates (LGD) are also taken into account, which are derived from empirical values of recovery rates.

The estimated valuation allowances on cash and cash equivalents and on other financial instruments measured at amortized cost are calculated on the basis of expected losses within twelve months and reflect the short maturities. This is based on the assumption that cash and cash equivalents and other financial instruments measured at amortized cost have a low default risk based on their external rating. Cash and cash equivalents that are classified as investment grade (AAA to BBB-) by Standard & Poor's within the framework of the rating are generally classified as being associated with a low default risk. The Logwin Group takes into account the probability of default at the time of the initial recognition of assets and the existence of a significant increase in the default risk during all reporting periods. In order to assess whether the default risk has increased significantly, Logwin compares the default risk with respect to the asset on the balance sheet date with the default risk at the time of initial recognition.

The Group regularly monitors the effectiveness of the criteria used to determine whether a significant increase in credit risk has occurred and revises them as necessary to ensure that the criteria are able to detect a significant increase in credit risk before the amount becomes overdue.

Macroeconomic information such as growth rates of gross domestic product or world trade are included as part of the valuation model.

Financial assets are written down if realizability is no longer expected after an appropriate assessment. An external rating of D is generally used as an indication that the assets are no longer expected to be realizable. In the area of trade receivables, further indicators are overdue by more than 180 days, the initiation of insolvency proceedings or legal action. The amount of the write-down required for these receivables with impaired creditworthiness is determined on the basis of the expected lifetime credit loss.

Financial assets are derecognized when there are no longer reasonable expectations that legal recovery measures will be successful. A discretionary decision is made on a case-by-case basis as to the extent to which settlement of the contract is still probable.

Fair value measurement

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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The Group must have access to the principal or most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Logwin Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Assets and liabilities recorded at fair value must be classified according to the valuation technique applied. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the assets or liability that are not based on observable market data

Transfers between levels of the fair value hierarchy take place at the end of the reporting period.

In the Logwin Group, recognition at fair value applies to financial instruments classified as fair value through profit or loss (FVTPL) and to non-financial assets if they were written down to their fair value less costs to sell after being tested for impairment or due to their classification as "held for sale".

Leases

This section explains the effects of the first-time application of IFRS 16 Leases on these consolidated financial statements and discloses the resulting new accounting policies to be applied from 1 January 2019, if different from those adopted in prior periods.

The Group has adopted IFRS 16 based on the modified retrospective method. In accordance with the transitional provisions, the comparative information was not adjusted. The Group has made use of the simplification option for the initial recognition of the right of use in the amount of the lease liability less existing accruals for rent-free periods. In addition, the option of not recognizing for short-term leasing relationships and leasing relationships of low value was exercised. At the date of transition, the Group applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

For contracts entered into after 1 January 2019, the conclusion of the contract is used to determine whether the contract constitutes a lease or contains such a lease. An agreement constitutes or contains a lease if the agreement entitles the holder to exercise control over the use of an identified asset for an agreed period in return for payment. The following criteria are used to assess whether a contract meets this requirement:

- The contract includes the use of an explicitly or implicitly specified, identified asset. The asset must be physically identifiable or substantially comprise the entire capacity of an identifiable asset.
- The Group has the right to exercise control over the use of the identified asset. This is the case when the Group has the power to govern the use of the identified asset and obtain substantially all the economic benefits from its use.

Both criteria must be met over the entire term of the contract.

The Logwin Group does not separate the leasing and non-leasing components.

At the inception of a lease, the Group recognizes a right of use asset in the identified asset and the corresponding lease liability.

The right of use is initially measured at cost. These include the value of the leasing liability on initial recognition, leasing payments less leasing incentives received, which were made at or before conclusion of the contract, as well as initial direct costs incurred by the Group and estimated costs of dismantling the leased asset, restoring its location or restoring the leased asset to a contractually agreed condition.

The right of use is subsequently depreciated on a straight-line basis over the lease term or the economic life of the leased asset, whichever is shorter. If it is sufficiently certain that a purchase option will be exercised at the inception of the lease or if the lease provides for a transfer of ownership to the lessee at the end of the lease term, the expected useful life of the leased asset is the useful life of the asset. In addition, the carrying amount of the leased asset is reduced by impairment losses in accordance with IAS 36.

The lease liability is recognized at the inception of the lease at the present value of the future lease payments. If determinable, the present value is calculated using the interest rate on which the lease is based. If this interest rate cannot be easily determined, the Logwin Group's incremental borrowing rate is used. As a rule, the Logwin Group uses the incremental borrowing rate to calculate the present value. The leasing installments included in the calculation of the present value comprise the following components:

- fixed lease payments less leasing incentives granted by the lessor for the conclusion of the contract;
- variable lease payments linked to an index or interest rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a call option and lease payments upon exercise of a lease extension option, if the option is already expected to be exercised at that time;
- contractual penalties for the termination of the leasing agreement if at the beginning of the leasing agreement it is already assumed that the lessee will terminate the agreement.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. The lease liability is revalued if there is a change in future lease payments resulting from a change in an index or interest rate, or if there is a reassessment of the exercise of purchase, renewal or termination options, or if there is a change in the assessment of the amounts payable under a residual value guarantee. The revaluation results in a corresponding adjustment to the carrying amount of the right of use or, if this is reduced to zero, the excess adjustment amount is recognized in the income statement.

Accounting policies applied until 31 December 2018

The determination whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Logwin Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the start of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance costs and the repayment of the lease liability so as to achieve a constant rate of interest on the residual carrying amount of the lease liability. Finance costs are expensed immediately.

If it is not sufficiently certain that ownership will pass to the Group at the end of the term of the lease, capitalized leased assets are depreciated over the shorter of the term of the lease or its useful life. Operating lease payments are recognized in the income statement as an expense over the lease term within the respective functional area.

Provisions

Provisions are recognized in accordance with IAS 37 when an obligation is present as a result of a past event and can be reliably assessed and it is likely that an outflow of resources will be required to settle the obligation. They are recognized in the amount of the probable utilization. Provisions with an expected residual term of more than one year are recognized at their present value.

Provisions for pensions and similar obligations

The Logwin Group has both defined benefit and defined contribution plans to meet pension obligations.

Defined benefit plans are reported as a liability according to IAS 19 under "Provisions for pensions and similar obligations". Pension obligations relate primarily to employees of group companies in Germany and are mainly vested benefits in connection with benefit plans closed in the past. Furthermore, all Austrian employees are entitled under Austrian law prior to 31 December 2002 ("Abfertigung alt"), in the event of retirement or involuntary termination of employment to severance pay ranging from 2 to 12 months of the last monthly salary depending on the period of service.

Defined benefit obligations are measured by independent actuaries in accordance with the projected unit credit method prescribed in IAS 19. Consequently, the present value of the pension obligations expected in connection with possible future benefits becoming payable is recognized as the pension provision for benefit entitlements, if the respective obligation has vested fully or pro rata temporis as of the measurement date on the basis of the pensionable service rendered. Actuarial assumptions in connection with discount rates, mortality rates, future salary and pension trends as well as turnover rates are taken into account when measuring the obligations.

Where there are plan assets, the pension provisions are calculated by netting these assets and the present value of the defined benefit obligation ("funding status"). If the obligation exceeds the plan assets (the plan assets exceed the obligation), the netted amount is referred to as the net defined benefit liability (asset). Remeasurements of the net defined benefit liability (asset) include actuarial gains or losses from the obligation as well as returns on plan assets not included in interest income. They result from differences between the actual development compared to the prior-year assumptions as well as changes in assumptions, and are recognized in equity. The service costs are reported under operating expenses and the amounts resulting from unwinding of the discount on the obligation netted with the interest income from plan assets are included in the financial result. Actuarial reports are prepared each year.

In addition to the defined benefit plans there are also defined contribution plans. These generally include the statutory pension insurance applicable in Germany and some other countries. Contributions paid into these defined contribution plans are recognized as expenses in the financial year.

8 Effects of changes in accounting policies

In accordance with the transitional provisions, IFRS 16 was adopted without adjusting the comparative information. Reclassifications and adjustments from the new regulations are therefore not included in the balance sheet as of 31 December 2018, but are recognized in retained earnings in the opening balance sheet as of 1 January 2019.

As part of the conversion, lease liabilities of EUR 81.4m were recognized for the first time as of 1 January 2019. After deducting existing accruals in the amount EUR 1.0m for rent-free periods granted in the past, contract assets of EUR 80.4m were recognized as of 1 January 2019. The leased assets are reported in the balance sheet under property, plant and equipment. The leasing liabilities were discounted using the incremental borrowing rate as of 1 January 2019. The weighted average interest rate was 3.9%.

The reconciliation of the obligations from operating leases existing as of 31 December 2018 to the lease liabilities recognized as of 1 January 2019 as part of the first-time application of IFRS 16 is as follows:

In thousand EUR	
Operating lease obligations as of 31 December 2018	**79,722**
Application simplifications for short-term leasing contracts and leasing relationships for low-value assets	622
Service components	4,078
Consideration of sufficiently safe extension options	6,914
Discounting effect	– 9,956
Leasing liabilities due to first-time adoption of IFRS 16 as of 1 January 2019	**81,380**
Finance lease liabilities in accordance with IAS 17	11,478
Leasing liabilities at the time of first-time application as of 1 January 2019	**92,858**

9 Segment reporting

The classification of segments is made according to the business segments of the Logwin Group. The segment structure reflects the current organizational and management structure of the Logwin Group. This means that reporting is in line with the requirements of IFRS 8.

The Air + Ocean business segment provides worldwide transportation and logistics solutions with a focus on intercontinental air and sea freight, frequently in connection with upstream and downstream value added services. The Air + Ocean business segment draws on an international network that is divided into the three regions Europe Middle East Africa, Americas and Asia. As a specialist in contract logistics, the Solutions business segment offers individual customer- and industry-oriented solutions in the retail sector as well as in the area of industrial contract logistics with a focus on the chemical and automotive sectors. The solutions range from supply chain management, transportation and warehousing through to logistical value added services and complete outsourcing projects. The business also maintains special networks for the fashion and consumer goods industries (“Retail Network”).

Transactions between the segments are made at “arm’s length”, identical with transactions with third parties. The information on the business segments is reported after consolidation of intrasegment transactions. Transactions between the segments are eliminated in the column “Consolidation”. The result of each segment is measured by management based on operating result before goodwill impairment (EBITA). General expenses and income which cannot be directly allocated to the segments are shown in the “Other” column.

The tables below set forth segment information of the business segments for the periods from 1 January to 31 December 2019 and 2018.

2019 *In thousand EUR*	Air + Ocean	Solutions	Other	Consolidation	Group
External revenues	753,015	375,900	1,404	–	1,130,319
Intersegment revenues	506	917	1,942	-3,365	–
Revenues	**753,521**	**376,817**	**3,346**	**–3,365**	**1,130,319**
Operating result before impairments	**46,649**	**8,275**	**–7,335**	**–**	**47,589**
Impairment of property, plant and equipment and other intangible assets	–	–	–	–	–
Operating result before goodwill impairment (EBITA)	**46,649**	**8,275**	**–7,335**	**–**	**47,589**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**46,649**	**8,275**	**–7,335**	**–**	**47,589**
Financial result					–4,202
Net result before income taxes					**43,387**
Income taxes					–8,007
Net result					**35,380**
Segment assets	230,389	116,748	54,729	–	401,866
Unallocated assets					185,538
Total consolidated assets					**587,404**
Segment liabilities	167,374	78,704	33,213	–	279,291
Unallocated liabilities					99,563
Total consolidated liabilities					**378,854**

2018 *In thousand EUR*	Air + Ocean	Solutions	Other	Consolidation	Group
External revenues	777,349	370,336	1,922	–	1,149,607
Intersegment revenues	1,407	966	3,204	–5,577	–
Revenues	**778,756**	**371,302**	**5,126**	**–5,577**	**1,149,607**
Operating result before impairments of property, plant and equipment and other intangible assets	**46,224**	**10,098**	**–5,914**	**–**	**50,408**
Impairment of property, plant and equipment and other intangible assets	–	–233	–1,000	–	–1,233
Operating result before goodwill impairment (EBITA)	**46,224**	**9,865**	**–6,914**	**–**	**49,175**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**46,224**	**9,865**	**–6,914**	**–**	**49,175**
Financial result					–814
Net result before income taxes					**48,361**
Income taxes					–9,167
Net result					**39,194**
Segment assets	201,210	78,422	18,084	–	297,716
Unallocated assets					173,432
Total consolidated assets					**471,148**
Segment liabilities	178,487	75,496	15,339	–	269,322
Unallocated liabilities					17,140
Total consolidated liabilities					**286,462**

In the course of preparing segment reporting, a misallocation in segment assets in the amount of EUR 13.6m between the business segments Air + Ocean and Solutions as of 31 December 2018 was identified and corrected.

In thousand EUR	Depreciation and amortization		Additions to non-current assets	
	2019	2018	2019	2018
Air + Ocean	–18,136	–2,312	28,011	4,568
Solutions	–16,140	–3,120	15,774	3,687
Other	–4,451	–2,265	12,360	5,272
Total	**–38,727**	**–7,697**	**56,145**	**13,527**

Additions to non-current assets do not include additions to financial instruments and deferred tax assets.

Information according to geographical areas
The tables below present geographical information on revenues and specific items of non-current assets for financial years 2019 and 2018

In thousand EUR	2019		2018	
Germany	495,391	44%	525,868	46%
Austria	210,992	19%	194,390	17%
Other EU	109,768	10%	102,223	9%
Asia/Pacific	256,767	23%	272,273	24%
Other	57,401	4%	54,853	4%
Total revenues	**1,130,319**	**100%**	**1,149,607**	**100%**

Revenues from external customers are allocated according to the geographical location of the billing entity. In 2019, 11.9% (prior year: 9.5%) or EUR 134.1m (prior year: EUR 109.7m) of the Logwin Group’s total revenues accounts to a customer in the business segment Solutions.

In thousand EUR	31 Dec 2019		31 Dec 2018	
Germany	73,706	57%	25,202	61%
Austria	10,146	8%	7,662	19%
Luxembourg	3,688	3%	2,727	7%
Other EU	26,569	20%	4,090	10%
Asia/Pacific	13,578	10%	1,359	3%
Other	2,098	2%	202	–%
Total non-current assets	**129,785**	**100%**	**41,242**	**100%**

Non-current assets are reported by location of the respective assets. They comprise property, plant and equipment and other intangible assets including leased assets.

Notes to the Income Statement

10 Revenues from contracts with customers

Breakdown of revenues from contracts with customers
The Group primarily generates revenues from the transfer of services for which revenue is recognized on a period basis. Revenues are generated in the following segments and geographical regions:

2019 *In thousand EUR*	Air + Ocean	Solutions	Other	Group
Germany	276,061	217,926	1,404	495,391
Austria	62,599	148,393	–	210,992
Other EU	100,187	9,581	–	109,768
Asia / Pacific	256,767	–	–	256,767
Other	57,401	–	–	57,401
Total revenues	**753,015**	**375,900**	**1,404**	**1,130,319**

2018 *In thousand EUR*	Air + Ocean	Solutions	Other	Group
Germany	286,580	237,366	1,922	525,868
Austria	68,803	125,587	–	194,390
Other EU	94,840	7,383	–	102,223
Asia / Pacific	272,273	–	–	272,273
Other	54,853	–	–	54,853
Total revenues	**777,349**	**370,336**	**1,922**	**1,149,607**

Sales to customers in the Air + Ocean segment result from transportation and logistics solutions with a focus on intercontinental air and sea freight, often in connection with numerous upstream and downstream value added services. In the Solutions business segment, sales revenues result from individual customer and industry solutions in the retail sector and in industrial contract logistics with a focus on chemicals and automotive – from supply chain management through transport, warehousing and value-added logistics services to complete outsourcing projects. Sales are also generated from special networks for the fashion and consumer goods sectors.

The Group makes use of the practical experience of IFRS 15.121 with regard to the disclosure of the transaction price allocated to the remaining service obligations, as Logwin either generally has a remuneration entitlement that directly corresponds to the value of the service already provided by the company to the customer, or the outstanding service obligation is part of a contract with an expected original term of a maximum of one year.

Revenues from service obligations fulfilled in earlier periods amounted to EUR 2,027k in the reporting period (prior year: EUR 1,635k).

11 Expenses by nature

In thousand EUR	2019	2018
Purchased services	–795,181	–811,514
Materials and supplies	–8,582	–9,016
Personnel expenses	–204,704	–196,593
Depreciation and amortization	–38,727	–7,697
Sundry expenses	–38,378	–76,875
Total cost of sales, selling, general and administrative costs	**–1,085,572**	**–1,101,695**

Purchased services mostly comprise transportation services provided by third parties.

12 Other operating income and expenses

In thousand EUR	2019	2018
Foreign exchange gains	3,810	4,714
Gains from disposal of non-current assets	190	181
Sundry income	3,611	3,431
Other operating income	**7,611**	**8,326**

The position “sundry income” includes income of EUR 17k from the realization of reserves from the currency translation of the liquidated company from the business segment Air + Ocean recognized in other comprehensive income. In the previous year figure, income of EUR 496k from the realization of such reserves of the liquidated Liechtenstein company of the business segment Solutions is included.

In thousand EUR	2019	2018
Foreign exchange losses	-3,915	–4,585
Losses from disposal of non-current assets	-179	–452
Sundry expenses	-249	–528
Other operating expenses	**–4,343**	**–5,565**

Gains and losses from foreign exchange reflect the volume of business activities invoiced in foreign currencies. The net income / expense from foreign exchange gains and losses is as follows:

In thousand EUR	2019	2018
Foreign exchange gains	3,810	4,714
Foreign exchange losses	–3,915	–4,585
Foreign exchange effects, net	**–105**	**129**

13 Impairment of property, plant and equipment

In 2018, impairment losses of EUR 1.0m were recognized for a German logistics property due to a change in income expectations. For this purpose, the value in use was determined on the basis of the site's planned cash flows. They were discounted at an after-tax interest rate of 5.3%. The recoverable amount of the property as of 31 December 2018 was EUR 5.4m. A further EUR 233k was recorded as impairment losses due to the cessation of business activities in various companies. There was no impairment requirement in the 2019 financial year.

14 Financial result

The following table shows the composition of the financial result in financial years 2019 and 2018:

In thousand EUR	2019	2018
Finance income	**438**	**387**
Interest expenses from bank accounts	–360	–417
Interest expenses from lease liabilities	–3,503	–207
Net interest expense from the unwinding of the discount on defined benefit obligations and from the return on plan assets	–492	–528
Other interest expenses	–745	–340
Foreign currency effects from intragroup financing	460	291
Finance expenses	**–4,640**	**–1,201**
Financial result	**–4,202**	**–814**

Other interest expenses include guarantee commissions and interest expenses from the compounding of other long-term provisions.

15 Income taxes

Tax expenses for the Logwin Group are as follows:

In thousand EUR	2019	2018
Curent income taxes	–11,103	–10,336
Deferred income taxes	3,096	1,169
Total income taxes	**–8,007**	**–9,167**

Reconciliation of expected income tax expenses to the tax expenses in the income statement:

In thousand EUR	2019	2018
Net result before income taxes	**43,387**	**48,361**
Expected income taxes (tax rate 28.26%; prior year: 28.26%)	**–12,261**	**–13,667**
Foreign tax rate differential	1,998	2,039
Expenses not deductible for tax purposes	–1,738	–2,503
Tax effects relating to prior periods	364	–168
Changes in valuation allowances and effects from not recognizing deferred tax assets	3,490	5,183
Other taxation effects	140	–53
Total income tax expenses	**–8,007**	**–9,167**

The weighted tax rate of 28.26% (previous year: 28.26%) used for 2019 corresponds to the tax rate of Logwin AG.

The position “Change in valuation allowances and effects from not recognizing deferred tax assets” mainly includes effects from the use of unrecognized loss carry forwards and their revaluation due to the expected future use on the basis of mid term planning.

Notes to the Statement of Cash Flows

16 Proceeds from disposals of consolidated subsidiaries and other business operations

Proceeds from the disposal of consolidated companies and other business units in 2018 include agreed subsequent purchase price adjustments for disposals from previous years.

In thousand EUR	**2018**
Consideration received	650
Less cash and cash equivalents disposed of	–
Payments	–
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	**650**

17 Liabilities from financing activities

The following tables show the development of liabilities from financing activities of the Logwin Group which are included in financing cash flows:

In thousand EUR	**Loans and borrowings**	**Liabilities from leases**
1 Jan 2019 before first-time adoption of IFRS 16	**50**	**11,478**
Impact of first-time adoption of IFRS 16	–	81,380
1 Jan 2019 after first-time adoption of IFRS 16	**50**	**92,858**
Cash effective	29	–30,730
Non-cash effective:		
New lease agreements	–	38,278
Revaluation	–	–6,538
Reclassification to liabilities associated with assets held for sale	–	–3,217
Foreign exchange effects	–	308
31 Dec 2019	**79**	**90,959**

In thousand EUR	**Loans and borrowings**	**Liabilities from leases**
1 Jan 2018	**106**	**10,954**
Cash effective	–57	–2,342
Non-cash effective:		
New finance lease agreements	–	2,905
Revaluation	–	–
Foreign exchange effects	1	–39
31 Dec 2018	**50**	**11,478**

The asset additions of EUR 38,278k resulting from new lease agreements, like the associated liabilities, are non-cash effective and therefore not included in the investing cash flow.

Notes to the Balance Sheet

18 Goodwill

Allocation of goodwill to cash-generating units
The business segments are taken to be cash-generating units of the Logwin Group. The goodwill acquired in the course of business combinations has been allocated to the business segments as follows:

In thousand EUR	31 Dec 2019	31 Dec 2018
Air + Ocean	45,701	45,701
Solutions	20,618	21,120
Goodwill	**66,319**	**66,821**

In thousand EUR	Firmenwerte
Carrying amount as of 1 Jan 2018	**66,821**
Carrying amount as of 31 Dec 2018	**66,821**
Acquisition cost	220,578
Accumulated impairment	–153,757
Carrying amount as of 1 Jan 2019	**66,821**
Reclassification as held for sale	–502
Carrying amount as of 31 Dec 2019	**66,319**
Acquisition cost	220,076
Accumulated impairment	–153,757

As part of the disposal of a site of the Solutions business segment, pro-rata goodwill of EUR 502k was allocated to the disposal group of assets (see Note 26).

Goodwill impairment testing

The Logwin Group performed its annual goodwill impairment test as of 31 December 2019. For the purpose of the goodwill impairment test, the recoverable amount of the cash-generating unit was determined on the basis of the calculation of the value in use using cash flow forecasts that are based on a financial plan covering a period of a maximum of five years. The financial plan is based on the business plans of the business segments.

The cash flow forecasts are based on the following underlying assumptions:

- Budgeted revenue growth rates: the anticipated growth rates of the industry, which is relevant for the respective business segment, are used to determine the budgeted revenue growth rates. Overall stable revenue growth was assumed over the coming years.
- Budgeted operating profit margins: the profit margins generated in the preceding years, increased for expected efficiency improvements, are used to determine the budgeted operating profit margins. Allowance was made here for the fact that developments in earnings will also depend on the economic situation. Deviations from planning were analyzed and taken into account where necessary in the form of discounts on the business plans presented. The amount of necessary discounts is reestablished in each case when the impairment test is performed.

The business plan of the Solutions business segment forecasts an EBITA margin of 2.3% for the last planning year (31 December 2018: 2.0%). The average EBITA margin of 2019 (actual) through to 2023 (plan) of 2.3% (31 December 2018: 2.1%) was taken as the sustainable EBITA margin to calculate the perpetual annuity. Beyond the five-year period the growth rate used was unchanged from the prior year at 0.75%. The expected cash flows of the business segment were discounted using a discount rate of 5.9% after tax (31 December 2018: 6.4%). This corresponds to an interest rate of 7.6% before tax (31 December 2018: 8.2%). A sustainable EBITA margin of 3.7% (31 December 2018: 3.7%) and an unchanged growth rate of 1.5% were used for the Air + Ocean business segment. The expected cash flows of the business segment were discounted using a discount rate of 6.5% after tax (31 December 2018: 7.0%). This corresponds to an interest rate of 8.3% before tax (31 December 2018: 9.2%).

The impairment test as of 31 December 2019 did not result in an impairment loss.

For the business segment Air + Ocean, no change in material assumptions deemed possible would lead to an impairment.

The estimated recoverable amount of the business segment Solutions exceeds its carrying amount by EUR 16.5m (prior year: EUR 23.9m). In the event of a possible reduction in the amount used for the financial planning of the business segment Solutions, the assumed sustainable EBITA margin used for the financial planning of the Solutions business segment of currently 2.3% by 0.5 percentage points to 1.8%, there would be an impairment of the goodwill allocated to the Solutions business segment. Also an increase that was reasonably considered possible of the weighted average cost of capital of 1% point would result in an impairment. Should both effects occur together, there would also be an impairment requirement. On its own the discount rate would have to change 0.8% points respectively the sustainable EBITA margin would have to change 0.4% points so that the estimated recoverable amount is equal to the carrying amount of the assets of the business segment.

19 Other intangible assets

Amortization of intangible assets of EUR 359k is included in cost of sales (prior year: EUR 292k). A further EUR 7k (prior year: EUR 35k) relates to selling costs and EUR 1,003k (prior year: EUR 757k) to general and administrative costs. The other intangible assets of the Logwin Group do not include any internally generated assets as of 31 December 2019.

In thousand EUR	**Software, concessions and other licenses**
Acquisition cost	34,394
Accumulated impairment	–31,448
Carrying amount as of 1 Jan 2018	**2,946**
Currency differences	–8
Change in scope of consolidation	–
Additions	3,802
Disposals	–4
Amortization	–1,084
Impairments	–29
Carrying amount as of 31 Dec 2018	**5,623**
Acquisition cost	38,050
Accumulated impairment	–32,427
Carrying amount as of 1 Jan 2019	**5,623**
Currency differences	4
Change in scope of consolidation	–
Additions	9,806
Disposals	–152
Amortization	–1,369
Impairments	–
Carrying amount as of 31 Dec 2019	**13,912**
Acquisition cost	44,877
Accumulated impairment	–30,965

The additions in the financial year 2019 mainly relate to investments in new transport management systems.

20 Property, plant and equipment

Cost of sales includes depreciation of property, plant and equipment of EUR 32,610k (prior year: EUR 5,246k), while selling costs include depreciation of property, plant and equipment of EUR 890k (prior year: EUR 157k) and general and administrative costs include depreciation of property, plant and equipment of EUR 3,858k (prior year: EUR 1,210k).

In thousand EUR	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	68,525	34,105	36,826	13,608	147	153,211
Accumulated depreciation and impairment losses	–50,674	–29,745	–30,655	–7,687	–	–118,761
Carrying amount as of 1 Jan 2018	**17,851**	**4,360**	**6,171**	**5,921**	**147**	**34,450**
Currency differences	–	–14	–45	–7	–	–66
Change in consolidation scope	–	–	–	–	–	–
Additions	1,883	372	5,408	1,123	938	9,724
Transfers	104	15	28	–	–147	–
Disposals	–310	–100	–244	–18	–	–672
Depreciation	–1,426	–887	–3,165	–1,135	–	–6,613
Impairment	–630	–529	–40	–5	–	–1,204
Carrying amount as of 31 Dec 2018	**17,472**	**3,217**	**8,113**	**5,879**	**938**	**35,619**
Thereof attributable to finance leases	*5,010*	*90*	*2,558*	*705*	–	*8,363*
Acquisition cost	68,797	34,224	39,901	13,505	938	157,365
Accumulated depreciation and impairment losses	–51,325	–31,007	–31,788	–7,626	–	–121,746
Carrying amount as of 1 Jan 2019 before adoption of IFRS 16	**17,472**	**3,217**	**8,113**	**5,879**	**938**	**35,619**
Effect from adoption of IFRS 16	69,719	54	1,633	8,966	–	80,372
Carrying amount of 1 Jan 2019 after adoption of IFRS 16	**87,191**	**3,271**	**9,746**	**14,845**	**938**	**115,991**
Currency differences	530	9	70	71	–	680
Change in consolidation scope	–	–	–	–	–	–
Additions	32,462	1,427	4,049	7,218	1,183	46,339
Transfers	229	706	1	–	–936	–
Disposals	–4,744	–14	–170	–1,308	–	–6,236
Depreciation	–26,313	–779	–3,901	–6,365	–	–37,358
Impairment	–	–	–	–	–	–
Reclassification as held for sale	–3,297	–88	–37	–121	–	–3,543
Carrying amount as of 31 Dec 2019	**86,058**	**4,532**	**9,758**	**14,340**	**1,185**	**115,873**
Thereof rights of use from leasing contracts	*73,061*	*129*	*3,333*	*9,680*	–	*86,203*
Acquisition cost	161,050	36,083	43,504	27,107	1,185	268,929
Accumulated depreciation and impairment losses	–74,992	–31,551	–33,746	–12,767	–	–153,056

As of 31 December 2019 and 2018, no property, plant and equipment was mortgaged.

21 Leasing

The Logwin Group leases significant parts of the logistics and office properties it uses. Contracts for logistics properties generally have a term of between 5 and 10 years and office properties generally have a term of between 3 and 6 years. To ensure operational flexibility, many of the contracts contain rental extension, purchase or termination options in favor of the Logwin Group.

For some of the properties, subleases exist that qualify as operating leases.

In addition, a significant portion of the Logwin Group's vehicle fleet is leased. The leasing agreements have terms of between 3 and 6 years and in some cases include rental extension or purchase options.

The right of use assets recognized in the balance sheet are included in property, plant and equipment as of 31 December 2019 as follows:

In thousand EUR	**31 Dec 2019**
Land and building	73,061
Machinery and equipment	129
Tools, fixtures, furniture and office equipment	3,333
Vehicle fleet	9,680
Total	**86,203**

The right of use assets as of 31 December 2019 include assets that were accounted for as property, plant and equipment under finance leases in accordance with IAS 17 until 31 December 2018.

As of 31 December 2019, liabilities from leases in the amount of EUR 90,959k were reported in the balance sheet, which also include liabilities from leases recognized under finance leases in accordance with IAS 17 until 31 December 2018.

Maturity analysis

The following cash outflows to service the leasing liabilities are expected in the coming years:

In thousand EUR	**31 Dec 2019**
Less than 1 year	26,989
1 to 5 years	57,548
more than 5 years	11,198
Total undiscounted lease payments	**95,735**
Present value of lease payments	**90,959**

The following presentation was made in the income statement for the 2019 financial year:

In thousand EUR	**2019**
Depreciation on rights of use – land and buildings	–25,154
Depreciation on rights of use – machinery and equipment	–34
Depreciation on rights of use – tools, fixtures, furniture and office equipment	–1,394
Depreciation on rights of use – vehicle fleet	–5,446
Total depreciation on right of use assets	**–32,028**
Interest expenses from leasing liabilities	**–3,503**
Expenses relating to short-term leases	**–98**
Expenses relating to leases of low-value assets	**–406**
Income from subleasing	**3,123**

In the cash flow statement, the first-time application of IFRS 16 results in a shift between the operating-cashflow and the cashflow from financing activities, as the redemption portion included in the lease payments for leases recognized for the first time in accordance with IFRS 16 is reported under cashflow from financing activities. Until 31 December 2018, the lease installments from operating leases within the meaning of IAS 17 were reported in full under cash flow from operating activities.

The following cash outflows resulted from leases recognized as financial liabilities according to IFRS 16 in the fiscal year.

In thousand EUR	**2019**
Repayments of recognized lease liabilities	30,730
Interest payments on recognized lease liabilities	3,503
Payments for short-term leases and leases over low-value assets	504
Total cash outflows from leases	**34,737**

Future cash outflows of EUR 43,319k may result from extension options that were not taken into account in the measurement of lease liabilities.

Leases in connection with real estate, which the Logwin Group has already entered into but which have not yet been accounted for as of 31 December 2019, will result in future cash outflows of EUR 12,964k without taking into account extension or termination options.

22 Inventories

Inventories primarily include packaging material and loading equipment with a value of EUR 2,577k (prior year: EUR 2,799k). No inventories were pledged.

In the reporting period, inventories of EUR 8,582k were recognized as an expense (prior year: EUR 9,016k).

In 2019, the impairment test of inventories did not reveal any need for impairment (prior year EUR 100k) on packaging material. The full amount of the impairments and reversals is included in the cost of sales.

In 2019, inventories in the amount of EUR 12k were reclassified to assets held for sale.

23 Trade accounts receivable and contract assets

In thousand EUR	31 Dec 2019	31 Dec 2018
Trade accounts receivable, gross	**111,534**	**116,299**
Valuation allowance due to the simplified approach	–404	–494
Trade accounts receivable	**111,130**	**115,805**
Less valuation allowance for receivables with impaired creditworthiness	–1,651	–1,256
Trade accounts receivable, net	**109,479**	**114,549**
Trade accounts receivable from factoring	28,496	30,460
Total trade accounts receivable	**137,975**	**145,009**

The Group has recognized the following contract assets:

In thousand EUR	31 Dec 2019	31 Dec 2018
Current contract assets from transport services	19,087	19,598
Expected credit losses on contract assets	–78	–118
Contract assets	**19,009**	**19,480**

Contract liabilities in the amount of EUR 10,146k (prior year: EUR 9,864k) were offset against unconditional claims for consideration that had not yet fallen due on the balance sheet date due to contractual conditions.

Revenues in the amount of EUR 9,864k were realized in the reporting period from contractual liabilities existing as of 31 December 2019 (prior year: EUR 11,969k).

The following table contains information on credit risk and expected credit losses for trade receivables and contract assets as of 31 December 2019 and 31 December 2018.

In thousand EUR	Corres-ponds to external rating	Gross book value	Estimated loss rate (weighted average)	Estimated value adjustment	Negative credit rating
Low risk	A to AAA	64,128	0.03%	21	no
Medium risk	B to BBB	87,693	0.43%	381	no
Below average	C to CCC	5,551	1.46%	81	no
Loss event	D	1,747	94.55%	1,651	yes
Total		**159,119**		**2,134**	

In thousand EUR	Corres-ponds to external rating	Gross book value	Estimated loss rate (weighted average)	Estimated value ad-justment	Negative credit rating
Low risk	A to AAA	27,286	0.01%	3	no
Medium risk	B to BBB	132,508	0.40%	530	no
Below average	C to CCC	4,992	1.59%	79	no
Loss event	D	1,571	79.95%	1,256	yes
Total		**166,357**		**1,868**	

The valuation allowances for trade receivables with impaired creditworthiness based on the expected loss over the entire remaining term have developed as follows

In thousand EUR	**2019**	**2018**
1 January	**–1,256**	**–1,604**
Currency differences	–31	–10
Additions	–919	–898
Utilization	203	626
Reversals	352	630
31 December	**–1,651**	**–1,256**

The valuation allowances for trade receivables and contract assets with unimpaired creditworthiness under the simplified approach in accordance with IFRS 9 developed as follows:

In thousand EUR	2019	2018
1 January	**–612**	**–**
Effect of first-time application of IFRS 9	–	–626
Currency differences	–13	17
Additions	–35	–101
Reversals	176	98
31 December	**–484**	**–612**

As of 31 December 2019, trade accounts receivable not sold to the factoring company in the amount of EUR 72.4m (prior year: EUR 77.8m) were secured by credit insurance. Secured receivables are generally subject to a deductible of 10% (prior year: 10%). The Group does not hold any other collateral or other credit enhancements to cover its credit risk related to its financial assets.

24 Other receivables and current assets

In thousand EUR	31 Dec 2019	31 Dec 2018
Receivables from the sale of non-current assets	15	65
Receivables from loans granted to affiliated, non-consolidated companies	–	5
Input tax refund	4,286	4,171
Insurance claims in connection with litigations	18,341	–
Advance payments	16,963	16,004
Derivative financial instruments	367	423
Miscellaneous receivables and assets	1,514	1,127
Total other receivables and current assets	**41,486**	**21,795**

Other receivables include receivables of TEUR 18,341 due from insurance companies in connection with import sales tax owed in Austria under a joint and several liability together with interest. Payment by the insurance company was made in January 2020 (see note 34).

The miscellaneous receivables and assets as of 31 December 2019 include receivables from billing loading equipment totaling EUR 722k (prior year: EUR 840k).

Other receivables and current assets are due within one year. As in the prior year, there were no material impairments of other receivables and current assets. With the exception of individual deposits required by operational business other receivables and current assets were not subject to pledging.

25 Cash and cash equivalents

In thousand EUR	31 Dec 2019	31 Dec 2018
Cash	162,593	154,824
Cash equivalents	1,309	707
Total cash and cash equivalents	**163,902**	**155,531**

Cash and cash equivalents comprise checks, cash in hand and bank balances as well as cash equivalents with a total maturity of up to three months from the date of acquisition.

As of 31 December 2019, cash and cash equivalents include an amount of EUR 2.4m (prior year: EUR 3.2m), which the Logwin Group had at its disposal only after approximately two working days as a result of a transactional process agreement.

Cash and cash equivalents classified as carrying a low credit risk were written down by EUR 4k as of 31 December 2019 in accordance with IFRS 9 (prior year: EUR 1k).

26 Assets held for sale and associated liabilities

The assets held for sale and associated liabilities as of 31 December 2019, include assets and liabilities of a site of the Solutions business segment which was intended to be sold on the balance sheet date. The assets and liabilities were sold in January 2020 with effect from 29 February 2020.

The disposal group comprises the following asset and liability items:

In thousand EUR	2019
Goodwill	502
Property, plant and equipment including rights of use as defined by IFRS 16	3,543
Inventories	12
Assets held for sale	**4,057**
Lease liabilities	3,217
Provisions for pensions	183
Liabilities associated with assets held for sale	**3,400**

27 Deferred taxes

Deferred tax assets and liabilities consist of the following:

In thousand EUR	31 Dec 2019 Deferred tax assets	31 Dec 2019 Deferred tax liabilities	31 Dec 2018 Deferred tax assets	31 Dec 2018 Deferred tax liabilities
Intangible assets	1,455	–	1,437	22
Property, plant and equipment	1,229	18,326	1,569	1,718
Investments	87	7	74	3
Current assets	1,639	1,039	1,381	2,132
Provisions	7,130	2	6,626	35
Liabilities	21,628	2,939	5,344	3,390
Tax loss carry forwards	15,609	–	14,026	–
Valuation allowances	–8,340	–	–9,101	–
Retained earnings of domestics and foreign subsidiaries	–	673	–	662
Net amounts	–22,060	–22,060	–6,949	–6,949
Total deferred taxes	**18,377**	**926**	**14,409**	**1,013**

In the financial year 2019 the recognized deferred taxes have changed as follows:

In thousand EUR	2019	2018
Deferred taxes, net as of 1 January	**13,396**	**12,093**
Change recognized in profit or loss	3,096	1,169
Change recognized in other comprehensive income	941	168
Currency and other differences	18	-34
Deferred taxes, net as of 31 December	**17,451**	**13,396**

In 2019, the change recognized in other comprehensive income relates to deferred tax effects on revaluations of the net liability from defined benefit pension plans. In the previous year, the change recognized in other comprehensive income related to deferred tax effects on revaluations of the net liability from defined benefit pension plans and to the initial recognition of deferred tax effects from IFRS 9 and IFRS 15 as of 1 January 2018.

As of 31 December 2019 the Logwin Group has recognized deferred tax liabilities of EUR 0.7m (prior year: EUR 0.7m) on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 20.4m (prior year: EUR 19.0m). The Logwin Group did not recognize any deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 4.7m (prior year: EUR 2.8m) because it is not probable that the differences will reverse in the foreseeable future. The potential impact on income taxes amounts to EUR 1.7m (prior year: EUR 1.2m).

Net deferred tax assets amounting to EUR 4.9m (prior year: EUR 0.2m) have been recognized despite tax losses in the reporting year or in the prior year due to the Logwin Group's expectation of sustained positive results based on the forecast figures on the taxable income of the relevant entities within a future period of five years. For the following temporary differences and unused tax losses no deferred tax assets have been recognized since it is not probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilized:

In thousand EUR	**31 Dec 2019**	**31 Dec 2018**
Tax losses	447,192	460,530
Deductible temporary differences	8,796	9,922
Total	**455,988**	**470,452**

Insofar as a tax assessment has been made, loss carry forwards are reported in accordance with this assessment. If no assessment has yet been made, the calculated value, or the value reported to the tax authorities, is used.

28 Shareholders' equity

Issued capital and authorized capital

As of 31 December 2019, a total of 2,884,395 (prior year: 2,884,395) fully paid-up no-par value registered shares with voting rights had been issued. Of these, 2,884,395 shares were outstanding (prior year: 2,884,395). Each share represents EUR 45.52 of the share capital (prior year: EUR 45.52). In addition, as of 31 December 2019 Logwin AG had authorized capital totaling EUR 68,700k (prior year: EUR 68,700k), divided into a further 1,509,105 new no-par-value shares to be issued (prior year: 1,509,105).

Profit/loss appropriation and capital reserves

The Annual General Meeting of Logwin AG on 10 April 2019 resolved the appropriation of net income as of December 31, 2018 of EUR 69,161k in the form of an allocation to the legal reserve of EUR 2,010k (previous year: EUR 1,186k), the remaining amount of EUR 67,150k was allocated to the capital reserve. In addition, the Annual General Meeting resolved to transfer the other reserve of EUR 44,974k to the capital reserve. A dividend of EUR 10,095k (previous year: EUR 7,211k) was distributed from the capital reserve by resolution of the Annual General Meeting on 10 April 2019. This corresponds to an amount of EUR 3.50 per share (previous year: EUR 2.50 per share). In the previous year, EUR 15,323k was allocated to revenue reserves after deduction of the statutory reserve and the dividend payment.

Dividends

The distribution has yet to be decided by the shareholders at the Annual General Meeting on 8 April 2020 and has therefore not yet been recognized as a liability in this financial statements.

Retained earnings

Distributable retained earnings

According to Luxembourg law, a company must allocate at least 5% of the net result for the period as stated in the local financial statements to a legal reserve until the reserve equals 10% of issued capital of the company. As of 31 December 2019, this reserve in the amount of EUR 13,130k (prior year: EUR 11,120k) is presented in the statement of changes in equity of the Logwin Group as part of the retained earnings. The legal reserve cannot be distributed as a dividend.

Defined benefit plans

Remeasurements of the net defined benefit liability in the form of actuarial gains and losses as well as return on plan assets not included in interest income are recognized in equity and may not be reclassified to profit or loss in future periods. These amounts are recorded in retained earnings and amounted to EUR –14,282k as of 31 December 2019 (prior year: EUR –11,346k). The change of EUR –2,936k compared to the prior year relates completely to the remeasurement of the net defined benefit liability (prior year: EUR –488k) after deduction of the associated deferred taxes.

Accumulated other comprehensive income

Differences from the translation of the financial statements of subsidiaries with a functional currency other than the euro are reported under shareholders' equity as accumulated other comprehensive income. The accumulated other comprehensive income of EUR 2,015k (prior year: EUR -1,299k) primarily resulted from the translation of the financial statements of subsidiaries. The amounts recognized in equity may need to be reclassified under certain circumstances to profit or loss in future periods.

Treasury shares

The Annual General Meeting on 10 April 2019 has once again empowered the Board of Directors to resolve the repurchase of up to 288,000 shares until 10 April 2024.

29 Loans and borrowings

As of 31 December 2019, the Logwin Group had credit facilities (without guarantee facilities) amounting to EUR 39.2m (prior year: EUR 39.1m), which had not been drawn at the reporting date as well as at the end of the prior year. Furthermore, depending on the amount of sold receivables, a contractual limit of EUR 45.0m (prior year: EUR 45.0m) was available to the Logwin Group from factoring at the reporting date. As of 31 December 2019 as well as in the prior year the factoring facility was not utilized.

Loans and borrowings reported as of 31 December 2019 totaled EUR 79k (prior year: EUR 50k).

The interest rate on the current loans and borrowings were variable and therefore at market level.

30 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are recognized due to plans for commitments for retirement, invalidity and survivors' pensions. The Logwin Group has both defined benefit and defined contribution plans.

Defined contribution plans

Under the defined contribution plans of the Group, payments in a total amount of EUR 352k to private pension insurance schemes were recorded in financial year 2019 (prior year: EUR 325k). In addition, contribution payments of EUR 8,208k (prior year: EUR 7,860k) were made to public pension insurance schemes.

Defined benefit plans

Defined benefit obligations mainly result from (funded and unfunded) pension commitments to employees, mostly of German group companies. The Logwin Group's obligations relate primarily to obligations from vested benefits in connection with benefit plans closed in the past. The benefits payable are mostly lifetime pension payments. In addition, there are legal claims of Austrian employees to severance payments.

A characteristic of the defined benefit obligations is that the Logwin Group grants the promised benefit level and thus bears the financing and longevity risk. If the obligations are partially or fully funded, the financing risk is replaced by the general market risk. As the Logwin Group's plan assets are primarily employer's pension liability insurance policies, direct insurance policies and pension trusts, the volatility of which is comparatively low, the risk is also low.

The net defined benefit liability recognized in the balance sheet is as follows:

In thousand EUR	31 Dec 2019	31 Dec 2018
Present value of the obligation	36,271	32,741
Plan assets	–1,654	–1,540
Net defined benefit liability (funding status)	**34,617**	**31,201**

The development of the net defined benefit liability in the current financial year and in the prior year is described in the following table:

In thousand EUR	2019	2018
Net defined benefit liability as of 1 January	**31,201**	**31,080**
Expense recognized in profit or loss	1,243	980
Plan contributions and payments, net	–1,611	–1,426
Remeasurements recognized in other comprehensive income	3,877	606
Settlements	–17	–91
Reclassification to liabilities associated with assets held for sale	–183	–
Other changes	107	52
Net defined benefit liability as of 31 December	**34,617**	**31,201**

Other changes include primarily effects from the currency translation of the net defined benefit liability.

The change in the net defined benefit liability breaks down to the development of the present value of the obligation and the plan assets as follows:

In thousand EUR	2019	2018
Present value of the obligation as of 1 January	**32,741**	**32,618**
Current service cost	751	452
Interest expenses	517	558
Actuarial gains (-)/losses (+)		
due to changes in demographic assumptions	97	276
due to changes in financial assumptions	3,870	477
due to experience adjustments	–6	–147
Payments from company assets	–1,566	–1,383
Payments from plan assets	–52	–73
Settlements	–17	–91
Reclassification to liabilities associated with assets held for sale	–183	–
Other changes	119	54
Present value of the obligation as of 31 December	**36,271**	**32,741**

In thousand EUR	2019	2018
Plan assets as of 1 January	**1,540**	**1,538**
Interest income on plan assets	25	30
Return on plan assets not included in interest income	84	–
Contributions by the employer	45	43
Payments from plan assets	–52	–73
Other changes	12	2
Plan assets as of 31 December	**1,654**	**1,540**

As of 31 December 2019, the plan assets consisted of employer's pension liability insurance policies of EUR 713k (prior year: EUR 658k), pension trusts of EUR 349k (prior year: EUR 354k), direct insurance policies of EUR 255k (prior year: EUR 260k), and other forms of insurance of EUR 337k (prior year: EUR 268k). The expected contributions to plan assets amount to EUR 43k in the following year.

The expenses for defined benefit plans recognized in profit or loss are as follows:

In thousand EUR	2019	2018
Service costs	-751	–452
Net interest expense	-492	–528
Total pension expenses	**-1,243**	**–980**

In 2019, of the total amount of expenses for defined benefit plans, EUR 563k (prior year: EUR 339k) was included in cost of sales, EUR 112k (prior year: EUR 65k) in selling costs and EUR 76k (prior year: EUR 48k) in general and administrative costs. The net interest expense from unwinding of the discount on the obligation as well as from the return on plan assets of EUR 492k (prior year: EUR 528k) is included in finance expenses.

Actuarial assumptions

The following actuarial assumptions were used to calculate pension provisions and similar obligations:

	31 Dec 2019	31 Dec 2018
Discount rate	0.8%	1.7%
Wage and salary trend	2.5%	2.5%
Pension trend	1.75%	1.75%

As in the previous year, life expectancy in Germany is based on the 2018G mortality tables of Prof. Heubeck.

The discount rates were determined based on yields on high-quality corporate bonds which match the underlying obligations in terms of currency and maturity.

The wage and salary trends take into account inflation adjustments and career-related salary increases, and are based (similar to the turnover rates) on past experience and expectations for the future.

The pension trends either correspond to the contractually guaranteed pension adjustments or are based on the provisions in place for pension adjustments.

Changes in the principal actuarial assumptions would have had the following effects on defined benefit obligations:

	In thousand EUR	31 Dec 2019	31 Dec 2018
Discount rate	0.5 percentage points higher	-2,232	–1,935
	0.5 percentage points lower	2,508	2,165
Wage and salary trend	0.5 percentage points higher	114	112
	0.5 percentage points lower	-107	–105
Pension trend	0.5 percentage points higher	1,913	1,631
	0.5 percentage points lower	-1,742	–1,488
Life expectancy	Decrease in mortality rate by 10%	1,370	1,138

The sensitivity analyses presented take into account the change of one assumption, with the other assumptions remaining unchanged compared with the original calculation. This means possible correlations between the individual assumptions were not taken into account. The method used to calculate the sensitivities is the same method that is used to determine the present value of the defined benefit obligation.

In order to examine the sensitivity of the present value of the defined benefit obligation to changes in the assumed life expectancy, the mortality rates were lowered by 10% in a comparative calculation, which as in the prior year resulted in an increase in life expectancy of around one year.

The weighted average duration of the defined benefit obligation based on the present values of the obligation is 14.83 years (prior year: 14.32 years).

The maturity profile of undiscounted payments of the defined benefit obligation is as follows:

In thousand EUR	31 Dec 2019	31 Dec 2018
Payments due within the next financial year	1,588	1,378
Payments due in 2 to 5 years	5,783	6,012
Payments due in 6 to 10 years	7,553	7,930
Payments due in 11 to 15 years	8,945	7,878
Payments due in 16 to 20 years	5,165	6,456
Payments due in more than 20 years	12,287	14,524

31 Other non-current provisions

In thousand EUR	Total non-current provisions
1 January 2019	**3,280**
Additions	466
Utilization	-185
Currency differences	10
31 December 2019	**3,571**

In 2019, the interest portion from unwinding of the discount on the long-service bonus provisions amounted to EUR 33k (prior year: EUR 22k).

32 Current provisions

In thousand EUR	Lawsuits and litigations	Onerous contracts	Warranties	Other	Total current provisions
1 January 2019	**518**	**499**	**2,490**	**4,908**	**8,415**
Additions	239	–	798	2,597	3,634
Utilization	–316	–102	-506	-2,817	-3,741
Release	–107	–12	-1,029	-854	-2,002
Currency differences	8	–	–	23	31
31 December 2019	**342**	**385**	**1,753**	**3,857**	**6,337**

The reported provisions for lawsuits and litigations relate to various litigation risks.

The provisions for warranties primarily include provisions for freight and liability damage from operating activities.

The other current provisions include, among other things, various provisions for various contractual and recourse risks as well as provisions for outstanding invoices and customer bonuses.

33 Income tax liabilities

The recognized liabilities are calculated from accrued income tax expenses for financial year 2019 and prior financial years amounting to EUR 7,675k (prior year: EUR 7,601k), less prepayments made totaling EUR 3,476k (prior year: EUR 2, 967k).

34 Other liabilities

In thousand EUR	31 Dec 2019	31 Dec 2018
Liabilities relating to personnel:		
Wages and salaries	19,662	18,829
Social security	1,766	1,376
Accrued vacation	2,737	2,680
Other taxes and levies	23,299	6,209
Advances received from customers	1,736	1,513
Derivative financial instruments	420	477
Other liabilities, accruals and deferred income	6,293	6,210
Total other current liabilities	**55,913**	**37,294**
Sundry other non-current liabilities	30	443
Total other non-current liabilities	**30**	**443**
Total other liabilities	**55,943**	**37,737**

Other taxes and levies include liabilities of Logwin Road + Rail Austria GmbH from joint and several liability for import VAT plus interest amounting to TEUR 18,341. This is offset by an insurance claim in the same amount under other assets. In accordance with the existing cover note, the insurance company responsible for settling the claim paid the import sales tax plus interest demanded by the Austrian customs authorities at the beginning of 2020. At the request of the insurance company, Logwin filed an appeal with the Austrian Federal Administrative Court in January 2020 against the rejection of the application for remission, which dates from December 2019.

Other liabilities, accruals and deferred income as of 31 December 2019 include liabilities from billing transport containers totaling EUR 496k (prior year: EUR 467k).

The advances received from customers represent contract liabilities within the definition of IFRS 15.

The remaining maturities of the financial liabilities included in other liabilities are shown below:

In thousand EUR	31 Dec 2019	31 Dec 2018
Due within 1 year	25,852	24,147
Due 1 to 5 years	30	443
Other financial liabilities	**25,882**	**24,590**

Other Notes

35 Additional information on financial instruments

The following tables provide additional information on the financial instruments held by the Logwin Group. They show the financial assets and liabilities by IFRS 9 or for the prior year by IAS 39 measurement category as well as the balance sheet items containing financial instruments with the corresponding carrying amounts and the fair value.

Financial instruments by measurement category according to IFRS 9

In thousand EUR	**Carrying amount 31 Dec 2019**	Mandatory valuation at fair value in accordance with IFRS 9	Held for trading
Amortized cost	347,260	–	–
Fair value through profit or loss (FVTPL)	1,184	817	367
Financial assets	**348,444**	**817**	**367**
Amortized cost	204,366		
Fair value through profit or loss (FVTPL)	420	–	420
Financial liabilities	**204,786**	**–**	**420**

In thousand EUR	**Carrying amount 31 Dec 2018**	Mandatory valuation at fair value in accordance with IFRS 9	Held for trading
Amortized cost	326,601	–	–
Fair value through profit or loss (FVTPL)	1,200	777	423
Financial assets	**327,801**	**777**	**423**
Amortized cost	212,818	–	–
Fair value through profit or loss (FVTPL)	477	–	477
Financial liabilities	**213,295**	**–**	**477**

Carrying amount and fair values of financial instruments by item of the balance sheet
The following table reconciles the existing financial instruments to the corresponding items of the balance sheet and shows the respective measurement basis, carrying amount and the fair value as of the reporting date:

In thousand EUR	Measurement category in accordance with IFRS 9	**Carrying amount 31 Dec 2019**	Carrying amount in accordance with IFRS 16	**Fair value 31 Dec 2019**
Assets				
Investments	FVTPL	**817**	**–**	**817**
	Amortized cost	405	–	405
	n.a.	302	–	–
Other non-current assets	**Total**	**707**	**–**	**–**
Trade accounts receivable	Amortized cost	**137,975**	**–**	**137,975**
Contract assets	Amortized cost	**19,009**	**–**	**19,009**
	Amortized cost	25,969	–	25,969
	FVTPL	367	–	367
	n.a.	15,150	–	–
Other receivables and current assets	**Total**	**41,486**	**–**	**–**
Cash and cash equivalents	Amortized cost	**163,902**	**–**	**163,902**
Liabilities				
Non-current liabilities from leases	n.a.	**64,036**	**64,036**	**–**
Other non-current liabilities	Amortized cost	**30**	**–**	**30**
Trade accounts payable	Amortized cost	**178,823**	**–**	**178,823**
Current liabilities from leases	n.a.	**26,923**	**26,923**	**–**
Current loans and borrowings	Amortized cost	**79**	**–**	**79**
	Amortized cost	25,433	–	25,433
	FVTPL	420	–	420
	n.a.	30,060	–	–
Other current liabilities	**Total**	**55,913**	**–**	**–**

In thousand EUR	Measurement category in accordance with IFRS 9	**Carrying amount 31 Dec 2018**	Carrying amount in accordance with IAS 17	**Fair value 31 Dec 2018**
Assets				
Investments	FVTPL	**777**	**–**	**777**
	Amortized cost	**347**	**–**	**347**
	n.a.	**325**	**–**	**–**
Other non-current assets	**Total**	**672**	**–**	**–**
Trade accounts receivable	Amortized cost	**145,009**	**–**	**145,009**
Contract assets	Amortized cost	**19,480**	**–**	**19,480**
	Amortized cost	6,234	–	6,234
	FVTPL	423	–	423
	n.a.	15,138	–	–
Other receivables and current assets	**Total**	**21,795**	**–**	**–**
Cash and cash equivalents	Amortized cost	**155,531**	**–**	**155,531**
Liabilities				
Non-current liabilities from leases	n.a.	**9,703**	**9,703**	**9,521**
Other non-current liabilities	Amortized cost	**443**	**–**	**443**
Trade accounts payable	Amortized cost	**188,654**	**–**	**188,654**
Current liabilities from leases	n.a.	**1,775**	**1,775**	**1,734**
Current loans and borrowings	Amortized cost	**50**	**–**	**50**
	Amortized cost	23,670	–	23,670
	FVTPL	477	–	477
	n.a.	13,147	–	–
Other current liabilities	**Total**	**37,294**	**–**	**–**

The fair values of financial instruments were determined based on the following methods and assumptions:

For listed securities, the fair value can be determined on the basis of market information available at the balance sheet date in accordance with Level 1. For publicly traded financial instruments, the market value on the balance sheet date represents the fair value of the instrument.

The fair values of derivative financial instruments were determined in accordance with Level 2 of the fair value hierarchy using the quoted prices of the contracting parties and valuation techniques such as the present value method based on currently observable market data. The fair values of the currency derivatives were calculated using the respective spot rate and the yield curves of the respective currency. The fair values of interest rate swaps were calculated based on discounted future expected cash flows. Market interest rates for equivalent terms were used for discounting purposes.

The fair values of unlisted equity instruments are generally determined in accordance with Level 3 of the fair value hierarchy. Since not enough information is available to measure fair value or there is a wide range of possible measurements of fair value, the valuation is made in accordance with IFRS 9.B5.2.3. at cost, which is considered the best estimate of fair value.

The fair values for other loans and borrowings with variable rates of interest were determined on the assumption that agreed rates of interest are equivalent to market interest rates. Consequently, their carrying amounts are deemed to match their fair values. Valuation models are used to calculate the fair values for loans and borrowings with fixed interest rates. The inputs (interest rates) are based on observable market data.

The fair values of trade accounts receivable and payable, other current assets and liabilities that were allocated to the “at amortized cost” category as well as cash and cash equivalents are deemed to match their carrying amounts owing to their short terms.

The following table provides an overview of the classification of the financial assets and financial liabilities of the Logwin Group that were recognized at fair value, in accordance with the fair value hierarchy:

31 Dec 2019 *In thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
FVTPL	642	367	175	**1,184**
Liabilities				
FVTPL	–	420	–	**420**

31 Dec 2018 *In thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
FVTPL	592	423	185	**1,200**
Liabilities				
FVTPL	–	477	–	**477**

There were no transfers between Level 1, Level 2 and Level 3 in the financial and in the prior year.

Shares in non-consolidated companies included in Level 3 in the previous year in the amount of EUR 10k were consolidated for the first time in the financial year.

Net results from financial instruments by measurement category

In thousand EUR	From interest	From subsequent measurement at Fair value	From subsequent measurement Impairment	Net result 2019
Assets at amortized cost	424	–	–426	–2
Assets at fair value through profit or loss	222	18	–	240
Liabilities at amortized cost	–838	–	–	–838
Liabilities at fair value through profit or loss	–30	–13	–	–43
Total	**–222**	**5**	**–426**	**–643**

In thousand EUR	From interest	From subsequent measurement at Fair value	From subsequent measurement Impairment	Net result 2018
Assets at amortized cost	372	–	–265	107
Assets at fair value through profit or loss	–	–23	–	–23
Liabilities at amortized cost	–812	–	–	–812
Liabilities at fair value through profit or loss	–64	67	–	3
Total	**–504**	**44**	**–265**	**–725**

Please refer to note 14 “Financial result” for information on interest income and expenses. Gains and losses from subsequent valuation at fair value relate primarily to the valuation of derivative financial instruments held to hedge currency risks. Impairment losses include impairments of receivables.

Financial risks

Liquidity risks

The business operations of the operating units of the Logwin Group as a logistics provider require it to use loans, factoring and credit-related forms of finance, for example when renting or leasing infrastructure, transport equipment and other technical equipment and facilities over the short to medium term. Continuing restricted access to means of finance and guaranteed credit lines, insufficient availability of suitable receivables that can be sold in the factoring process or a sustained increase in the cost of such financing instruments could lead to considerable risks for liquidity and earnings at the Logwin Group.

The Logwin Group manages its liquidity risk by monitoring the current liquidity situation on a daily basis. Liquidity planning is used to determine future requirements and to analyze on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources. As of 31 December 2019, the Logwin Group had unused credit facilities of EUR 39.2m (prior year: EUR 39.1m). The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m from the factoring facility depending on the volume of receivables sold which was not used during the financial year 2019.

Note 21 to the consolidated financial statements on page 71 provides a maturity analysis of the lease liabilities.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports worldwide. The Logwin Group will be faced with liquidity and earnings risks if such established financial instruments are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms underlying international financial business transactions fail to work. The risk is reduced by diversification and contractual agreements with leading financial service providers selected according to defined criteria.

Credit risks
Credit risk is the risk that a counterparty will not meet its contractual obligations and that the Logwin Group will incur financial losses as a result. As of 31 December 2019, the Group's maximum credit risk, excluding collateral held or other credit enhancements, is derived from the carrying amounts of the respective financial assets reported in the consolidated balance sheet as of 31 December 2019. Value adjustments are made for impending default risks. Please refer to Note 23 on page 73 of the Notes to the Consolidated Financial Statements for the scope of valuation allowances of trade receivables. In contrast, assets that are neither past due nor impaired are fully recoverable.

There are essentially credit risks arising from relationships with customers and banks. Credit risks arising from relationships with customers are minimized by detailed credit assessments and a restrictive allocation of credit periods. Furthermore, in nearly all countries trade credit insurance exists for the majority of customers. Credit risks resulting from relationships with banks (counterparty risk) are counteracted via diversification of banking relationships.

In order to minimize the credit risk, the Logwin Group has developed credit risk classifications in order to categorize exposures according to their degree of default risk. The credit rating information is provided by independent rating agencies where available and, if not available, the Logwin Group uses other publicly available financial information and internally available information of the Group to evaluate its major customers and other debtors. The Group's exposure and the creditworthiness of the counterparties are continuously monitored and the total value of the transactions concluded is allocated to the eligible counterparties.

Currency risks
The companies of the Logwin Group generate revenues in various currencies in the course of carrying out their worldwide activities and therefore also recognize their assets in non-euro currencies. As a result, the Group is subject to ongoing currency risks. Moreover, between the companies of the Logwin Group there are internal financing balances in foreign currencies. As a result, a significant risk to earnings and liquidity from the negative effects of exchange rate movements cannot be excluded.

Wherever feasible, the Logwin Group reacts to potential foreign exchange risks affecting liquidity by using hedging instruments. The Logwin Group's hedging transactions in connection with foreign currency receivables and liabilities reduce the uncertainty of future cash flows from hedged items with regard to the risk of exchange rate fluctuations. Taking into account hedging activities, a change in the respective functional currency of the group companies by +/– 10% in relation to the US dollar, the main foreign currency of the Logwin Group, as of 31 December 2019 would have an effect on the Group's net result of –/+ EUR 0.2m (prior year: –/+ EUR 0.3m).

As the euro is the reporting currency of the Logwin Group, the financial statements of the companies are translated into euro, which is the functional currency of the Group, for the purposes of the consolidated financial statements. These translation-related foreign currency risks are not typically hedged in the Logwin Group. This can create a considerable impact on the presentation of the earnings position and net assets of the Logwin Group.

Interest rate risks
Interest rates can change after a prolonged phase of low interest rates as a result of various influential factors. Increased rates of interest can pose a risk to the earnings of the Logwin Group.

Maturity analysis of financial liabilities
Next year, cash outflows for the servicing of financial liabilities are expected to amount to EUR 79k (prior year: EUR 50k).

Trade accounts payable and derivative financial liabilities existing on the reporting date are due within one year.

The maturity analysis of the leasing liabilities can be found in Note 21 on page 71.

Forward exchange contracts

As of 31 December 2019, the Logwin Group had various forward exchange contracts to hedge the foreign exchange risk of the operating business and to secure Logwin AG's receivables or liabilities arising from group financing. The following table shows the major transactions:

	31 Dec 2019		31 Dec 2018	
Angaben in Tausend	Nominal value in foreign currency	Nominal value in euros	Nominal value in foreign currency	Nominal value in euros
Forward exchange contracts to hedge receivables of Logwin AG arising from group financing and the operating activities of group companies				
Sell				
AED	13,500	3,262	4,090	953
AUD	1,620	990	5,170	3,196
CNH	7,000	890	28,800	3,571
COP	2,955,000	767	455,000	121
CZK	8,500	329	2,700	105
GBP	2,370	2,630	4,260	4,781
HKD	27,500	3,128	31,700	3,491
HUF	147,500	449	272,000	841
PLN	900	209	12,800	2,968
RON	450	94	–	–
TRY	2,900	443	1,700	234
USD	6,380	5,729	7,000	6,075
ZAR	–	–	4,400	267
Total	**–**	**18,922**	**–**	**26,603**
Forward exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activities of group companies				
Buy				
AED	18,200	4,405	8,180	1,923
AUD	1,850	1,136	1,770	1,094
CNH	73,730	9,421	75,690	9,552
CZK	34,550	1,347	23,650	912
GBP	2,290	2,567	3,880	4,336
HKD	138,400	15,744	132,200	14,547
HUF	784,400	2,379	786,000	2,432
PLN	–	–	12,150	2,820
SGD	1,058	695	1,448	914
THB	2,000	60	–	–
TRY	5,750	831	5,430	907
TWD	17,000	514	17,000	489
USD	9,910	8,893	9,530	8,306
Total	**–**	**47,992**	**–**	**48,232**

The forward exchange contracts all have a term of less than one year.

The following table compares the fair values and the nominal amounts of the derivative financial instruments:

In thousand EUR	31 Dec 2019		31 Dec 2018	
	Nominal amount	Fair value	Nominal amount	Fair value
Assets				
Forward exchange contracts	23,059	367	31,150	423
Total	**23,059**	**367**	**31,150**	**423**
Liabilities				
Forward exchange contracts	43,855	420	43,686	477
Total	**43,855**	**420**	**43,686**	**477**

The assets are matched by liabilities from the valuation of the underlying financial transactions. Liabilities from forward exchange transactions are matched by assets from the valuation of the underlying internal financial transactions.

Netting agreements are set out in the master agreements in place with the banks through which derivative financial instruments are concluded. However, these netting agreements only take effect in the event of insolvency. The presentation of the net amount for accounting purposes is therefore not permitted, as there is only a theoretical right of set-off at the end of the reporting period. If it were permitted, offsetting would allow a total of EUR 367k (prior year: EUR 423k) of the recognized assets of EUR 367k (prior year: EUR 423k) to be offset against the recognized liabilities of EUR 420k (prior year: EUR 477k).

Capital management

The goal of the Logwin Group's capital management is to preserve its financial stability and maintain an adequate equity level for Logwin AG. It can react to negative changes in the capital structure by adjusting its equity or debt resources in particular through the utilization of existing credit facilities and the factoring facility.

Medium and long-term financial decisions are checked for their impact on the capital structure of the Logwin Group. In addition, short and medium-term changes in the capital structure are systematically monitored by analyzing working capital. In addition to changes in absolute values, a key aspect here is relative changes and changes relative to relevant figures such as revenues.

The following items are covered by capital management:

In thousand EUR	31 Dec 2019	31 Dec 2018
Liabilities from leases	–90,958	–11,478
Loans and borrowings	–79	–50
Gross financial debt	**–91,037**	**–11,528**
Cash and cash equivalents	163,902	155,531
Net liquidity	**72,864**	**144,003**
Trade accounts payable	–178,823	–188,654
Other liabilities and current provisions	–65,853	–49,432
Trade accounts receivable	137,975	145,009
Contract assets	19,009	19,480
Income tax receivables/liabilities	–1,806	–2,020
Other non-current and current receivables and assets	42,193	22,466
Inventories	2,577	2,799
Working Capital	**–44,727**	**–50,352**
Shareholders' equity	**208,550**	**184,686**

The following table shows all unrecognized financial commitments as of 31 December 2019 and 2018:

In thousand EUR	31 Dec 2019	31 Dec 2018
Due within 1 year	10,154	35,283
Due within 2 to 5 years	9,319	49,834
Due after 5 years	5,834	13,159
Total	**25,307**	**98,276**

The financial obligations in the financial year consist mainly of obligations from leases already concluded in the financial year that have not yet been recognized in the balance sheet in accordance with IFRS 16 due to their contractual commencement in 2020 and obligations from service contracts. In the previous year, other financial obligations mainly compromised from operating leases as defined by IAS 17. Due to the first-time application of IFRS 16 in the financial year, these obligations are now recognized as liabilities from leases.

37 Contingent liabilities and lawsuits

It can be assumed that the contingent liabilities in respect of bank and other guarantees, letters of comfort and other liabilities arising in the ordinary course of business as of 31 December 2019 will not result in material obligations.

To the extent necessary, provisions are recognized for individual matters that could possibly lead to a claim. Beyond this, no claims are expected.

The joint and several liability for import VAT and interest, which was classified as a contingent liability in the previous year, was reported as other liability in the financial year (see Note 34).

38 Auditor's fees

The auditor's fees for the financial year covered the following services (amounts excluding out-of-pocket expenses):

	Auditors of Luxembourg companies		Auditor's network abroad	
In thousand EUR	**2019**	**2018**	**2019**	**2018**
Audit services	119	109	520	504
Tax services	–	–	–	–
Audit-related services	–	–	–	–
Other services	40	1	127	33
Total	**159**	**110**	**647**	**537**

39 Key management personnel compensation

The compensation of non-executive members of the Board of Directors and of members of the Executive Committee includes all amounts received from group companies. The fixed portion of the regular compensation also includes other compensation components. In 2019, payments in the amount of EUR 86k (prior year: EUR 84k) were made to a defined contribution pension plan for members of management.

In thousand EUR	**2019**	**2018**
Members of the Executive Committee	2,372	2,596
thereof fixed portion of regular compensation	*1,475*	*1,615*
thereof variable portion of regular compensation	*897*	*981*
Non-executive members of the Board of Directors (fixed compensation)	120	120

40 Related party transactions

Entities and persons are regarded as related parties if one party has the ability to control the other party or has an interest in the entity that gives it significant influence over the entity, if the party is an associate or if the party is a member of the key personnel of the entity or its parent.

In financial years 2019 and 2018, the Logwin Group rendered or received services to or from certain associated and affiliated non-consolidated companies as part of its ordinary operations. In addition, there were supply and service relationships with the former parent company DELTON Health AG (formerly DELTON AG) and its subsidiaries.

Until the end of fiscal 2018, DELTON Health AG - via its wholly owned subsidiary DELTON Vermögensverwaltung - held a majority interest in Logwin AG, Grevenmacher/Luxembourg (Logwin). As part of a structural realignment at DELTON Health AG, the investment in Logwin AG was transferred from DELTON Vermögensverwaltung AG in December 2018 to the newly founded DELTON Logistics S.à r.l., Grevenmacher/Luxembourg.

Mr. Stefan Quandt is the sole shareholder of DELTON Health AG, DELTON Logistics S.à r.l and shareholder and Deputy Chairman of the Supervisory Board of BMW AG, Munich. He is a related party to BMW AG and DELTON Health AG within the meaning of IAS 24 “Related Party Disclosures”.

	Associated and affiliated, not consolidated companies		DELTON Health AG and its Subsidiaries	
In thousand EUR	**2019**	**2018**	**2019**	**2018**
Services provided	313	311	294	234
Services received	170	274	683	630
Receivables as of 31 Dec	32	46	–	1
Payables as of 31 Dec	163	184	276	187

Logwin AG also concluded a framework agreement for money market transactions with DELTON Health AG that expired in the financial year 2019. Logwin AG had no short-term deposits (prior year: EUR 0) with DELTON AG as of 31 December 2019; finance income amounted to EUR 0 (prior year: EUR 29k) in the reporting year.

In 2019, the Logwin Group generated rental income of EUR 8k (prior year: EUR 0k) from the DELTON Logistics S.à r.l.. The Logwin Group purchased services from DELTON Logistics S.à r.l. in the amount of EUR 54k (prior year: EUR 0k).

In 2019, the Logwin Group's revenues from companies of the BMW Group amounted to EUR 21,596k (prior year: EUR 23,386k). Receivables from BMW Group amounted to EUR 1,871k as of 31 December 2019 (prior year: EUR 2,235k).

In addition, Logwin Group companies procured vehicles from the BMW Group, predominantly by leasing. This gave rise to leasing payments for the Logwin Group of EUR 1,473k in 2019 (prior year: EUR 1,465k). The liabilities to the BMW Group amount to EUR 14k as of 31 December 2019 (31 December 2018: EUR 0k).

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In financial year 2019, these resulted in expenses for the Logwin Group in an amount of EUR 55k (prior year: EUR 15k).

All transactions with related parties were conducted under standard market conditions at arm's length.

41 Events after the reporting period

In an agreement dated January 2020, the Logwin Group will sell one site of the Solutions business segment with effect from 29 February 2020 (see Note 26).

Otherwise, no material events occurred between 31 December 2019 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 28 February 2020 which would require reporting.

42 List of shareholdings

The table below lists all companies of the Logwin Group as of 31 December 2019:

	Share of capital
Solutions	
Logwin Solutions Management GmbH, DE-Großostheim	100.00%
Logwin Solutions Holding International GmbH, AT-Salzburg	100.00%
Logwin Solutions Austria GmbH, AT-Salzburg	100.00%
Logwin Solutions Spain S.A., ES-Madrid	100.00%
LOGWIN Romania S.R.L, RO-Bukarest	100.00%
Logwin Solutions Deutschland GmbH, DE-Großostheim	100.00%
Logwin Solutions Neckartenzlingen GmbH, DE-Neckartenzlingen	100.00%
Air + Ocean	
Logwin Air + Ocean International GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Beteiligungs GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Deutschland GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean UK Limited, GB-Uxbridge	100.00%
Logwin Air + Ocean Belgium N.V., BE-Antwerpen	100.00%
Logwin Air + Ocean Czech S.r.o., CZ-Mladá Boleslav	100.00%
Logwin Air + Ocean Hungary Kft., HU-Budapest	100.00%
Logwin Air + Ocean The Netherlands B.V., NL AX Oude Meer	100.00%
Logwin Poland Sp.z.o.o., PL-Piaseczno	100.00%
Logwin Air + Ocean Italy S.r.l., IT-Milano	51.00%
Logwin Air & Ocean Spain S.L., ES-Barcelona	100.00%
Logwin Air + Ocean Austria GmbH, AT-Salzburg	100.00%
Logwin Air and Ocean Lojistik Hizmetleri ve Ticaret Limited Sirketi, TR-Istanbul	100.00%
Logwin Air + Ocean Slovakia s.r.o. SK-Bratislava	100.00%
Logwin Air + Ocean France S.A.S., FR-Villepinte	100.00%
Logwin Air and Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.00%
Logwin Air and Ocean Kenya Ltd., KE-Nairobi	60.00%
Leadway Container Depot (Pty) Ltd, ZA-Lynnwood	100.00%
Logwin Air & Ocean Hong Kong Ltd., HK-Hongkong	100.00%
Logwin Air + Ocean Taiwan Ltd, TW-Taipeh	100.00%
Logwin Air + Ocean Philippines Inc., PH-Paranaque City	100.00%
Logwin Air & Ocean Korea Ltd., KR-Seoul	100.00%
Logwin Air + Ocean China Ltd., CN-Shanghai	100.00%
Logwin Air & Ocean Far East Ltd., HK-Hongkong	100.00%
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.00%
Logwin Air & Ocean Vietnam Company Limited , VN-Ho Chi Minh City	100.00%
Logwin Air + Ocean Malaysia Sdn. Bhd., MY-Kuala Lumpur	100.00%
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.00%
P.T. Logwin Air & Ocean Indonesia, ID-Jakarta	90.00%
Logwin Air & Ocean India Pvt. Ltd., IN-Mumbai	100.00%
Logwin Air & Ocean Australia Pty. Ltd., AU-Alexandria	100.00%

Logwin Air + Ocean Mexico S.A. de C.V., Mexico-City	100.00%
Logwin Air + Ocean Colombia SAS, CO-Bogota	100.00%
Logwin Air + Ocean Brazil Logística e Despacho Ltda., BR-Sao Paulo	100.00%
Logwin Air + Ocean Chile S.p.A., CL-Santiago	100.00%
Logwin Air + Ocean Perú S.R.L. PE-Lima	100.00%
Logwin Air & Ocean Middle East LLC, AE-Dubai	60.00%
Other	
Logwin AG, LU-Grevenmacher	100.00%
Logwin Holding Immo Aschaffenburg GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Holding Austria GmbH, AT-Salzburg	100.00%
Logwin Road + Rail Austria GmbH, AT-Salzburg	100.00%
Thiel AS Logistics AG, LU-Grevenmacher	100.00%
Logwin Road + Rail Deutschland GmbH, DE-Großostheim	100.00%
Logwin Holding Aschaffenburg GmbH, DE-Großostheim	100.00%
Logwin Finance GmbH, DE-Großostheim	100.00%
Logwin Service GmbH, DE-Großostheim	100.00%
Aschaffenburger Versicherungsmakler GmbH, DE-Großostheim	100.00%
Not consolidated	
Logwin Air and Ocean Simesonke (Pty.) Ltd., ZA-Spartan-Kempton Park	100.00%
Leadway Freight Ltd. HK-Hongkong n.o.	100.00%
Logwin Forwarding Malaysia Sdn. Bhd. i.L., MY-Kuala Lumpur	49.00%
A + O Distribution Corporation i.L., PH-Paranaque City	100.00%
Supply Chain International Ltd., NZ-Auckland	33.00%
East West Freight Limited, HK-Hongkong	100.00%
Leadway Container Line Ltd., SG-Singapore	100.00%
Lippe Logistik Verwaltungs GmbH i.L., DE-Lemgo	100.00%
Logwin Solutions Lojistik Hizmetleri ve Ticaret Ltd. Sti. i.L., TR-Istanbul	100.00%
Hellmann Beverage Logistics Inc, US-FL-Miami	50.00%
Transcontainer-Universal GmbH & Co. KG, DE-Bremen	0.80%

Investments of the Logwin AG are not consolidated, if the company does not carry out any business operations or if the Group does not exercise any significant influence on the company. Furthermore for investments of minor importance for the consolidated financial statements no consolidation using the at equity method has been carried out.

In the year under review, the Logwin Group employed 4,372 people on average (prior year: 4,234).

Declaration by the Board of Directors

The Board of Directors is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the group management report, as well as for all other information provided in the Annual Financial Report.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Pursuant to the provisions of the Luxembourg Commercial Code, the group management report contains an analysis of the net assets, financial position and results of operations of the Group, as well as further information.

The consolidated financial statements, the group management report and the independent auditor's report were subject to a preliminary audit by the Audit Committee and discussed extensively in a meeting of the Board of Directors together with representatives of the audit firm.

The audit of the consolidated financial statements and the group management report for financial year 2019 did not give rise to any objections. By way of resolution by the Board of Directors, the consolidated financial statements and the group management report were therefore approved for publication.

In line with Luxembourg law, the consolidated financial statements and the group management report must still be approved by the Annual General Meeting.

The Board of Directors of Logwin AG

Grevenmacher (Luxembourg), 28 February 2020

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles for consolidated financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and result of operations of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dr. Antonius Wagner
(Chairman of the Board of Directors)

Sebastian Esser
(Deputy Chairman of the Board of Directors)

To the Shareholders of
Logwin AG, Société Anonyme
5, an de Längten
L-6776 Grevenmacher

This text was drawn up for information purposes only. In case of discrepances between the german and the english text, the german text shall prevail.

Report of the Reviseur D'entreprises agrée

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Logwin AG and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the «Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Impairment of goodwill

Please refer to note 7 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on the value of goodwill can be found under note 18 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit
Goodwill amounted to EUR 66.3 million as at 31 December 2019 and thus represented 11.3% of total assets.

Impairment of goodwill is tested annually or as necessary on the level of the Air & Ocean and Solutions business segments. For this purpose, the carrying amount of the assets is compared with their recoverable amount for the respective business segment. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognised. In this regard, the recoverable amount corresponds to the value in use, which is determined using a valuation model based on the discounted cash flow method. The key date for annual impairment testing is 31 December. Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. These assumptions include the expected business and earnings development of the business segments for the next five years, the assumed long-term growth rates, the discount rate used and the allocation of carrying amounts to the two business segments.

As a result of the impairment tests conducted, the Company established that there was no impairment requirement.

There is a risk for the consolidated financial statements that a negative deviation in the assumptions and estimates underlying the measurement that are described in the notes could result in valuation falling short of the carrying amounts.

b) How the matter was addressed in the audit
With the involvement of our valuation specialists, we assessed the appropriateness of the significant assumptions and the calculation model of Logwin AG. For this purpose, we discussed the expected business and earnings development and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with other internally available forecasts, e.g. for tax purposes, and with the approved strategic corporate planning. Furthermore, we evaluated the consistency of assumptions with external market assessments and the market capitalisation of Logwin AG. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations.

Since even small changes to the discount rate can have a significant impact on the results of impairment testing, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements. In order to take account of forecast uncertainty for impairment testing, we investigated the impact of potential changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing these with the values stated by the Company.

Finally, we assessed whether the disclosures in the notes on impairment of goodwill were appropriate. This also includes an assessment of the appropriateness of disclosures in the notes in accordance with IAS 36.134(f) on sensitivity in the event of a reasonably possible change in key assumptions used for measurement.

First-time adoption of "IFRS 16 – Leases"

Please refer to note 21 in the notes to the consolidated financial statements for information on the accounting policies applied. Information on the first-time adoption of IFRS 16 can be found under note 5 and 7 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit
The first-time adoption of the accounting standard "IFRS 16 - Leases" had a significant impact on the opening balance sheet values for the financial year. Logwin AG has exercised the right to select the transitional provisions and is applying the modified retrospective approach. The opening balance sheet of Logwin AG shows right-of-use assets in the amount of EUR 80.4m and leasing liabilities in the amount of EUR 81.4m. The share of long-term and short-term leasing liabilities in the balance sheet total amounts to 16.8% and thus has a significant impact on the company's financial position. This results in a decline in the equity ratio from December 31, 2018 to January 1, 2019 by 5.8% to 33.4%.

The assessment of the first-time application effect of IFRS 16 as well as the update of leasing liabilities and right-of-use assets in accordance with the standard require extensive manual input of the leasing contracts' data in Excel. The data is recorded decentralised in the national companies or at the operational locations. However, it should be noted that the process is coordinated centrally and that the data entered is checked based on a random sample, by reference to the contracts.

The determination of the lease term, the amount of the lease payments and the incremental borrowing rate used as a discount rate require the exercise of judgement and depend on estimates and assumptions. In particular, the appraisal of options (extension, termination and purchase options) includes judgmental decisions by management. These are primarily to be made in real estate leasing contracts.

There is a risk for the opening balance sheet of the consolidated financial statements that the leasing liabilities and rights-of-use assets were not accurately and completely calculated and thus not accurately and completely recorded.

b) How the matter was addressed in the audit
In a first step, we have gained an understanding of the Group's process for implementing the accounting standard as well as the complete and accurate data input for the valuation of leasing liabilities and rights of use by means of inquiries and inspection of documents.

We have then analysed and assessed Logwin AG's process manual and accounting guidelines, which served as the basis for the implementation, with regards to completeness and conformity with IFRS 16.
We have compared the assumptions and parameters underlying the incremental borrowing rates with our own assumptions and publicly available data. In addition, we have assessed the calculation model for the interest rate with regards to adequacy and conformity with IFRS 16.

With regards to the opening balance sheet values, we have checked, for a risk-oriented selection of leasing contracts, whether the relevant data elements (leasing object, leasing rate, lease term, options, etc.) were accurately and completely determined and accurately recorded in the Excel templates. In case judgmental decisions were made, e.g. in order to determine the lease term, we have checked whether the underlying assumptions are reasonable with a view to market conditions and risks as well as whether they are consistent with other assumptions made in the financial statements.

On a sample basis, we have checked additions and changes to leasing contracts during the financial year 2019 to ensure that they were recorded accurately and completely. Decisions involving judgment have been challenged in the same way as the assessment of the opening balance sheet values, and their consistency with other assumptions made in the consolidated financial statements has been evaluated.

On a representative sample basis, we have arithmetically recalculated the values of the lease liabilities and right-of-use assets in the opening and closing balance sheets as determined by Logwin AG (covering various scenarios).

Finally, we have assessed whether the disclosures in the notes on the first-time adoption of the new accounting standard "IFRS 16 - Leases" are appropriate.

Allowances for trade receivables and completeness of recognition and adherence to the accrual basis regarding trade receivables and payables

Please refer to note 7 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on trade receivables can be found in note 22 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit
Trade receivables and contract assets as well as trade payables amounted to EUR 157.0 million and EUR 178.8 million respectively as at 31 December 2019 and account for a considerable share of assets and liabilities.

As at 31 December 2019, contract assets amounting to EUR 19.0 million have been disclosed. Furthermore, contract liabilities amounting to EUR 10.2 million were netted with contractual receivables incurred at year end, but due and payable at a later date.

The starting point for determining the amount of the valuation allowance for trade receivables is the expected loss for the remaining term based the simplified approach of the impairment model according to IFRS 9. To estimate a specific allowance, the matters considered include external default risk valuations and historical values of credit default. In case of the existence of a coverage commitment by a factoring company, the trade receivables will be valued using the default risk valuation of said factoring company. Furthermore, the valuation allowance for trade receivables is based on the age structure. This assessment of allowances requires the exercise of judgement and depends on the Company's estimates and assumptions. Accordingly, there is the risk that allowances for trade receivables have not been made in a sufficient amount.

Recognition of trade receivables and contract assets on an accrual basis, i.e. revenue from transport services, requires estimates concerning the performance status of the individual shipment. These estimates are based on historical values and projected values, as well as on contractual arrangements and agreements. Determining that trade receivables are recognised on an accrual basis depends on Company estimates and assumptions which require judgement. There is the risk that trade receivables have not been recognised on an accrual basis.

The complete recognition of trade payables relating to transportation services and the accrual basis recognition of trade payables, consequently the cost of sales from transportation services, also requires estimates concerning the status of service performance of individual shipments and the related costs, which may not yet be invoiced. These estimates are based on historical values and projected values, as well as on contractual arrangements and agreements. Determining that trade payables are recognised in full and according to the accrual basis depends on Company estimates and assumptions which require judgement. There is the risk that trade payables have not been recognised in a sufficient amount and/or that they have not been recognised on an accrual basis.

b) How the matter was addressed in the audit
We assessed the appropriateness of the significant assumptions and judgements for the valuation in assessing the recoverability of trade receivables and contract assets. In relation to this, the mathematical accuracy of the value adjustment in line with IFRS 9 was tested. The Group's assessment of creditworthiness of each customer was assessed at operating company level. To do this, we also analysed the age structure of trade receivables and the historical default rates. We recalculated the allowances on a sample basis and performed reconciliations.

We assessed the estimates concerning the completeness of recognition of payables and the appropriate accrual basis recognition of trade receivables and payables. To do this, we verified selected IT systems and the internal controls intended to ensure completeness and adherence to the accrual basis that we identified as relevant in the processes. As part of the sample-based review of customer transactions, we evaluated the contractual basis and verified the estimates that were made. Customer transactions were reviewed at operating company level. Balance enquiries were made in selected companies to request confirmation from customers and suppliers. Furthermore, we evaluated the extent to which deferred income for outstanding invoices was realised in the following year.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report and the Corporate Governance Statement and Corporate Social Responsibility report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements
We have been appointed as “Réviseur d’Entreprises agréé” by the General Meeting of the Shareholders on 10 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

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

The Corporate Governance Statement, as published on the Company’s website (https://www.logwin-logistics.com/company/investors/governance.html), is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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

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

Other matter
The Corporate Governance Statement includes information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of under takings, as amended.

Luxembourg, 28 February 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn