Logwin AG

Annual Financial Report 2020

LOGWIN

Key Figures 1 January – 31 December 2020

Earnings position *In thousand EUR*	**2020**	**2019**
Revenues		
Group	1,123,297	1,130,319
Change on 2019	*–0.6%*	
Air + Ocean	789,703	753,521
Change on 2019	*4.8%*	
Solutions	333,927	376,817
Change on 2019	*–11.4%*	
Operating Result (EBITA)		
Group	47,752	47,589
Margin	*4.3%*	*4.2%*
Air + Ocean	49,060	46,649
Margin	*6.2%*	*6.2%*
Solutions	6,554	8,275
Marge	*2.0%*	*2.2%*
Net result		
Margin	34,734	35,380

Financial position *In thousand EUR*	**2020**	**2019**
Operating cash flows	67,744	65,438
Free cash flow	18,577	17,872

Net asset position	**31 Dec 2020**	**31 Dec 2019**
Equity ratio	39.1%	35.5%
Net liquidity *(in thousand EUR)*	77,510	72,864

	31 Dec 2020	**31 Dec 2019**
Number of employees	4,160	4,330

This document is a translation of the German original annual financial report of Logwin AG for the year ended 31 December 2020 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 Group 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 harmonized IT infrastructure with its 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 price/quantity deviation analyses and as an important benchmark. 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. Volatile goodwill impairment, on the other hand, is excluded.

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).

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.

Liquidity Free cash flow is the central key performance indicator for liquidity management in the Logwin Group and its business units. 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 performance indicators are aimed at achieving a sustainable positive financing structure and the associated positive effects on creditworthiness and credit standing. This ensures continued access to the capital market at favorable conditions for the purpose of liquidity management.. 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.

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 (corporate social responsibility report) and diversity report for information on the non-financial statement, which is to be issued in 2021 for 2020, 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 (until 8 April 2020)
Munich (GER)

Andreas Kurtze (*1973)
Non-executive member of the Board of Directors (since 8 April 2020)
In-house lawyer
Frankfurt am Main (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 80 of the notes to the consolidated financial statements. As of 31 December 2020, there were 2,884,395 fully paid up, no-par registered voting shares issued and admitted for trading on the Frankfurt Stock Exchange. Of these, 3,000 shares were held as treasury shares by Logwin AG as of 31 December 2020 and were therefore subject to the exclusion of voting rights and dividends.

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 35 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 2020, 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").

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- 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 development of the global economy in financial year 2020 was decisively influenced by the Covid 19 pandemic and the impact of the measures taken to combat it. During the year under review, the global economy recovered significantly by fall 2020 from the economic slump in the spring caused by the Covid 19 pandemic. However, in the fourth quarter of the year the recovery weakened again to some extent due to the second wave of infection and the measures taken to combat it in Europe. Over the year as a whole, both industrial production and global trade volumes declined.

In China and in other emerging Asian economies, industrial production has recovered since the third quarter of 2020 and now already exceeds pre-crisis levels in many sectors. As a result, the level of world trade has also recently risen significantly again following the slump in the spring. Over the year as a whole, the Chinese economy as a key growth driver grew slightly, but remained below the growth rates of previous years.

By contrast, the level of industrial production, trade and overall economic development in the United States and the euro zone in particular, as well as in a number of emerging economies (e.g. India, Brazil, Russia, Indonesia), remains below the level of the previous year due to the economic downturn in the spring and prolonged high infection rates with a corresponding impact on economic activity .

In the United States, economic output has declined noticeably. In addition to the effects of the Covid 19 pandemic, trade conflicts are impacting economic development. Private consumer spending also declined in the face of a sharp rise in unemployment.

Developments in the euro zone were also characterized by a significant decline in economic output. The economic recovery that began in the third quarter after the slumps of the spring was slowed by the second wave of the Covid 19 pandemic, and economic output fell again in the fourth quarter. Rising unemployment figures impacted private consumer spending.

German (logistics) industry German economic output shrunk significantly in the past year after a long period of growth and is now in recession. As a result of the Covid 19 pandemic, industrial production fell significantly, particularly in the first half of the year, partly due to disruptions in global supply chains. The retail and service sectors, which were particularly affected by the pandemic response measures, were especially responsible for the economic slump. Online retail once again significantly increased its growth rates of previous years as part of this development, while over-the-counter retail business, the food service sector, and the hotel and catering industry saw heavy declines. Also hard hit by the effects of the pandemic were imports and exports of goods and services, which recorded significant declines for the first time since 2009. Industrial production began to recover at the start of the second half of the year, but still fell short of the previous year's level.

Competition and market In all relevant areas, the market and competitive environment in the logistics sector was very challenging in the course of 2020 and characterized by the effects of the Covid 19 pandemic and the measures to combat it. In view of the global shortage of transport capacity and the significant rise in purchase prices, this required a high level of commitment to safeguarding existing customer business and its profitability, as well as to winning new customers.

The air freight market suffered substantial volume declines and even more significant capacity bottlenecks in the financial year, primarily due to the slump in air freight capacity on passenger aircraft. As a result, air freight rates have been significantly higher than in previous years since the first quarter of 2020. Volumes on the ocean freight markets increased in the second half of the year following the slumps in the spring. Here, too, freight rates were significantly above the previous year on average, as the capacities made available were unable to meet the surge in global demand. Sustained disruptions to handling at key hubs of the global ocean freight chains exacerbated a tense market situation and the unforeseen rise in freight rates.

In the past year, the contract logistics market showed an overall decline. Both existing business and the acquisition of new business were characterized by unchanged competitive and margin pressure. The market for services in the transport network in Germany was particularly affected by the impact of the Covid 19 pandemic and the measures taken to combat it, with demand slumping dramatically due to the closures in the stationary retail sector in the spring and winter.

Business performance

In a challenging market and competitive environment characterized by the effects of the Covid 19 pandemic, the Logwin Group was able to build on the pleasing earnings performance of the previous year. Revenues were at the level of the previous year. Despite a market-related decline in volumes, the Air + Ocean business segment exceeded the prior-year figure due to an average increase in freight rates. By contrast, sales in the Solutions business segment decreased significantly, in particular due to the effects of the measures to combat the Covid 19 pandemic on the retail transport network.

The Air + Ocean business segment suffered declines in both air and ocean freight volumes in 2020 in a difficult market environment characterized by capacity bottlenecks, particularly in air freight. The decline in volumes was more than compensated for in both sea freight and air freight by freight rates that were above the level of the previous year. In the 2020 financial year, the implementation of a new transport management system was successfully driven forward in several major national companies (including Germany, China and Austria). The conversion of all national companies to the system is now taking place in line with a consistently implemented rollout plan and will contribute to further securing the high level of efficiency in the Air + Ocean business segment.

Developments in the Solutions business segment in the 2020 financial year were also characterized by the very challenging market environment caused by the pandemic. While the business segment's international transport activities developed positively overall over the course of the year and recorded increases in sales and earnings, contract logistics and activities in the transport network in Germany declined sharply. This was due to the measures taken to combat the Covid 19 pandemic, which affected the over-the-counter retail sector in particular, and subdued demand for textiles and fashion as well as non-food articles. In addition, sales in contract logistics also declined due to the divestment of a site in the first quarter of 2020 and the closure of further sites in line with planning. In addition to the measures taken to safeguard earnings, pandemic-related negative impacts on earnings were mitigated in the financial year by the positive result from the sale of a location. The projects to further develop the business area's IT processes were successfully driven forward in the reporting year and have largely been completed.

in million EUR	**2020**	**2019**	*Absolute change*
Revenue	1,123.3	1,130.3	–7.0
EBITA	47.8	47.6	0.2
Net result	34.7	35.4	–0.7
Free cash flow	18.6	17.9	0.7
Net liquidity	77.5	72.9	4.6

Earnings position

Revenues The Logwin Group recorded a slight decline in revenues in the 2020 financial year from EUR 1,130.3m in the previous year to EUR 1,123.3m. The decrease in sales of 0.6% was mainly due to declines in the Solutions business segment with a simultaneous rate-related increase in sales in the Air + Ocean business segment.

Air + Ocean
The Air + Ocean business segment achieved pleasing sales of EUR 789.7m in the financial year (prior year: EUR 753.5m), representing an increase of 4.8%. In a difficult market environment characterized by tight capacity, particularly in air freight, with volumes declining sharply in the market as a whole, volumes declined slightly in both ocean freight and air freight. The volume declines were more than compensated for by higher average freight rates.

Solutions
At EUR 333.9m, sales of the Solutions business unit in 2020 were significantly below the previous year's level of EUR 376.8m. In the reporting year, the business unit was impacted by the effects of the Covid 19 pandemic and the measures taken to combat it. In the international transport business, sales increased slightly due to higher volumes. By contrast, there was a significant decline in sales in contract logistics, mainly due to the divestment and closure of sites, and in the transport network as a result of the measures to combat the Covid 19 pandemic.

in million EUR	**2020**	**2019**	*Absolute change*
Logwin Group	1,123.3	1,130.3	–7.0
thereof Air + Ocean	*789.7*	*753.5*	*36.2*
thereof Solutions	*333.9*	*376.8*	*–42.9*

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

Gross margin and gross profit The Logwin Group's gross margin was maintained at the previous year's level of 8.8% in the 2020 financial year. The margin in the Air + Ocean business segment declined slightly. In the Solutions business segment, the gross margin remained almost constant.

Selling, general and administrative costs At EUR 55.3m, selling, general and administrative expenses increased slightly in the 2020 financial year (prior year: EUR 54.8m). This figure includes an increase in expenses in the Other segment, which relate in particular to administrative services for the operating business units.

Operating result (EBITA) The Logwin Group generated an operating result (EBITA) of EUR 47.8m in the 2020 financial year, on a par with the previous year (prior year: EUR 47.6m). The Group's operating margin remained at a very pleasing level of 4.3% (prior year: 4.2%). The development of earnings is characterized by a predominantly pandemic-related negative development in the Solutions business segment, whereas the Air + Ocean business segment achieved an improvement in earnings.

Air + Ocean
At EUR 49.1m, the operating result of the Air + Ocean business segment noticeably exceeded the previous year's result (prior year: EUR 46.6m). The increase is mainly due to an increase in gross profit.

Solutions
In the Solutions business segment, operating result in 2020 decreased from EUR 8.3m in the previous year to EUR 6.6m. The decline is mainly due to a noticeable reduction in gross profit. In particular, heavy declines in earnings in the transport network, which generated considerable losses due to the measures to combat the Covid 19 pandemic, and the effects of site closures in contract logistics had a negative impact. This was offset by higher non-recurring income from the sale of a site, among other things.

in million EUR	**2020**	**2019**	*Absolute change*
Logwin Group	47.8	47.6	0.2
Margin	*4.3%*	*4.2%*	*0.1%*
Air + Ocean	49.1	46.6	2.5
Margin	*6.2%*	*6.2%*	*0.0%*
Solutions	6.6	8.3	–1.7
Margin	*2.0%*	*2.2%*	*–0.2%*

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

Financial result and income taxes Compared to the previous year, the financial result improved to EUR –3.9m (prior year: EUR –4.2m). The increase was mainly due to the decrease in interest expenses from lease liabilities from EUR –3.5m to EUR –3.0m and the decrease in interest expenses in connection with pension and other personnel provisions from EUR -0.8m to EUR –0.4m. This was offset by a decrease in foreign currency effects from intragroup financing activities from EUR 0.5m to EUR –0.1m. By contrast, income tax expense increased from EUR –8.0m in the prior year to EUR –9.1m, mainly as a result of unrecognized loss carryforwards of the reporting period as well as increased non-deductible expenses.

Net result The Logwin Group's net result for the period amounted to EUR 34.7m in the 2020 financial year and thus fell slightly short of the previous year's result by EUR 0.7m (prior year: EUR 35.4m).

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 of EUR 90.9m as of 31 December 2020 are almost unchanged from the previous year (prior year: EUR 91.0m) and relate almost exclusively to liabilities from leases.

Operating cash flows In the 2020 financial year, the Logwin Group recorded cash inflows from operating activities of EUR 67.7m (prior year: EUR 65.4m). The slight increase is mainly due to lower payments for taxes and interest as well as an improved development of working capital.

Investing cash flows At EUR –17.7m, the Logwin Group's cash flow from investing activities was EUR –0.9m below the previous year's cash flow (prior year: EUR–16.8m). The deviation is mainly due to an increase of EUR 2.3m in payments for investments. This was offset by cash inflows from the sale of a location in the Solutions business segment.

Free cash flow After taking into account the repayment of lease liabilities of EUR –31.4m (prior year: EUR –30.7m), the Logwin Group generated a free cash flow of EUR 18.6m (prior year: EUR 17.9m).

Financing cash flows Financing cash flows in 2020 amounted to EUR –42.3m (prior year: EUR –41.4m) and mainly include the repayment of liabilities from leases of EUR –31.4m (prior year: EUR –30.7m). In addition, financing cash flows include the distribution to Logwin AG shareholders of EUR -10.1m (prior year: EUR -10.1m) based on the resolution of the Annual General Meeting of Logwin AG.

Net asset position

Total assets Total assets of the Logwin Group showed a slight decline, decreasing from EUR 587.4m as of the previous year's reporting date to EUR 574.4m as of 31 December 2020. The decline in total assets compared with the previous year was due in particular to the decrease in current other liabilities and other assets in connection with the settlement of an insurance claim following the settlement of a legal dispute.

Non-current assets increased moderately to EUR 228.0m in the reporting year (prior year: EUR 216.0m). The increase mainly relates to other intangible assets, which rose from EUR 13.9m to EUR 22.5m due to ongoing investments in the operating IT system. Property, plant and equipment of EUR 118.2m (prior year: EUR 115.9m), which is the main item contained in non-current assets, also contributed to the increase. In addition, non-current assets include goodwill of EUR 66.3m (prior year: 66.3m) and deferred tax assets of EUR 19.5m (prior year: EUR 18.4m).

By contrast, the Logwin Group's current assets decreased to EUR 346.5m, compared with EUR 371.4m at the end of the previous year. Current assets include trade receivables and contract assets recognized in accordance with IFRS 15 of EUR 153.4m (prior year: EUR 157.0m) and cash and cash equivalents of EUR 168.4m (prior year: EUR 163.9m). The decrease is mainly due to the settlement of an insurance claim following the settlement of a legal dispute in the amount of EUR 18.3m.

Equity The Logwin Group's equity amounted to EUR 224.9m at the end of the 2020 reporting year, compared with EUR 208.6m in the previous year. The increase in equity primarily reflects the net result for the 2020 financial year of EUR 34.7m (prior year: EUR 35.4m). The distribution to the company's shareholders of EUR 10.1m in the financial year (prior year: EUR 10.1m) and the recognition of actuarial losses from the measurement of pension provisions due to the lower interest rate level amounting to EUR 1.2m (prior year: EUR -2.9m) had a reducing effect on equity. The equity ratio rose from 35.5% as of the previous year's reporting date to 39.1% as of 31 December 2020.

Liabilities Non-current liabilities decreased from EUR 103.2m at the end of the previous year to EUR 100.9m as of 31 December 2020, mainly due to the decrease in non-current liabilities from leases. This was offset by the increase in provisions for pensions and long-service awards due to the application of lower discount rates. Current liabilities decreased noticeably from EUR 275.7m to EUR 248.7 as of 31 December 2020. and mainly include trade accounts payable of EUR 172.5m (prior year: EUR 178.8m). The decrease in current liabilities is mainly due to the fulfillment of a payment obligation from a concluded court case in the amount of EUR 18.3m.

Cash and net liquidity The Logwin Group's cash and cash equivalents amounted to EUR 168.4m at the end of the reporting year 2020, compared with an amount of EUR 163.9m as of 31 December 2019. Mainly as a result of the higher cash and cash equivalents, the Group's net liquidity increased from EUR 72.9m at the end of the previous year to EUR 77.5m as of 31 December 2020.

Employees

The Logwin Group employed 4,160 people worldwide as of 31 December 2020, compared with 4,330 employees at the end of the previous year. The Air + Ocean business segment employed 76 employees less than in the previous year. The Solutions business segment employed 116 employees less than in the previous year, mainly due to site closures and personnel measures.

The number of Logwin Group employees in Germany decreased from 1,850 to 1,739.

	2020	**2019**	*Absolute change*
Logwin Group	4,160	4,330	-170
thereof Air + Ocean	*2,754*	*2,830*	*-76*
thereof Solutions	*1,177*	*1,293*	*-116*

Report on the Logwin share

The Logwin Share On all German stock exchanges 65,653 shares of Logwin AG were traded in the year under review. This was equivalent to a turnover of EUR 8.7m. Between the beginning and end of the reporting period, the price of the Logwin share fell from EUR 159.00 to a Xetra closing price of EUR 149.00. 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. In the financial year a total of 3,000 no-par shares (previous year: 0) were acquired.

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 2020	**31 Dec 2019**
Closing price (Xetra)	*in EUR*	149.00	159.00
High/low 52 weeks	*in EUR*	170.00/102.00	175.00/121.00
Number of shares	*Units*	2,884,395	2,884,395
– thereof outstanding	*Units*	2,881,395	2,884,395
Market capitalization	*in million EUR*	429.33	458.62

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 2020.

Company rating The rating for the Logwin Group (corporate credit rating) by Standard & Poor’s has been “BB+” with a stable outlook since April 2019.

Subsequent events report

There were no events subject to reporting requirements that occurred between 31 December 2020 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 4 March 2021.

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 system based 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.

Risiks

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 2021 financial year, which – in the company's view – will not change materially compared to the prior year despite the continuing uncertainties in some areas and the fact that the company will be affected in some places by the further development of the Covid 19 pandemic. 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, including the regulatory environment, in particular the measures to combat the pandemic. Moreover, financial, legal 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.

In line with the general overall situation, the Logwin Group is currently closely monitoring the risks for the business segments Air + Ocean and Solutions arising from the further course of the Covid 19 pandemic. A significant prolongation of the far-reaching measures taken in the course of combating the Covid 19 pandemic, in particular the closure of the over-the-counter retail business in various European countries including Germany, and possibly a resulting increase in customer insolvencies or a lasting change in consumer behavior could have a significant impact on the net asset, financial and earnings position of the Logwin Group. A renewed disruption of global trade due to the isolation of individual countries in order to curb infection rates could also have a significant impact on the Logwin Group's net asset, financial and earnings position.

In addition, there are significant risks to global economic development and in particular to the economy of the euro zone and the Asian economies. In this context, there is a particular risk of significantly weakened economic development in the short and medium term as a result of the Covid 19 pandemic. Short- and medium-term introductions of trade barriers and efforts to restrict free trade for political reasons may have an additional considerable negative impact on the net asset, financial and earnings position. In contrast, the company believes that the risks resulting from the United Kingdom's withdrawal from the European Union are of secondary importance for the Logwin Group as a whole. These only play a minor role for the Logwin Group and the vast majority of its existing customers due to the insignificant sales from transport services in goods traffic between the UK and the EU. No significant effects are expected for the original intercontinental import and export business to and from the UK in the financial year 2021 despite the considerable disruption in service provision.

A worse-than-forecast economic recovery in relevant economic regions and economies as well as in economic sectors such as textiles, automotive or certain segments of wholesale and retail would have a negative impact on demand for logistics services from the Logwin Group's customers for individual or all operating Logwin units, which could make it necessary for the Logwin Group to take adjustment 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
The measures to combat the Covid 19 pandemic in 2020 already led to significant short-term disruptions in companies' logistics chains worldwide and profound effects on the various activities of the transport and logistics industry. The procurement and distribution activities of the transport network in the Logwin Group were particularly affected by short-term and unexpected declines in volume due to the various lockdowns in Germany and the other European countries.

The reaction to the public measures to combat the pandemic also led to a change in consumer behavior with an after-effect and made planning for customers and subsequently the activities of the Group's own transport network more difficult. In particular, a significant increase in the shift to online retailing was evident. If the further development of the infection process and the measures to contain it should lead to a sustained change in consumer behavior in the medium term at the expense of over-the-counter retailing, necessary capacity reductions and the resulting restructuring of business units such as the transport network could have a significant impact on the Logwin Group's net asset, financial and earnings position.

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, the main risk is that the market for air and ocean freight will not return to its longer-term growth trend. Increased competition for stagnating air and ocean freight volumes in this case could lead to a further increase in pressure on margins. The Air + Ocean business segment is endeavoring to counteract the erosion of margins by providing a high quality of service and making intensive efforts to win new customer business on an ongoing basis. A reaction by certain customers to the disruptions in global supply chains seen in the spring 2020 by changing procurement concepts or relocating production could also have a negative impact on the Air + Ocean business segment.

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. There are currently considerable shortages in global air freight capacities due to the significant reduction in passenger flights triggered by the Covid 19 pandemic. The ocean freight market is also characterized by a tight supply of container capacity with consequent significant increases in freight rates. There is a risk that this shortage of transport capacities could impede the ability to sufficiently stand out from the competition, which can have a considerable impact on Logwin Group's earnings.

Despite limited in-house transport capacity, there is a risk that the available transportation capacities and cargo space will be underutilized, particularly in the retail network of the Solutions business segment.

A further noticeable increase in freight rates could 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 current very low price level, there is a risk of significant price rises in the medium term, which could lead to an unexpected and, in some cases, very abrupt increase in the cost of sales.

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 labor 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. In addition, regular health and safety management courses are hosted to help avoid health risks and potential accidents.

Technical risks
The availability and functionality of IT infrastructure and applications are of crucial importance for the Logwin Group's economic performance. IT risks arise from the possible failure of operational and administrative IT systems, which could have a significant impact on business operations and pose a threat to the Logwin Group's existence in the event of prolonged interruptions or corresponding scope. To limit IT risks, existing and new threats to data security and the Logwin Group's IT infrastructure are continuously assessed. In 2020, there was a further increase in risk in the area of data and cyber security. The security incidents that have become known show that the risk situation for the Logwin Group still appears to be elevated. The Logwin Group therefore takes appropriate protective measures on an ongoing basis in order to be able to provide and expand IT services and functionalities securely.

The failure 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 2020, the Logwin Group had unused credit facilities of EUR 38.8m (prior year: EUR 39.2m). 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 99 provides a maturity analysis of the financial commitments.

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 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
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.

Both business segments are exposed to the risk of increased customer insolvencies due to the economic consequences of the Covid 19 pandemic. In addition to the immediate effect of potential bad debt losses, this may have a longer-term negative effect on sales and earnings development due to the loss of existing business. The Logwin Group continues to limit the risks arising from bad debts by closely monitoring and restrictively granting payment terms and credit limits. In addition, the consistent hedging of default risks through credit insurance serves to reduce the potentially increased risks from this area.

Allowances are made for possible default risks on trade accounts receivable and other financial assets. Please refer to note 23 on page 75 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 2020, would have an effect on the Group's net result of –/+ EUR 0.1m (prior year: –/+ EUR 0.2m).

Note 35 on page 97 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 ex tent 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 2020, 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.

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 substantially 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 of 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. About 700 employees have successfully completed this course so far. Since 2019, these training activities are 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. Approximately 300 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 asset, financial and earnings position of the Logwin Group. At EUR 66.3m, recognized goodwill as of 31 December 2020 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, including right of use assets from IFRS 16, could have a negative influence on the net asset, financial 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 globalization also provides the Logwin Group with certain opportunities. With global economic growth resuming, the logistics industry will continue to grow in the future. 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 forecast due to the risks of the further development of the Covid 19 pandemic, 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 can have an advantageous effect on the performance of the Logwin Group.

Besides regional characteristics, growth impulses can also result from individual industries. Especially favorable developments in the automotive, consumer goods, chemicals or plant and mechanical and engineering sector can have a beneficial effect on the Logwin Group's business performance. Booming online trade, which is showing significant growth rates, particularly as a result of the Covid 19 pandemic, is another 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 opportunities in a challenging and dynamic environment can be quickly and selectively seized and competitiveness can be improved. In addition, the increasing level of technology in operational processes harbors various optimization opportunities. The expanded use of modern, networked IT systems, in which the Logwin Group has increasingly invested in recent years, enables not only efficiency gains but also improved operational quality, increased cost efficiency and shorter response times to deviations. 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 disruption, as demonstrated by the disruptions in global supply chains in the spring of 2020 as a result of the Covid 19 pandemic. 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 a 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 made in the outlook report are still subject to very high uncertainty due to the imponderables surrounding the further development of the Covid 19 pandemic.

Economic forecast In line with leading economic forecasts, the Logwin Group expects the global economy to recover next year. Moderate growth is expected for the euro zone and the German economy. In the emerging markets there are also signs of a noticeable increase in the economic growth, although expectations here are mixed. Further significant growth is expected for China and other Asian economies in particular. Growth is expected to be somewhat weaker in Latin America and Russia. All forecasts for overall economic development assume that containment measures and the ongoing vaccination of the population will succeed in putting a lasting brake on the increase in the number of infections caused by the Covid 19 pandemic. The development of individual sub-sectors of German consumption, in particular the textile and clothing industry, as well as the development of economic sectors that are strongly import and export-related, such as the automotive industry, will be of key importance for the Logwin Group.

The possibility of significant overriding risk factors having a negative impact on the Logwin Group’s business development is considered realistic and is reflected in the assessment of future business development. These risk factors include in particular uncertainty about the further development of the Covid 19 pandemic. Additional risks relating to economic development arise from the trade conflict between the United States and China as well as the euro zone and the potential negative impact on global trade. In contrast, the direct risks of Brexit for the Logwin Group are considered to be low.

Revenue expectations The Logwin Group expects sales in 2021 to be at the level of the previous year. This is based on the expectation of a further recovery in volumes and the strong increase in rates for air and ocean freight. A significant recovery in overall economic development is also expected, particularly in global trade in Asia and Europe. The forecast is subject to high uncertainty and depends on a gradual containment of the spread of the Covid 19 pandemic through the ongoing vaccination campaigns and further successes of the pandemic response.

Air + Ocean
Economic development in the main markets of the Air + Ocean business segment in 2021 is primarily dependent on a recovery in global trade flows following the pandemic-related plummets in the course of 2020. Revenues should also expand moderately, supported by the foreseeable continuation of high freight rates and new customer wins. The acquisition of new customers, expansion of business with existing customers, and securing existing business form the basis for the further successful development of the business unit and will therefore remain the focus. As in previous years, revenues in 2021 will depend to a large extent on the described development of freight rates and exchange rates, as well as on the development of volumes with existing and new customers.

Solutions
Revenues in the Solutions business segment will be below the prior-year level in the 2021 financial year following the planned termination of various customer transactions. In the transport business, a decline in volume forecasts with various existing customers will have a dampening effect. In the Solutions business segment, too, freight rates in the transport sector, which are expected to remain stable or fall, will have a significant impact on revenue development.

Earnings expectations Under the conditions described above, the Logwin Group expects the operating result (EBITA) in 2021 to be at the level of the previous year. In line with the operating result, net result for the period will therefore be at the level of 2020.

Air + Ocean
Following the further very pleasing increase in earnings in the Air + Ocean business segment in the reporting year, generally, it will be possible to maintain this level of results in the still very challenging market and competitive environment in 2021. Market-related margin losses and declining volumes could have a negative impact on earnings. Securing the successful overall development in the context of the expected global economic recovery, the continuation of important business with existing customers and targeted growth in new customer business will stabilize the earnings level in fiscal year 2021. Transport volumes are expected to increase again. The forecast includes non-recurring expenses due to the further IT roll-out of the new transport management system in the remaining countries of the business segment.

Solutions
The development of earnings in the Solutions business segment will depend to a large extent on the course of the gradual overall economic recovery and also in particular on the impacts of the further measures to combat the pandemic. In the Solutions business segment, operating result is expected to increase overall in 2021, unless restructuring should become necessary due to sustained changes in demand structures, particularly in the stationary retail sector.

In this respect, uncertainties about the overall economic development and especially the development in the apparel and also automotive sectors persist in fiscal 2021. They may jeopardize the achievement of the targeted earnings performance.

Liquidity development The Logwin Group expects an increase in free cash flow in 2021 due to reduced investment activity following the completion of the IT rollouts. Net liquidity will increase accordingly.

Employees Due to the expected expansion of business in the Air + Ocean business segment, the Logwin Group anticipates a slight increase in the number of employees in the 2021 financial year. A slight increase in the number of employees is also expected in the Solutions business segment.

Consolidated Financial Statements

Income Statement

In thousand EUR	2020	2019	*Note/page*
Revenues	1,123,297	1,130,319	*9/63*
Cost of sales	–1,023,941	–1,030,797	*10/64*
Gross profit	**99,356**	**99,522**	
Selling costs	–23,505	–25,503	*10/64*
General and administrative costs	–31,747	–29,272	*10/64*
Other operating income	13,551	7,611	*11/64*
Other operating expenses	–8,602	–4,343	*11/64*
Impairments on financial assets measured at amortized cost	–859	–426	
Operating result before impairments of property, plant and equipment and other intangible assets	**48,194**	**47,589**	
Impairment of property, plant and equipment	–442	–	*12/65*
Operating result before goodwill impairment (EBITA)	**47,752**	**47,589**	
Goodwill impairment	–	–	
Net result before interest and income taxes (EBIT)	**47,752**	**47,589**	
Finance income	255	438	*14/65*
Finance expenses	–4,135	–4,640	*14/65*
Net result before income taxes	**43,872**	**43,387**	
Income taxes	–9,138	–8,007	*15/66*
Net result	**34,734**	**35,380**	
Attributable to:			
Shareholders of Logwin AG	34,414	34,858	
Non-controlling interests	320	522	
Earnings per share - basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG	**11.94**	**12.09**	
Weighted average number of shares outstanding	2,883,387	2,884,395	

Statement of Comprehensive Income

In thousand EUR	2020	2019	*Note/page*
Net result	**34,734**	**35,380**	
Gains/losses on currency translation of foreign operations	–6,323	2,032	
Reclassification of currency translation differences into profit or loss	6	–17	
Other comprehensive income that may be reclassified into profit or loss in future periods	**–6,317**	**2,015**	
Remeasurement of the net defined benefit liability	–1,615	–3,877	*30/82*
Deferred tax from remeasurement of the net defined benefit liability	367	941	*27/79*
Other comprehensive income that will not be reclassified into profit or loss in future periods	**–1,248**	**–2,936**	
Other comprehensive income	**–7,565**	**–921**	
Total comprehensive income	**27,169**	**34,459**	
Attributable to:			
Shareholders of Logwin AG	27,043	33,867	
Non-controlling interests	126	592	

Statement of Cash Flows

In thousand EUR	2020	2019	*Note/page*
Net result before income taxes	43,872	43,387	
Financial result	3,880	4,202	*14/65*
Net result before interest and income taxes	47,752	47,589	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortization	38,650	38,727	*10/64*
Result from disposal of non-current assets	–1,061	–12	*11/64*
Impairment of property, plant and equipment	442	–	*12/65*
Other	–4,366	1,307	
Income taxes paid	–10,626	–12,123	
Interest paid	–3,698	–4,341	
Interest received	255	438	
Changes in working capital, cash effective:			
Change in receivables	616	8,763	
Change in payables	–1,342	–15,120	
Change in inventories	1,122	210	
Operating cash flows	**67,744**	**65,438**	
Capital expenditures in property, plant and equipment and other intangible assets	–19,543	–17,194	
Proceeds from disposals of other business operations	1,450	–	*16/67*
Proceeds from disposal of non-current assets	310	347	
Other cash flows from investing activities	58	11	
Investing cash flows	**–17,725**	**–16,836**	
Net cash flow	**50,019**	**48,602**	
Change in current loans and borrowings	–10	29	*17/68*
Payment of liabilities from leases	–31,442	–30,730	*17/68*
Distribution to shareholders of Logwin AG	–10,094	–10,095	
Distribution to non-controlling interests	–386	–548	
Payments for acquisitions of own shares	–387	–	
Payments from non-controlling interests	–	55	
Other cash flows from financing activities	–	–94	
Financing cash flows	**–42,319**	**–41,383**	
Free-Cashflow (= Net cash flow less repayment of liabilities from leases)	**18,577**	**17,872**	
Effects of exchange rate changes on cash and cash equivalents	–3,194	1,152	
Changes in cash and cash equivalents	**4,506**	**8,371**	
Cash and cash equivalents at the beginning of the year	163,902	155,531	
Change	4,506	8,371	
Cash and cash equivalents at the end of the period	**168,408**	**163,902**	*25/78*

Balance Sheet

Assets *In thousand EUR*	**31 Dec 2020**	**31 Dec 2019**	*Note/page*
Goodwill	66,319	66,319	*18/69*
Other intangible assets	22,478	13,912	*19/71*
Property, plant and equipment	118,184	115,873	*20/72*
Investments	759	817	
Deferred tax assets	19,523	18,377	*27/79*
Other non-current assets	699	707	
Total non-current assets	**227,962**	**216,005**	
Inventories	1,455	2,577	*22/75*
Trade accounts receivable	140,802	137,975	*23/75*
Contract assets	12,644	19,009	*23/75*
Income tax receivables	2,465	2,393	
Other receivables and current assets	20,686	41,486	*24/77*
Cash and cash equivalents	168,408	163,902	*25/78*
Assets held for sale	–	4,057	*26/78*
Total current assets	**346,460**	**371,399**	
Total assets	**574,422**	**587,404**	

Liabilities *In thousand EUR*	**31 Dec 2020**	**31 Dec 2019**	*Note/page*
Share capital	131,300	131,300	
Group reserves	93,144	76,195	
Treasury shares	–387	–	
Equity attributable to the shareholders of Logwin AG	**224,057**	**207,495**	
Non-controlling interests	795	1,055	
Shareholders' equity	**224,852**	**208,550**	*28/80*
Non-current liabilities from leases	60,599	64,036	*21/73*
Pensions provisions and similar obligations	35,485	34,617	*30/82*
Other non-current provisions	3,529	3,571	*31/87*
Deferred tax liabilities	1,294	926	*27/79*
Other non-current liabilities	1	30	*34/88*
Total non-current liabilities	**100,908**	**103,180**	
Trade accounts payable	172,523	178,823	
Current liabilities from leases	30,233	26,923	*21/73*
Current loans and borrowings	66	79	*29/82*
Current provisions	8,042	6,337	*32/87*
Income tax liabilities	3,230	4,199	*33/87*
Other current liabilities	34,568	55,913	*34/88*
Liabilities associated with assets held for sale	–	3,400	*26/78*
Total current liabilities	**248,662**	**275,674**	
Total liabilities and shareholders' equity	**574,422**	**587,404**	

Statement of Changes in Equity

In thousand EUR	Share capital	Additional paid-in capital	Retained earnings
	Equity attributable to the		
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**
1 January 2020	**131,300**	**146,628**	**–68,649**
Net result			34,414
Other comprehensive income			–1,248
Total comprehensive income			**33,166**
Acquisition of own shares			
Distributions		–10,094	
Attribution of retained earnings to additional paid-in capital		39,243	–39,243
31 December 2020	**131,300**	**175,777**	**–74,726**

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

shareholders of Logwin AG				
Accumulated other comprehensive income				
Currency translation reserve	Treasury shares	**Total**	Non-controlling interests	**Total shareholders' equity**
–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**
–1,784	**–**	**207,495**	**1,055**	**208,550**
		34,414	320	34,734
–6,123		–7,371	–194	–7,565
–6,123		**27,043**	**126**	**27,169**
	–387	–387		–387
		–10,094	–386	–10,480
		–		–
–7,907	**–387**	**224,057**	**795**	**224,852**

Notes to the Consolidated Financial Statements as of 31 December 2020

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 2020, were authorized for issue by resolution of the Board of Directors on 04 March 2021, 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 8 "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 2020, 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 2020, the number of consolidated companies includes two domestic and 50 foreign companies. They have developed as follows:

	31 Dec 2019	Additions	Disposals	31 Dec 2020
Luxembourg	2	–	–	2
Germany	12	–	1	11
Other countries	40	–	1	39
Total	**54**	**–**	**2**	**52**

The disposals relate to a merger in the Air + Ocean business segment and the liquidation of Leadway Container Depot (Pty.) Ltd, South Africa.

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 2020:

Standard/interpretations			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IFRS 3	Definition of a business	1 January 2020	yes
Amendment	IFRS 16	Covid-19-Related Rent Concessions	1 June 2020	yes
Amendment	IAS 1, IAS 8	Definition of material	1 January 2020	yes
Amendment	IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	1 January 2020	yes

The new or amended accounting standards and interpretations mentioned above were applicable for the first time for the current reporting period.

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

The amendments to IFRS 16 clarify that a lessee may elect not to determine whether a lease concession related to the Covid 19 pandemic is a lease modification. A lessee that applies the exemption accounts for Covid 19 pandemic-related lease concessions as if they were not lease modifications. The Logwin Group has not made use of this option for the 2020 financial year.

The IASB issued the amendment standard “Definition of Material (Amendments to IAS 1 and IAS 8)” in order to sharpen the definition of materiality and to harmonize the various definitions in the framework and in the standards themselves. Accordingly, information is material if its omission, misstatement or concealment could reasonably be expected to influence the decisions of the primary users of general purpose financial statements.

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 accounting standards, which became mandatory for the first time in the reporting year, did not have any material impact on the consolidated financial statements of Logwin AG.

Furthermore, the IASB and IFRS IC adopted the following new and revised accounting standards, which were not yet mandatory in fiscal year 2020. The Logwin Group did not make use of the option of voluntary early application in individual cases in fiscal year 2020.

Standard/interpretation			**Mandatory adoption (in the EU) for the annual period beginning on or after**	**Endorsement**
Amendment	IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2021	yes
Amendment	IFRS 9 IAS 39 IFRS 7 IFRS 4 IFRS 16	Interest Rate Banchmark Reform	1 January 2021	yes
Amendment	IFRS 3	Reference to the conceptual framework	1 January 2022	no
Amendment	IAS 16	Property, plant and equipment – Proceeds before intended use	1 January 2022	no
Amendment	IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	no
Amendment	various	Annual improvements on IFRSs, 2018 – 2020	1 January 2022	no
Amendment	IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023	no
Amendment	IAS 8	Definition of Accounting Estimates	1 January 2023	no
New Standard	IFRS 17	Insurance contracts	1 January 2023	no

The effective date of IFRS 17, which will replace IFRS 4, is now 1 January 2023; the stipulated expiry of the temporary exemption from the application of IFRS 9 in IFRS 4 has been postponed to 1 January 2023.

Property, Plant and Equipment - Revenue before Intended Use amends IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment the revenue arising from the disposal of items that are produced while being brought to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the revenue from such disposals and the cost of producing those items in operating income.

The amendments to IAS 37 specify that “costs of fulfilling a contract” comprise “costs that relate directly to the contract”. Costs that relate directly to a contract can be either incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of depreciation expense on an item of property, plant and equipment used in fulfilling the contract).

Amendments to IAS 1 relate only to the presentation of liabilities in the statement of financial position – not to the amount or timing of the recognition of assets, liabilities, income or expenses or the disclosures that entities make about those items.

IFRS 17 sets out the principles for recognition, measurement, presentation and disclosures for insurance contracts within the scope of the standard. The objective of IFRS 17 is the provision of relevant information by the reporting entities and thus to lead to a credible presentation of insurance contracts. This information serves as a basis for users of financial statements to assess the impact of insurance contracts on an entity's financial position, financial performance and cash flows.

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 judgements 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 2020 amounted to EUR 66.3m (prior year: EUR 66.3m). 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 2020 is EUR 35.5m (prior year: EUR 34.6m). 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 19.5m (prior year: EUR 18.4m). 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 key performance indicatiors and significant 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 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		2020	2019	31 Dec 2020	31 Dec 2019
1 EUR –					
Australian dollar	AUD	1.6551	1.6109	1.6025	1.5992
Brazilian real	BRL	5.8908	4.4130	6.3574	4.5128
Chinese renminbi	CNY	7.8741	7.7352	8.0134	7.8175
British pound	GBP	0.8896	0.8779	0.9031	0.8521
Hong Kong dollar	HKD	8.8584	8.7716	9.5210	8.7133
Polish zloty	PLN	4.4423	4.2978	4.5565	4.2567
Singapor dollar	SGD	1.5742	1.5273	1.6257	1.5088
Thailand baht	THB	35.7089	34.7622	36.7690	33.4720
US dollar	USD	1.1421	1.1195	1.2281	1.1189
South African rand	ZAR	18.7624	16.1772	18.0053	15.7398

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 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 is fulfilled 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.

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.

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 group of 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 (FVPL)	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss.
Debt instruments at fair value through profit or loss (FVOCI with recycling)	Fair Value	Impairment losses, currency translation and effective interest are recognised in profit or loss, other changes in value are recognised directly in equity, recognition or transfer from equity to profit or loss on disposal is recognised in profit or loss (recycling).
Equity instruments at fair value through profit or loss (FVOCI option, without recycling)	Fair Value	Dividends recognised in profit or loss, other changes in value are recognised 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 2020 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 is 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 2020.

Categories of Financial Assets and Financial Liabilities – Disclosure

The Logwin Group generally holds the following financial instruments:

- Cash and cash equivalents
- Trade accounts receivable and contract assets
- Other receivables and assets
- Financial assets
- Derivative financial instruments
- Trade accounts payable and other financial liabilities as well as contract 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. Trade receivables that are potentially sold under a factoring agreement are subsequently measured at FVTPL, as the primary objective is not to collect the contractual cashflows. 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

The Logwin Group has adopted the new leasing standard IFRS 16 on 1 January 2019 for the first time. 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. 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. The group exercises the option of not recognizing short-term leasing relationships and leasing relationships of low value.

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.

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 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 2020 and 2019.

2020 *in thousand EUR*	Air + Ocean	Solutions	Other	Consoli-dation	Group
External revenues	789,107	332,853	1,337	–	1,123,297
Intersegment revenues	596	1,074	1,852	–3,522	–
Revenues	**789,703**	**333,927**	**3,189**	**–3,522**	**1,123,297**
Operating result before impairments	**49,235**	**6,821**	**–7,862**	**–**	**48,194**
Impairment of property, plant and equipment	–175	–267	–	–	–442
Operating result before goodwill impairment (EBITA)	**49,060**	**6,554**	**–7,862**	**–**	**47,752**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**49,060**	**6,554**	**–7,862**	**–**	**47,752**
Financial result					–3,880
Net result before income taxes					**43,872**
Income taxes					–9,138
Net result					**34,734**
Segment assets	223,707	117,182	42,342	–	383,231
Unallocated assets					191,191
Total consolidated assets					**574,422**
Segment liabilities	167,146	70,502	16,507	–	254,155
Unallocated liabilities					95,415
Total consolidated liabilities					**349,570**

2019 *in thousand EUR*	Air + Ocean	Solutions	Other	Consoli-dation	Group
External revenues	753,015	375,900	1,406	–	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	–	–	–	–	–
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**

in thousand EUR	Depreciation		Additions to non-current assets	
	2020	2019	2020	2019
Air + Ocean	–16,589	–18,136	14,139	28,011
Solutions	–16,461	–16,140	29,523	15,774
Other	–5,600	–4,451	13,038	12,360
Total	**–38,650**	**–38,727**	**56,700**	**56,145**

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 2020 and 2019.

in thousand EUR	2020		2019	
Germany	491,549	44%	495,391	44%
Austria	219,970	20%	210,992	19%
Other EU	107,942	10%	109,768	10%
Asia/Pacific	253,490	23%	256,767	23%
Other	50,346	3%	57,401	4%
Total revenues	**1,123,297**	**100%**	**1,130,319**	**100%**

Revenues from external customers are allocated according to the geographical location of the billing entity. In 2020 12.4% (prior year: 11.9%) or EUR 139.1m (prior year: EUR 134.1m) of the Logwin Group's total revenues accounts to a customer in the business segment Solutions.

in thousand EUR	31 Dec 2020		31 Dec 2019	
Germany	90,350	64%	73,706	57%
Austria	10,370	7%	10,146	8%
Luxembourg	2,963	2%	3,688	3%
Other EU	23,125	16%	26,569	20%
Asia/Pacific	12,265	9%	13,578	10%
Other	1,589	2%	2,098	2%
Total non-current assets	**140,662**	**100%**	**129,785**	**100%**

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

Notes to the Income Statement

9 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:

2020 *in thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Group**
Germany	315,423	174,789	1,337	491,549
Austria	71,421	148,549	–	219,970
Other EU	98,427	9,515	–	107,942
Asia/Pacific	253,490	–	–	253,490
Other	50,346	–	–	50,346
Total revenues	**789,107**	**332,853**	**1,337**	**1,123,297**

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**

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 1,389k in the reporting period (prior year: EUR 2,027k).

10 Expenses by nature

in thousand EUR	2020	2019
Purchased services	–807,172	–795,181
Materials and supplies	–7,138	–8,582
Personnel expenses	–191,893	–204,704
Depreciation and amortization	–38,650	–38,727
Sundry expenses	–34,340	–38,378
Total cost of sales, selling, general and administrative costs	**–1,079,193**	**–1,085,572**

Purchased services mostly comprise transportation services provided by third parties.

11 Other operating income and expenses

in thousand EUR	2020	2019
Foreign exchange gains	8,237	3,810
Gains from the disposal of non-current assets	1,189	190
Sundry income	4,125	3,611
Other operating income	**13,551**	**7,611**

The item “Gains from the disposal of non-current assets” includes income of EUR 796k from the sale of a site that was allocated to the Solutions business segment.

in thousand EUR	2020	2019
Foreign exchange losses	–8,332	–3,915
Losses from the disposal of non-current assets	–126	–179
Sundry expenses	–144	–249
Other operating expenses	**–8,602**	**–4,343**

The item “Sundry expenses” includes expenses in the amount of EUR -6k from the realization of foreign currency reserves recognized in other comprehensive income of a liquidated company from the Air + Ocean business segment.

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	2020	2019
Foreign exchange gains	8,237	3,810
Foreign exchange losses	–8,332	–3,915
Foreign exchange effects, net	**–95**	**–105**

12 Impairment of property, plant and equipment

In 2020, impairment losses of EUR 267k were recognized on machinery and vehicles in the course of the discontinuation of a site of the Solutions business segment. In the Air + Ocean business segment a further impairment on technical equipment in the amount of EUR 175k was recognized.

13 Government Grants

Due to the Covid 19 pandemic, government grants in the amount of EUR 3,089k were recognized in the income statement in the reporting year 2020, among other things for short-time work (prior year: EUR 0k).

14 Financial result

The following table shows the composition of the financial result in financial years 2020 and 2019:

in thousand EUR	2020	2019
Finance income	**255**	**438**
Interest expenses from bank accounts	–306	–360
Interest expenses from lease liabilities	–2,991	–3,503
Net interest expense from the unwinding of the discount on defined benefit obligations and from the return on plan assets	–257	–492
Other interest expenses	–495	–745
Foreign currency effects from intragroup financing	–86	460
Finance expenses	**–4,135**	**–4,640**
Financial result	**–3,880**	**–4,202**

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	2020	2019
Curent income taxes	–9,694	–11,103
Deferred income taxes	556	3,096
Total income taxes	**–9,138**	**–8,007**

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

in thousand EUR	2020	2019
Net result before income taxes	**43,872**	**43,387**
Expected income taxes (tax rate 28.26%; prior year: 28.26%)	**–12,398**	**–12,261**
Foreign tax rate differential	2,315	1,998
Expenses not deductible for tax purposes	–2,319	–1,738
Tax effects relating to prior periods	46	364
Changes in valuation allowances and effects from not recognizing deferred tax assets	3,051	3,490
Other taxation effects	167	140
Total income tax expenses	**–9,138**	**–8,007**

The tax rate of 28.26% (prior year: 28.26%) used for 2020 corresponds to the tax rate of Logwin AG.

The position “Changes in valuation allowances and effects from not recognizing deferred tax assets” includes effects from deferred taxes not recognized in the prior year in the amount of EUR 6,458k and opposite effects from the non-recognition of deferred tax assets in the amount of EUR –3,407k.

Notes to the Statement of Cash Flows

16 Proceeds from disposals of other business operations

The proceeds from the disposal of other business units in the 2020 financial year result from the sale of a branch office that was allocated to the business segment Solutions.

in thousand EUR	**2020**
Consideration received	1,450
Proceeds from disposals of other business operations	**1,450**

In 2020, the following assets and liabilities, which were reclassified as held for sale in the prior year, were disposed of:

in thousand EUR	**2020**
Goodwill	502
Property, plant and equipment inclusive rights of use in accordance with IFRS 16	3,542
Assets disposed of	**4,044**
Lease liabilities	3,208
Pension provisions	183
Liabilities disposed of	**3,391**

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 2020	**79**	**90,959**
Cash effective	–10	–31,442
Non-cash effective:		
New leasing agreements	–	37,401
Revaluation	–	–3,746
Foreign exchange effects	–3	–2,340
31 Dec 2020	**66**	**90,832**

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 leasing 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**

The asset additions of EUR 37,401k (prior year: EUR 38,278k) resulting from new leasing agreements, as well as the associated liabilities, are non-cash effective and therefore not included in the investing cash flows.

Notes to the Balance Sheet

18 Goodwill

Allocation of goodwill to cash-generating units

The business segments are taken to be the group of 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 2020**	**31 Dec 2019**
Air + Ocean	45,701	45,701
Solutions	20,618	20,618
Goodwill	**66,319**	**66,319**

in thousand EUR	**Goodwill**
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
Carrying amount as of 1 Jan 2020	**66,319**
Carrying amount as of 31 Dec 2020	**66,319**
Acquisition cost	220,076
Accumulated impairment	–153,757

In the course of the disposal of a site of the Solutions business segment in 2020, pro-rata goodwill of EUR 502k was allocated to the disposal group of assets in the prior year (see Note 26).

Goodwill impairment testing

The Logwin Group performed its annual goodwill impairment test as of 31 December 2020. Due to the classification of the Covid 19 pandemic as a triggering event, an impairment test was performed as of 30 June 2020, which did not reveal any need for impairment. 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.

Discounts have been applied to the business plan for the Solutions business segment, assuming that the Covid 19 pandemic will have a major adverse effect on the business segment in the short term. In the medium term, a decreasing impairment of cash flows is assumed.

The business plan of the Solutions business segment forecasts an EBITA margin of 2.7% for the last planning year (31 December 2019: 2.3%). The average EBITA margin of 2020 (actual) through to 2024 (plan) of 2.6% (31 December 2019: 2.3%) 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 5.4% after tax (31 December 2019: 5.9%). This corresponds to an interest rate of 6.9% before tax (31 December 2019: 7,6%). A sustainable EBITA margin of 3.7% (31 December 2019: 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 5.9% after tax (31 December 2019: 6.5%). This corresponds to an interest rate of 7.6% before tax (31 December 2019: 8.3%).

The impairment test as of 31 December 2020 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 23.0m (prior year: EUR 16.5m). 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 of currently 2.6% by 0.5% points to 2.1%, there would be no impairment of the goodwill allocated to the Solutions business segment. Even an increase that was reasonably considered possible of the weighted average cost of capital of 1% would not result in an impairment. Should both effects occur together, there would be an impairment requirement. On its own the discount rate would have to change 1.1% points respectively the sustainable EBITA margin would have to change 0.6% points so that the estimated recoverable amount is equal to the carrying amount of the asset.

19 Other intangible assets

Amortization of intangible assets of EUR 381k is included in cost of sales (prior year: EUR 359k). A further EUR 6k (prior year: EUR 7k) relates to selling costs and EUR 2,029k (prior year: EUR 1,003k) to general and administrative costs. The other intangible assets of the Logwin Group do not include any internally generated assets as of 31 December 2020.

in thousand EUR	**Software, concessions and other licenses**
Acquisition cost	38,050
Accumulated impairment	–32,427
Carrying amount as of 1 Jan 2019	**5,623**
Currency differences	4
Additions	9,806
Disposals	–152
Amortization	–1,369
Carrying amount as of 31 Dec 2019	**13,912**
Acquisition cost	44,877
Accumulated impairment	–30,965
Carrying amount as of 1 Jan 2020	**13,912**
Currency differences	–22
Additions	11,010
Disposals	–6
Amortization	–2,416
Carrying amount as of 31 Dec 2020	**22,478**
Acquisition cost	55,272
Accumulated impairment	–32,794

The additions in the financial year 2020 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 31,528k (prior year: EUR 32,610k), while selling costs include depreciation of property, plant and equipment of EUR 834k (prior year: EUR 890k) and general and administrative costs include depreciation of property, plant and equipment of EUR 3,872k (prior year: EUR 3,858k).

in thousand EUR	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
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 as 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
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
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 leases	*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
Carrying amount of 1 Jan 2020	**86,058**	**4,532**	**9,758**	**14,340**	**1,185**	**115,873**
Currency differences	–1,972	–28	–293	–195	–	–2,488
Additions	31,395	2,731	4,022	6,841	701	45,690
Transfers	65	887	83	–	–1,035	–
Disposals	–2,526	–280	–353	–1,056	–	–4,215
Depreciation	–25,067	–890	–4,059	–6,218	–	–36,234
Impairment	–	–374	–	–68	–	–442
Carrying amount as of 31 Dec 2020	**87,953**	**6,578**	**9,158**	**13,644**	**851**	**118,184**
Thereof rights of use from leases	*74,597*	*138*	*2,533*	*9,319*	–	*86,587*
Acquisition cost	182,340	38,181	44,450	28,979	851	294,801
Accumulated depreciation and impairment losses	–94,387	–31,603	–35,292	–15,335	–	–176,617

As of 31 December 2020 and 2019, no property, plant and equipment was mortgaged to secure loans.

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 rights of use recognized in the balance sheet are included in property, plant and equipment as of 31 December 2020 and 2019 as follows:

in thousand EUR	**31 Dec 2020**	**31 Dec 2019**
Land and buildings	74,597	73,061
Machinery and equipment	138	129
Tools, fixtures, furniture and office equipment	2,533	3,333
Vehicle fleet	9,319	9,680
Total	**86,587**	**86,203**

As of 31 December 2020, liabilities from leases in the amount of EUR 90,832k were reported in the balance sheet (prior year: EUR 90,959k).

Maturity analysis

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

in thousand EUR	**31 Dec 2020**	**31 Dec 2019**
Less than 1 year	31,473	26,989
1 to 5 years	52,417	57,548
More than 5 years	10,330	11,198
Total undiscounted lease payments	**94,220**	**95,735**
Present value of lease payments	**90,832**	**90,959**

The following presentation was made in the income statement for the 2020 and 2019 financial year:

in thousand EUR	2020	2019
Depreciation on rights of use – land and buildings	–23,683	–25,154
Depreciation on rights of use – machinery and equipment	–37	–34
Depreciation on rights of use – tools, fixtures, furniture and office equipment	–1,217	–1,394
Depreciation on rights of use – vehicle fleet	–5,379	–5,446
Total depreciation on rights of use	**–30,316**	**–32,028**
Interest expenses from leasing liabilities	**–2,991**	**–3,503**
Expenses relating to short-term leases	**–106**	**–98**
Expenses relating to leases of low-value assets	**–489**	**–406**
Income from subleasing	**2,840**	**3,123**

The following cash outflows resulted from leases recognized as financial liabilities in accordance with IFRS 16 in the reporting year and in the previous year:

in thousand EUR	2020	2019
Repayments of recognized lease liabilities	31,442	30,730
Interest payments on recognized lease liabilities	2,991	3,503
Payments for short-term leases and leases over low-value assets	595	504
Total cash outflows from leases	**35,028**	**34,737**

Future cash outflows of EUR 29,246k may result from extension options that were not taken into account in the measurement of lease liabilities (prior year: EUR 43,319k).

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 2020, will result in future cash outflows of EUR 0k without taking into account extension or termination options (prior year: EUR 12,964k).

22 Inventories

Inventories primarily include packaging material and loading equipment with a value of EUR 1,455k (prior year: EUR 2,577k). No inventories were pledged.

In the reporting period, inventories of EUR 7,138k were recognized as an expense (prior year: EUR 8,582k).

In 2020, as in the prior year, the impairment test of inventories did not reveal any need for impairment on packaging material.

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

23 Trade accounts receivable

in thousand EUR	31 Dec 2020	31 Dec 2019
Trade accounts receivable, gross	**116,533**	**111,534**
Value adjustment due to the simplified approach	–610	–404
Trade accounts receivable	**115,923**	**111,130**
Less value adjustments for receivables with impaired creditworthiness	–1,709	–1,651
Trade accounts receivable, net	**114,214**	**109,479**
Trade accounts receivable from factoring	26,588	28,496
Total trade accounts receivable including factoring	**140,802**	**137,975**

The Group has recognized the following contract assets:

in thousand EUR	31 Dec 2020	31 Dec 2019
Current contract assets from transport services	12,715	19,087
Expected credit losses on contract assets	–71	–78
Contract assets	**12,644**	**19,009**

Contract liabilities in the amount of EUR 16,607k (prior year: EUR 10,146k) 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 10,146k were realized in the reporting period from contractual liabilities existing as of 31 December 2019 (prior year: EUR 9,864k).

The following table contains information on credit risk and expected credit losses for trade receivables and contract assets as of 31 December 2020 and 31 December 2019.

31 December 2020 *in thousand EUR*	Corresponds to external rating	Gross book value	Estimated loss rate (weighted average)	Estimated value adjustment	Negative credit rating
Low risk	A to AAA	63,538	0.02%	14	no
Medium risk	B to BBB	84,216	0.55%	444	no
Below average	C to CCC	6,356	3.52%	223	no
Loss event	D	1,726	99.02%	1,709	yes
Total		**155,836**		**2,390**	

31 December 2019 *in thousand EUR*	Corresponds 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**	

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	**2020**	**2019**
1 January	**–1,651**	**–1,256**
Currency differences	128	–31
Additions	–630	–919
Utilization	68	203
Reversals	376	352
31 December	**–1,709**	**–1,651**

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	2020	2019
1 January	**–484**	**–612**
Currency differences	27	–13
Additions	–274	–35
Reversals	50	176
31 December	**–681**	**–484**

As of 31 December 2020, trade accounts receivable not sold to the factoring company in the amount of EUR 68.1m (prior year: EUR 72.4m) 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 2020	31 Dec 2019
Receivables from the sale of non-current assets	–	15
Input tax refund	3,260	4,286
Insurance claims from legal disputes	–	18,341
Advance payments	14,787	16,963
Derivative financial instruments	514	367
Miscellaneous receivables and assets	2,125	1,514
Total other receivables and current assets	**20,686**	**41,486**

The insurance claims from legal disputes in the previous year relate to claims against an insurance company in connection with import sales tax owed under joint and several liability, together with interest. The case was settled by the insurance company in January 2020 (see Note 34). The appeal against the underlying judgment filed at the beginning of 2020 was finally dismissed.

The miscellaneous receivables and assets as of 31 December 2020 include receivables from billing transport containers totaling EUR 422k (prior year: EUR 722k).

Other receivables and current assets are due within one year. In the fiscal year, allowances of EUR 380 thousand were recognized on claims against an insurance company. Apart from this 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 2020	31 Dec 2019
Cash	167,403	162,593
Cash equivalents	1,005	1,309
Total cash and cash equivalents	**168,408**	**163,902**

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 2020, cash and cash equivalents amounted to EUR 3.9m (prior year: EUR 2.4m), which the Logwin Group had at its disposal only after approximately two working days as a result of a settlement agreement.

As of 31 December 2020, EUR 549k served as deposits for bank guaranties and are therefore restricted cash (31 December 2019: EUR 0k).

Cash and cash equivalents classified as carrying a low credit risk were written down by EUR 0k as of 31 December 2020 in accordance with IFRS 9 (prior year: EUR 4k).

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 one location of the business segment Solutions for which there was an intention to sell on the prior balance sheet date. The assets and liabilities were sold in January 2020 with an effective date of 29 February 2020.

The disposal group comprised 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 2020		31 Dec 2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,251	–	1,455	–
Property, plant and equipment	1,127	20,238	1,229	18,326
Investments	127	11	87	7
Current assets	2,681	1,196	1,639	1,039
Provisions	6,928	6	7,130	2
Liabilities	21,375	1,797	21,628	2,939
Tax loss carry forwards	17,060	–	15,609	–
Valuation allowances	–8,358	–	–8,340	–
Retained earnings of domestics and foreign subsidiaries	–	714	–	673
Net amounts	–22,668	–22,668	–22,060	–22,060
Total deferred taxes	**19,523**	**1,294**	**18,377**	**926**

In the financial year 2020 the recognized deferred taxes changed as follows:

in thousand EUR	2020	2019
Deferred taxes, net as of 1 January	**17,451**	**13,396**
Change recognized in profit or loss	556	3,096
Change recognized in equity	367	941
Currency and other differences	–145	18
Deferred taxes, net as of 31 December	**18,229**	**17,451**

The change recognized directly in equity relates to deferred tax effects on remeasurements of the net defined benefit liability in 2020 and in the previous year.

In the reporting year, deferred tax liabilities of 0.7 million euros (prior year: EUR 0.7m) were recognized on temporary differences from retained earnings of domestic and foreign subsidiaries amounting to EUR 22.5m (prior year: EUR 20.4m). No deferred tax liabilities were recognized for temporary differences from retained earnings of domestic and foreign subsidiaries amounting to EUR 3.0m (prior year: EUR 4.7m) as of 31 December 2020, as it is not probable that these will reverse in the foreseeable future. The tax effect on these differences would amount to EUR 1.7m (prior year: 1.7m).

Net deferred tax assets amounting to EUR 4.0m (prior year: EUR 4.9m) have been recognized despite tax losses in the reporting year or in the prior year, as there are substantial indications for their recognition due to non-recurring one-off effects. They were recognized on the basis of planning calculations for the taxable income of the respective companies, as sustained positive operating results are expected within the next 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 2020	31 Dec 2019
Tax losses	431,718	447,192
Deductible temporary differences	7,478	8,796
Total	**439,196**	**455,988**

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 2020, 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, 2,881,395 shares were outstanding (prior year: 2,884,395). As of 31 December 2020, 3,000 shares were held as treasury stock by Logwin AG and were therefore subject to the exclusion of voting rights and dividends. Each share represents EUR 45.52 of the share capital (prior year: EUR 45.52). In addition, as of 31 December 2020 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 8 April 2020 resolved the appropriation of net income as of 31 December 2019 of EUR 39,243k in the form of an allocation to the capital reserve. In the prior year, from the net profit as of 31 December 2018 amounting to EUR 69,160k an amount of EUR 2,010k was allocated to the legal reserve and the remaining amount of EUR 67,150k was allocated to the capital reserve. In addition, the Annual General Meeting had resolved in 2019 to transfer the other reserve in the amount of EUR 44,974k to the capital reserve. A dividend of EUR 10,094k (prior year: EUR 10,095k) was distributed from the capital reserve by resolution of the Annual General Meeting on 8 April 2020. This corresponds to an amount of EUR 3.50 per share (prior year: EUR 3.50 per share).

Dividends

The distribution has yet to be decided by the shareholders at the Annual General Meeting on 7 April 2021 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 2020, this reserve in the amount of EUR 13,130k (prior year: EUR 13,130k) 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 –15,531k as of 31 December 2020 (prior year: EUR –14,283k). The change of EUR –1,248k compared to the prior year relates completely to the remeasurement of the net defined benefit liability (prior year: EUR –2,936k) 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 –6,317k (prior year: EUR –2,015k) 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

Based on the authorization of the Annual General Meeting on 10 April 2019, the Board of Directors of Logwin AG decided on 17 March 2020 to start a new share buyback program. The share buyback started on 18 March 2020 and is limited until 28 February 2022. As of 31 December 2020, the Company held 3,000 shares with a value of EUR 387k (2019: EUR 0k). Treasury shares are subject to the exclusion of voting rights and dividends.

29 Loans and borrowings

As of 31 December 2020, the Logwin Group had credit facilities (without guarantee facilities) amounting to EUR 38.8m (prior year: EUR 39.2m), 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 2020 as well as in the prior year the factoring facility was not utilized.

Loans and borrowings reported as of 31 December 2020 totaling EUR 66k (prior year: EUR 79k).

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 501k to private pension insurance schemes were recorded in financial year 2020 (prior year: EUR 352k). In addition, contribution payments of EUR 8,082k (prior year: EUR 8,208k) 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 2020**	**31 Dec 2019**
Present value of the obligation	37,188	36,271
Plan assets	–1,703	–1,654
Net defined benefit liability (funding status)	**35,485**	**34,617**

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	**2020**	**2019**
Net defined benefit liability as of 1 January	**34,617**	**31,201**
Expense recognized in the income statement	749	1,243
Plan contributions and payments, net	–1,145	–1,611
Remeasurements recognized in equity	1,615	3,877
Settlements	–293	–17
Reclassification to liabilities associated with assets held for sale	–	–183
Other changes	–58	107
Net defined benefit liability as of 31 December	**35,485**	**34,617**

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	2020	2019
Present value of the obligation as of 1 January	**36,271**	**32,741**
Current service cost	492	751
Interest expenses	270	517
Actuarial gains (-)/losses (+)		
due to changes in demographic assumptions	–1	97
due to changes in financial assumptions	1,904	3,870
due to experience adjustments	–231	–6
Payments from company assets	–1,102	–1,566
Payments from plan assets	–56	–52
Settlements	–293	–17
Reclassification to liabilities associated with assets held for sale	–	–183
Other changes	–66	119
Present value of the obligation as of 31 December	**37,188**	**36,271**

in thousand EUR	2020	2019
Plan assets as of 1 January	**1,654**	**1,540**
Interest income on plan assets	13	25
Return on plan assets not included in interest income	57	84
Contributions by the employer	43	45
Payments from plan assets	–56	–52
Other changes	–8	12
Plan assets as of 31 December	**1,703**	**1,654**

As of 31 December 2020, the plan assets consisted of employer's pension liability insurance policies of EUR 717k (prior year: EUR 713k), pension trusts of EUR 349k (prior year: EUR 349k), direct insurance policies of EUR 263k (prior year: EUR 255k), and other forms of insurance of EUR 374k (prior year: EUR 337k). The expected contributions to plan assets amount to EUR 45k in the following year.

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

in thousand EUR	2020	2019
Service costs	–492	-751
Net interest expense	–257	-492
Total pension expenses	**-749**	**-1,243**

In 2020, of the total amount of expenses for defined benefit plans, EUR 360k (prior year: EUR 563k) was included in cost of sales, EUR 69k (prior year: EUR 112k) in selling costs and EUR 63k (prior year: EUR 76k) 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 257k (prior year: EUR 492k) is included in finance expenses.

Actuarial assumptions

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

in thousand EUR	31 Dec 2020	31 Dec 2019
Discount rate	0.4%	0.8%
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 2020	31 Dec 2019
Discount rate	0.5 percentage points higher	–2,355	–2,232
	0.5 percentage points lower	2,644	2,508
Wage and salary trend	0.5 percentage points higher	188	114
	0.5 percentage points lower	–176	–107
Pension trend	0.5 percentage points higher	1,980	1,913
	0.5 percentage points lower	–1,803	–1,742
Life expectancy	Decrease in mortality rate by 10%	1,462	1,370

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 resulted in an increase in life expectancy of around one year (prior year: one year).

The weighted average duration of the defined benefit obligation based on the present values of the obligation is 14.76 years (prior year: 14.83 years).

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

in thousand EUR	31 Dec 2020	31 Dec 2019
Payments due within the next financial year	1,453	1,588
Payments due in 2 to 5 years	5,884	5,783
Payments due in 6 to 10 years	6,878	7,553
Payments due in 11 to 15 years	6,528	8,945
Payments due in 16 to 20 years	5,050	5,165
Payments due in more than 20 years	11,377	12,287

31 Other non-current provisions

in thousand EUR	Long-service bonus provisions
1 January 2020	**3,571**
Additions	148
Utilization	–155
Currency differences	–35
31 December 2020	**3,529**

In 2020, the interest portion from unwinding of the discount on the long-service bonus provisions amounted to EUR 11k (prior year: EUR 33k).

32 Current provisions

in thousand EUR	Lawsuits and litigations	Onerous contracts	Warranties	Other	Total current provisions
1 January 2020	**342**	**385**	**1,753**	**3,857**	**6,337**
Additions	758	1	750	4,070	5,579
Utilization	–51	–89	–242	–1,694	–2,076
Release	–55	–10	–596	–1,087	–1,748
Currency differences	–4	–	–	–46	–50
31 December 2020	**990**	**287**	**1,665**	**5,100**	**8,042**

The provisions recognized for lawsuits and litigations as of 31 December 2020 comprise 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 2020 and prior financial years amounting to EUR 6,817k (prior year: EUR 7,675k), less prepayments made totaling EUR 3,587k (prior year: EUR 3,476k).

34 Other liabilities

in thousand EUR	31 Dec 2020	31 Dec 2019
Liabilities relating to personnel:		
Wages and salaries	19,353	19,622
Social security	1,372	1,766
Accrued vacation	2,615	2,737
Other taxes and levies	4,206	23,299
Advances received from customers	980	1,736
Derivative financial instruments	1,594	420
Other liabilities, accruals and deferred income	4,448	6,293
Total other current liabilities	**34,568**	**55,913**
Sundry other non-current liabilities	1	30
Total other non-current liabilities	**1**	**30**
Total other liabilities	**34,569**	**55,943**

In the prior year, other taxes and levies included liabilities of Logwin Road + Rail Austria GmbH from joint and several liability for import sales tax plus interest in the amount of EUR 18,341k. The case was settled by the insurance company in January 2020 (see Note 24). The appeal against the underlying judgment filed at the beginning of 2020 was finally dismissed.

Other liabilities, accruals and deferred income as of 31 December 2020 include liabilities from billing transport containers totaling EUR 420k (prior year: EUR 496k).

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 2020	31 Dec 2019
Due within 1 year	25,273	25,852
Due 1 to 5 years	1	30
Other financial liabilities	**25,274**	**25,882**

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 2020**	Mandatory valuation at fair value in accordance with IFRS 9
Amortized cost	320,451	
Fair value through profit or loss (FVTPL)	6,673	6,673
Financial assets	**327,124**	**6,673**
Amortized cost	196,269	
Fair value through profit or loss (FVTPL)	1,594	1,594
Financial liabilities	**197,863**	**1,594**

in thousand EUR	**Carrying amount 31 Dec 2019**	Mandatory valuation at fair value in accordance with IFRS 9
Amortized cost	344,865	
Fair value through profit or loss (FVTPL)	3,579	3,579
Financial assets	**348,444**	**3,579**
Amortized cost	204,366	
Fair value through profit or loss (FVTPL)	420	420
Financial liabilities	**204,786**	**420**

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 2020**	Carrying amount in accordance with IFRS 16	**Fair Value 31 Dec 2020**
Assets				
Investments	FVTPL	**759**	–	**759**
	Amortized cost	395	–	395
	n.a.	304	–	–
Other non-current assets	**Total**	**699**	**–**	**–**
	FVTPL	5,399	–	5,399
	Amortized cost	135,403	–	135,403
Trade accounts receivable	**Total**	**140,802**	**–**	**140,802**
Contract assets	Amortized cost	**12,644**	–	**12,644**
	Amortized cost	3,601	–	3,601
	FVTPL	514	–	514
	n.a.	16,571	–	–
Other receivables and current assets	**Total**	**20,686**	**–**	**–**
Cash and cash equivalents	Amortized cost	**168,408**	**–**	**168,408**
Liabilities				
Non-current liabilities from leases	n.a.	**60,599**	**60,599**	**–**
Other non-current liabilities	Amortized cost	**1**	**–**	**1**
Trade accounts payable	Amortized cost	**172,523**	**–**	**172,523**
Current liabilities from leases	n.a.	**30,233**	**30,233**	**–**
Current loans and borrowings	Amortized cost	**66**	**–**	**66**
	Amortized cost	23,680	–	23,680
	FVTPL	1,594	–	1,594
	n.a.	9,294	–	–
Other current liabilities	**Total**	**34,568**	**–**	**–**

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**
Vermögenswerte				
Investments	FVTPL	**817**	–	**817**
	Amortized cost	405	–	405
	n.a.	302	–	–
Other non-current assets	**Total**	**707**	**–**	**–**
	FVTPL	2,396	–	2,396
	Amortized cost	135,579	–	135,579
Trade accounts receivable	**Total**	**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**	**–**	**–**

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 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 contract assets as well as trade accounts payable and contract liabilities, 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 2020 *in thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
Investments	586	–	173	**759**
Trade accounts receivable	–	–	5,399	**5,399**
Other receivables and current assets	–	514	–	**514**
Total	**586**	**514**	**5,572**	**6,672**
Liabilities				
Other current liabilities	–	1,594	–	**1,594**

31 Dec 2019 *in thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
Investments	642	–	175	**817**
Trade accounts receivable	–	–	2,395	**2,395**
Other receivables and current assets	–	367	–	**367**
Total	**642**	**367**	**2,570**	**3,579**
Liabilities				
Other current liabilities	–	420	–	**420**

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

Net results from financial instruments by measurement category

in thousand EUR	From interest	From subsequent measurement at Fair Value	Impairment	Net result 2020
Assets at amortized cost	246	–	–859	**–613**
Assets at fair value through profit or loss	–115	35	–	**–80**
Liabilities at amortized cost	–707	–	–	**–707**
Liabilities at fair value through profit or loss	2	–38	–	**–36**
Total	**–574**	**–3**	**–859**	**–1,436**

in thousand EUR	From interest	From subsequent measurement at Fair Value	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**

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 impairment 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 2020, the Logwin Group had unused credit facilities of EUR 38.8m (prior year: EUR 39.2m). The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m (prior year: EUR 45.0m) from the factoring facility depending on the volume of receivables sold which was not used during the financial year 2020.

Note 21 to the consolidated financial statements 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 2020, 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 2020. Value adjustments are made for impending default risks. Please refer to Note 23 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 2020 would have an effect on the Group's net result of –/+ EUR 0.1m (prior year: –/+ EUR 0.2m).

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 66k (prior year: EUR 79k).

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.

Forward exchange contracts

As of 31 December 2020, 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 2020		31 Dec 2019	
in thousand EUR	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	10,550	2,410	13,500	3,262
AUD	7,646	4,656	1,620	990
CNY	86,700	10,752	–	–
CNH	–	–	7,000	890
COP	3,575,000	830	2,955,000	767
CZK	5,050	191	8,500	329
GBP	700	772	2,370	2,630
HKD	52,200	5,616	27,500	3,128
HUF	222,000	612	147,500	449
PLN	1,100	246	900	209
RON	2,000	406	450	94
SGD	3,020	1,855	–	–
TRY	2,100	216	2,900	443
USD	10,330	8,570	6,380	5,729
Total	**–**	**37,132**	**–**	**18,922**
Forward exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activities of group companies				
Buy				
AED	17,800	4,076	18,200	4,405
AUD	5,800	3,561	1,850	1,136
CNY	211,230	26,348	–	–
CNH	–	–	73,730	9,421
COP	1,000,000	241	–	–
CZK	18,550	706	34,550	1,347
GBP	550	607	2,290	2,567
HKD	203,780	22,243	138,400	15,744
HUF	748,900	2,112	784,400	2,379
RON	300	61	–	–
SGD	5,440	3,383	1,058	695
THB	6,300	171	2,000	60
TRY	3,800	428	5,750	831
TWD	17,000	515	17,000	514
USD	8,775	7,264	9,910	8,893
Total	**–**	**71,716**	**–**	**47,992**

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 2020		31 Dec 2019	
	Nominal amount	Fair value	Nominal amount	Fair value
Assets				
Forward exchange contracts	26,132	514	23,059	367
Total	**26,132**	**514**	**23,059**	**367**
Liabilities				
Forward exchange contracts	82,716	1,594	43,855	420
Total	**82,716**	**1,594**	**43,855**	**420**

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 514k (prior year: EUR 367k) of the recognized assets of EUR 514k (prior year: EUR 367k) to be offset against the recognized liabilities of EUR 1,594k (prior year: EUR 420k).

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 2020	31 Dec 2019
Liabilities from leases	–90,832	–90,958
Loans and borrowings	–66	–79
Gross financial debt	**–90,898**	**–91,037**
Cash and cash equivalents	168,408	163,902
Net liquidity	**77,510**	**72,864**
Trade accounts payable	–172,523	–178,823
Other liabilities and current provisions	–46,140	–65,853
Trade accounts receivable	140,802	137,975
Contract assets	12,644	19,009
Income tax receivables/liabilities	–765	–1,806
Other non-current and current receivables and assets	21,385	42,193
Inventories	1,455	2,577
Working Capital	**–43,142**	**–44,727**
Shareholders' equity	**224,852**	**208,550**

36 Financial commitments

The following table shows all unrecognized financial commitments as of 31 December 2020 and 2019:

in thousand EUR	31 Dec 2020	31 Dec 2019
Due within 1 year	10,995	10,154
Due within 2 to 5 years	3,180	9,319
Due after 5 years	33	5,834
Total	**14,208**	**25,307**

The financial obligations in the financial year consist mainly of obligations from service contracts. In the previous year, other financial obligations also included a large amount of obligations under leases that had already been concluded but were not yet recognized in accordance with IFRS 16 due to their contractual commencement date in 2020.

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 2020 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.

38 Auditor's fees

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

in thousand EUR	Auditors of Luxembourg companies		Auditor's network abroad	
	2020	**2019**	**2020**	**2019**
Audit services	144	119	616	520
Tax services	–	–	–	–
Audit-related services	–	–	–	–
Other services	1	40	139	127
Total	**145**	**159**	**755**	**647**

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 2020, payments in the amount of EUR 88k (prior year: EUR 86k) were made to a defined contribution pension plan for members of management.

in thousand EUR	**2020**	**2019**
Members of the Executive Committee	2,356	2,372
thereof fixed portion of regular compensation	*1,481*	*1,475*
thereof variable portion of regular compensation	*875*	*897*
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.

Mr. Stefan Quandt is considered to be a related party to Logwin AG, as he is the sole shareholder of DELTON Logistics S.à r.l., Grevenmacher, which holds a majority interest in Logwin AG. He is also the sole shareholder of DELTON Health AG and AQTON SE, both Bad Homburg, as well as a shareholder and Deputy Chairman of the Supervisory Board of BMW AG, Munich. He is a related party to these companies within the meaning of IAS 24 "Related Party Disclosures".

The Logwin Group generated rental income of EUR 8k from DELTON Logistics S.à r.l. (prior year: EUR 8k). The Logwin Group purchased services from DELTON Logistics S.à r.l. in the amount of EUR 30k (prior year: EUR 54k). In addition, the following supply and service relationships existed with DELTON Health AG, Bad Homburg v.d.H. and its subsidiaries.

in thousand EUR	DELTON Health AG and its Subsidiaries 2020	2019
Services provided	388	294
Services received	631	683
Receivables as of 31 December	–	–
Payables as of 31 December	141	276

Furthermore, Logwin AG entered into a framework agreement for money market transactions with AQTON SE in 2020. As of 31 December 2020, Logwin AG had short-term cash investments with AQTON SE amounting to EUR 50m (prior year: EUR 0m). Financing expenses of EUR 18k were incurred in the reporting year (prior year: EUR 0k).

In 2020, the Logwin Group's revenues from companies of the BMW Group amounted to EUR 19,068k (prior year: EUR 21,596k). Receivables from BMW Group amounted to EUR 1.574k as of 31 December 2020 (prior year: EUR 1,871k).

In addition, Logwin Group companies procured vehicles from the BMW Group, predominantly by leasing. This gave rise to expenses for the Logwin Group of EUR 1,235k in 2020 (prior year: EUR 1,473k). Liabilities to the BMW Group from unpaid lease installments amount to EUR 5k as of 31 December 2020 (31 December 2019: EUR 14k).

The following business relationships applied with associated and affiliated, non-consolidated companies:

in thousand EUR	Associated and affiliated, not consolidated companies 2020	2019
Services provided	721	313
Services received	252	170
Receivables as of 31 December	128	32
Payables as of 31 December	100	163

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In financial year 2020, these resulted in expenses for the Logwin Group in an amount of EUR 71k (prior year: EUR 55k).

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

41 Events after the reporting period

No material events occurred between 31 December 2020 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 4 March 2021 which would require reporting.

42 List of shareholdings

The table below lists all companies of the Logwin Group as of 31 December 2020:

	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 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-Prag	100.00%
Logwin Air + Ocean Hungary Kft., HU-Budapest	100.00%
Logwin Air + Ocean The Netherlands B.V., NL-1438 AX Oude Meer	100.00%
Logwin Air + Ocean 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%
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-Hochiminh 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., MX-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%
Supply Chain International Ltd., NZ-Auckland	33.00%
East West Freight Limited, HK-Hongkong	100.00%
Leadway Container Line Ltd., SG-Singapore	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 reporting year 2020, the Logwin Group employed an average of 4,215 people (prior year: 4,372).

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 2020 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), 4 March 2021

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 discrepancies between the german and the english text, the german text shall prevail.

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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 2020, 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 2020, 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 2020 and thus represented 11.5% of total assets.

Impairment of goodwill is tested at least annually or as determined 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 which 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, among other things, 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.

Based on the valuation model used by Logwin AG, we have verified the methodological approach and the computational accuracy by executing a re-performance of the computation. 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.

Recognition and adherence to the accrual basis regarding trade receivables and contract assets and completeness and adherence to the accrual basis regarding trade 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 23 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 153.5 million and EUR 172.5 million respectively as at 31 December 2020 and account for a considerable share of assets and liabilities.

As at 31 December 2020, contract assets amounting to EUR 12.6 million have been disclosed. Furthermore, contract liabilities amounting to EUR 16.6 million were netted with contractual receivables incurred at year end, but due and payable at a later date.

Recognition and accrual of trade receivables and contract assets, i.e. revenue from transport services in the Air + Ocean and Solutions business segments, is being performed on a period-basis. This requires estimates concerning the performance status of individual shipments. These estimates are based on historical values and projected values, as well as on contractual arrangements and agreements. Recognition and the determination whether trade receivables are recognised on an accrual basis depends on these Company estimates and assumptions which require judgement. There is a risk that trade receivables have not been accurately recognised on an accrual basis and that contract assets have been determined erroneously.

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 estimates concerning the recognition and the appropriate accrual of trade receivables and contract assets as well as the completeness and the appropriate accrual basis recognition of trade receivables and payables. In order to do so, we verified selected IT systems and internal controls intended to ensure completeness and adherence to the accrual basis that we identified as relevant in the processes on a sample basis.

The validation of customer transactions was performed particularly at the level of the main operating companies. The population to be audited was determined by means of a risk-based selection. Using a mathematical-statistical procedure, customer transactions were evaluated on the basis of their contractual basis and the assessments made were verified. Additionally, we obtained balance confirmations for the main operating companies using a mathematical-statistical procedure.

We have verified the determination of the period-based revenue recognition at group level by recalculating the performance level and assessed the underlying shipment data on a sample basis.

The audit of trade payables was also carried out at the level of the main operating companies. For selected companies we have obtained balance confirmations. Additionally, we assessed the actual use of the accruals created in the previous year for outstanding invoices in the financial year. Furthermore, the accruals booked as of December 31 were assessed on the basis of a specific selection of samples. In addition, we checked the complete recording as of the reporting date based on random samples of the trade accounts payable posted in the following year using a mathematical-statistical method.

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 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.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

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.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

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 8 April 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 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 (http://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.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2020 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in in the ESEF Regulation.

In our opinion, the consolidated financial statements of Logwin AG as at 31 December 2020, identified as logwinag-2020-12-31.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Other
The Corporate Governance Statements contains the information required by Article 68ter paragraph (1) letters a), b), e), f) and g) of the amended law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 4 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn