LUXEMPART

GROWING TOGETHER

ANNUAL REPORT 2019

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2019
MANAGEMENT REPORT ON THE SOCIAL AND CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2019

OUR DNA

Luxempart is a Luxembourg based investment holding company with more than 25 years of existence, an estimated net asset value of 1.58 € billion and a market capitalisation of nearly 1.1 € billion as of end of 2019.

Luxempart invests in several European countries, mainly in the DACH region (Germany, Austria and Switzerland), Luxembourg, Belgium and France. Its core team is based in Luxembourg.

Luxempart also holds a fund of funds portfolio through investments in selected European funds. It is a sponsor of several closely associated funds in Italy, France and Germany. Luxempart will develop, next to its direct investment activity, its fund exposure to additional geographies and strengthen its fund team.

Luxempart has stable and involved family shareholders with industrial background who promote:

› For their shareholders

- regular dividend payments
- sustainable net asset value growth
- first class governance
- high quality reporting standards
- high quality management
- combination of portfolio diversification and concentration
- regular capital gains

› For their business partners

- passion for talented entrepreneurs
- minority and majority participations
- long-term investment capital
- involvement based on entrepreneurial and industrial experience
- cultural and linguistic skills for European ambition
- partnership with family businesses
- tailored governance principles
- extensive network

› Investments are realized along the following guidelines

- investment amounts up to € 100 million
- investment in listed and non-listed companies
- no exit pressure
- involvement on board level
- supportive, hands-on approach
- no sector focus but affinity for energy, insurance, telecommunication, security, health care and education

Luxempart shareholders and management believe in value creation through patient involvement, European mind-set and ambitious team spirit.

Our evolution has been characterized by a successful diversification and internationalization of our portfolio and our team.

Our track record over the last twenty five years has been positive with a group IRR above 15% and with a regular dividend increase.

MESSAGE OF THE CEO AND THE EXECUTIVE CHAIRMAN

Dear Shareholders,

We have never addressed you in circumstances of sanitary and economic crisis of such magnitude.

Still at the end of February, we were preparing to comment on the results of the 2019 financial year with confidence.

In three weeks, the world fell into a global crisis with unpredictable consequences. After China, Europe and now the USA are affected by COVID-19. The gradual containment of populations and the prospects of a slowing economy have caused the stock markets to fall considerably around the world.

The 2019 results therefore have to be seen in the context of today's crisis. Fortunately, these results are good.

The assets under management of Luxempart increased from € 1.40 billion at the end of 2018 to € 1.57 billion at the end of 2019, an increase of 12.8%. Including the dividend, the shareholder performance reached 14.8%. Over the same period, the benchmark stock market index in Europe, the MSCI mid-cap index, rose by almost 30%.

However, a comparison of Luxempart's performance with this index deserves comment. A large part of Luxempart's portfolio is made up of unlisted securities, the volatility of the values of these assets is lower than that of stock market values. While the MSCI mid-cap recorded a decrease of 13.8% in 2018, Luxempart ended the year with an increase of 1.7%, dividend included, in its portfolio assets.

Over a period of 2 to 4 years, the performance of Luxempart is more telling and gives the following figures:
- MSCI mid-cap over 2 years plus 6.22% and Luxempart plus 7.8%
- MSCI mid-cap over 4 years plus 6.81% and Luxempart plus 12.4%

It should be noted that this performance was achieved despite a significant cash position generating low returns. This cash level of around € 200 million at the end of 2019 will nevertheless be essential in the coming months.

The year result reached a profit of € 207.5 M. This figure is mainly explained by a value increase of Foyer, Mehler (ballistic vests), Atenor (property development), Armira (German investment fund) as well as a value recovery of the listed companies after a sharp drop of the stock markets in 2018. All these value increases were largely compensating the depreciation that we had to register on SES and Zooplus.

During the 2019 financial year Luxempart invested € 149 million and divested € 127 million. The main investments were made in Assmann, Novotergum and Boxine. Divestments mainly concerned SES, whose stake, after successive sales in recent years, still represents an economic right of 0.3%. Other assets have been sold attractive multiples.

In addition to these investments and divestments Luxempart continues to strengthen its teams in the field of direct investment by reintegrating certain members of our specialised teams and by recruiting new professionals.

Still in the same desire to form "one team", the compensation model was adapted by introducing competitive compensation schemes and a long-term incentive system including a performance bonus based on outperformance compared to the stock markets and a Luxempart stock option plan rewarding the increase in the share price over time. The aim of this system is to align the remuneration of Luxempart teams with the interests of the shareholders and to adapt it to its investment strategy which aims to deploy its funds over the long term.

Regarding our investment team located in Milan, the decision was made to grant them more autonomy and to allow them to raise external funds. This team has built a quality portfolio and high-yielding exits that allow it to stand on its own feet today. Luxempart will thus become a sponsor of the team just as we are a sponsor of Ekkio in France. We are therefore modifying our Specialised Teams strategy towards the objective of building an investment fund portfolio. We will select quality funds where the teams will have management autonomy. We will develop with them relationships of partnership and collaboration which may lead us to make co-investments.

› Perspectives

The world has suddenly changed. In 2008 we experienced a crisis in the banking and financial system. Today we are witnessing a sanitary crisis which has caused our production tools to stop. Fortunately, our banking and financial system seems to be more solid today thanks to a whole series of measures to strengthen the balance sheet taken at the end of the 2008 crisis. Similarly, it seems that political power is today quick to react by declaring itself ready to provide "the necessary assistance to all businesses, whatever the cost".

Luxempart staff is now fully operational in teleworking. Luxempart's priority is to protect and preserve its portfolio companies. The main task is to understand the immediate cash flow problems of our companies, if any, and support them financially if necessary. Our cash position also allows us to invest in new companies that we can support during these difficult times. Luxempart has the financial means to do so.

Luxempart's main stake is in Foyer. This stake, like other insurance companies, has been affected by stock market and financial declines. However, we note that thanks to Foyer's large capitalization, compared to its peers, its excess solvency margin is still largely sufficient. Despite comforting financial ratios, we are monitoring Foyer's situation closely and actively participate in the prudent measures required in such cases. In this current context of lack of visibility and out of prudence, Foyer's board of directors has proposed a dividend payment reduced by 50% compared to the previous financial year.

Overall, the other listed companies are experiencing the same stock market decline as the indexes.

A valuation of unlisted companies will not be available until the end of August when the half-yearly accounts are published.

It is impossible today to predict the results of 2020. They will depend on how quickly the world gets back to work. Hopefully, after the experience in China and the lockdown measures, in the next two to three months.

In such a scenario, it is not excluded that the stock markets will experience a rebound this year.

The quality and good fundamentals of most of our portfolio holdings as well as our excess cash allow us not only to preserve our heritage but also to continue our dividend policy which is part of the long term, shareholder return.

Mr. Jacquot Schwertzer, CEO of Luxempart and member of the Group Executive Committee for more than 20 years, wishes to withdraw from day-to-day management at the next General Meeting scheduled for April 27, 2020. He will also apply for the Vice-chairmanship of your Board of Directors.

As Executive Chairman, I would like to thank Jacquot on behalf of the Board of Directors and on behalf of all Luxempart employees for the excellent work he has contributed over his many years of service. I especially thank him for the help he provided during the transition from his duties and responsibilities within the framework of his succession.

We will also propose, following the upcoming General Meeting, the appointment of two Managing directors, namely Mr. John Penning, member of the Group Executive Committee for 3 years, and Mr. Olaf Kordes.

Mr. Olaf Kordes is of German origin and Luxembourgish nationality. He spent a large part of his adolescence with his parents in the Grand-Duchy to then pursue his professional career mainly in the field of private equity in Paris. Together with Messrs Alain Huberty, Jo Santino, John Penning and Olaf Kordes, will form the Group Executive Committee, which will exercise its responsibilities in a collegial manner. On this occasion, Jo Santino will leave his role as Executive director on the Board of directors of Luxempart to devote himself fully to his duties on the management committee. We are confident that this team will be able to meet the challenges of Luxempart tomorrow.

We will submit the candidacy of Mr. Olaf Kordes as board member to the next General Assembly.

We also propose the appointment of Mr. Frank Donck, of Belgian nationality, well-known personality in the world of investment in Belgium and Mrs. Kay Ashton, of British nationality, whose professional career took place in Anglo -Sax-on private equity.

Mr. Frank Wagener will leave the Board at the next General Meeting after 16 years as a director and member of the various audit and remuneration committees. We would like to thank him for his unfailing support and relevant advice that he has brought the Company over the years.

In this exceptional context, we propose to pay you a dividend of € 1.48 gross per share (€ 1.2557 net) compared to € 1.407 gross per share (€ 1.19 net) in 2019, an increase of 5% .

We would particularly like to thank all the Luxempart teams for their exceptional dedication in exceptionally difficult circumstances.

We also thank you for your support and loyalty as a Shareholder.

FINANCIAL INDICATORS

The financial statements of Luxempart have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The key financial indicators are as follows:

The consolidated result of the year ending 31 December 2019 is mainly composed of € 216 million results from investments activities (dividends received, realised and unrealised gains) and € 9 million operating expenses on ordinary activities (operating expenses, staff cost...).

(in € million)	31/12/2019	31/12/2018
Equity (group share)	1,575	1,395
Net consolidated result	207	16
Net social result	-19	130

ALTERNATIVE PERFORMANCE INDICATORS

API (in € million)	31/12/2019	31/12/2018
Market capitalisation (without own shares)	1,064	959
Dividends received	23	24
Realised capital gains (1)	58	159
Investments	149	127
Divestments	127	234
Operating expenses	9	9
Net cash and other assets	146	206

(1) The realised capital gains correspond to the difference between the historical acquisition cost and the sale price of the exited investments.

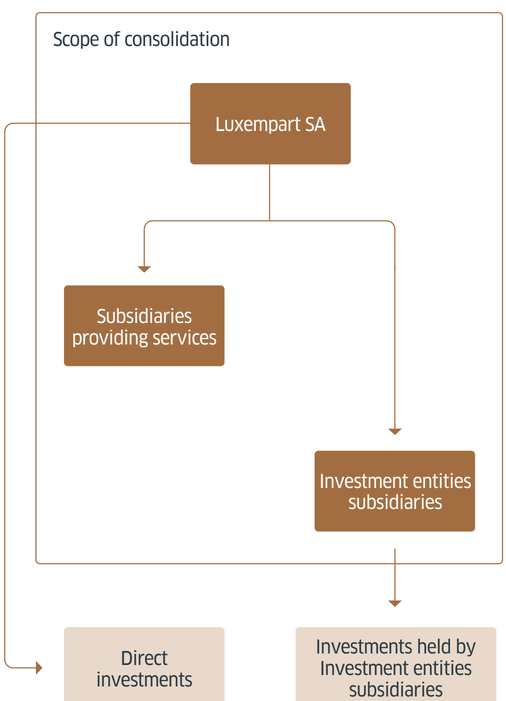
For its performance reporting, the Management of the Group does not exclusively refer to a reporting prepared under IFRS. In addition to the IFRS Financial Statements, the Group has decided to present Alternative Performance Indicators (API) based on a specific API reporting. The API reporting is a financial measure of historical financial positions, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework (IFRS).

The Group makes investments in portfolio companies directly and indirectly through intermediate "Investment entities subsidiaries" (Luxempart Capital Partners SICAR SA, Luxempart French Investments SA and Luxempart German Investments SA). The application of IFRS 10 requires the Group to measure at fair value its Investment entities subsidiaries that were previously consolidated line by line.

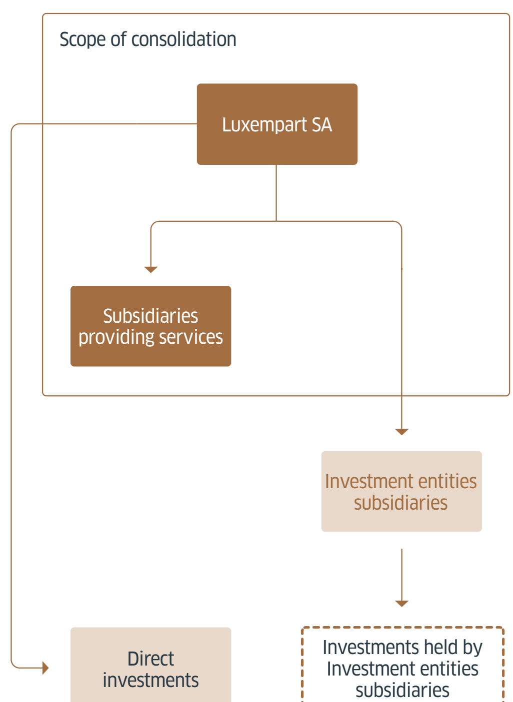
This fair value approach prevents the reader of the IFRS Financial Statements to have all the information on the activity and the performance of the Group, as it is not possible to look through the Investment entities subsidiaries to understand their operations and results. The dividends and interest received, the expenses incurred and other financial information of these entities are aggregated on one single line in the IFRS Financial Statements. Moreover, intragroup operations that were previously eliminated on consolidation are now presented separately.

The API reporting is a different presentation that looks through the Investment entities subsidiaries to provide a more understandable view of the operations and financial situation of the Group.

API Reporting



IFRS 10



Consolidated

At fair value

Included in the fair value of the Investment entities subsidiaries

RECONCILIATION BETWEEN THE IFRS FINANCIAL STATEMENTS AND THE API REPORTING

The reconciliation between IFRS financial statements and the API reporting is presented hereafter. Net assets and results for the year are equal under the API reporting and IFRS.

P&L as at 31/12/2019 (in €M)	IFRS	Adjustments	API reporting
Dividends received	20	3	23
Net gains / (losses) on financial assets	196	-3	193
Result on ordinary activities and tax	-9	0	-9
Profit for the year	**207**	**-**	**207**

Details of net asset as at 31/12/2019

Net asset as at 31/12/2019 (in €M)	IFRS	Adjustments	API reporting
Financial assets at fair value through profit and loss	1,459	-30	1,429
Net cash	121	34	155
Cash and cash equivalents	51	132	184
Bank deposit	80	-80	0
Amounts owed to credit institutions	-10	-19	-29
Other assets and liabilities	-5	-4	-9
Total equity / Net asset value	**1,575**	**-**	**1,575**

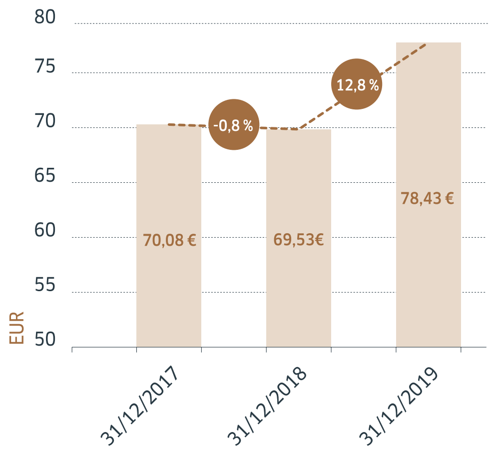
Bank deposits of the Group are placed on accounts with a maturity between 18 to 36 months

Cash flows as at 31/12/2019

Cash flows as at 31/12/2019 (in €M)	IFRS	Adjustments	API reporting
Cash at 31/12/2018	106	131	236
Investments	-197	48	-149
Divestments	161	-33	127
Other cash movements	-18	-12	-30
Cash at 31/12/2019	**51**	**132**	**184**

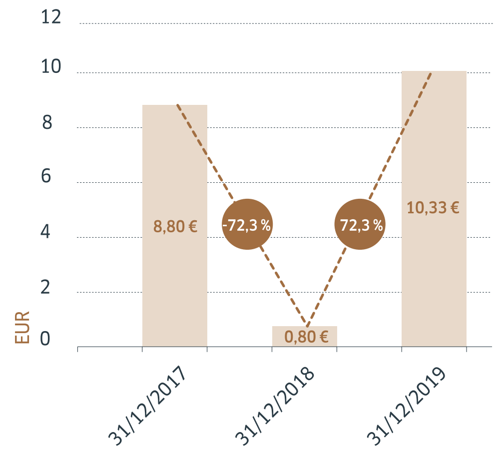
KEY FIGURES PER SHARE

Net Asset Value



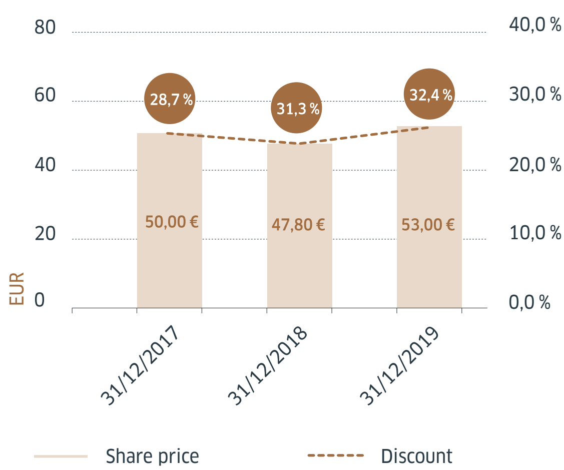
The global performance of Luxempart measured through the variation of equity and the dividend paid in 2019 reaches 14.8 %.

Consolidated result*

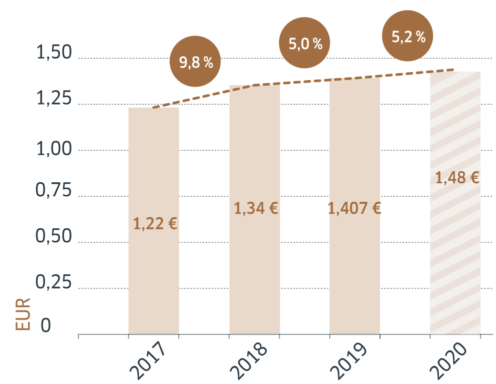


* As at 31 December 2017, the result shown above is the total comprehensive income. As from 2018, all the unrealised gains and losses are recorded in the P&L, and therefore the consolidated result equals the Total comprehensive income.

Share price & discount



Gross dividend



The Board of Directors proposes an ordinary dividend of € 1.48 per share (€ 1.255 net) to be paid out on 15 May 2020.

ACTIVITY REPORT 2019

MAIN STRATEGIC DECISIONS

In 2019, the Board of Directors decided to sharpen the investment focus of the Group, to introduce a common long term remuneration scheme and to strengthen the investment team.

Whereas in the past, the Group invested directly out of Luxembourg and indirectly through specialised teams based in their local markets in small and mid-cap companies, the Board of Directors decided to focus investments mainly on mid cap companies in Luxembourg, Belgium, Germany and France. The size per investment will be progressively increased to minimum €30 million and up to €100 million in order to create a more concentrated portfolio. Over time, the number of active portfolio lines will be decreased so as to have a smaller number of significant lines with higher NAV impact and strong shareholder rights.

Unlike classical private equity investment funds, Luxempart's permanent capital allows long term and sustainable investment strategies. This requires to attract further talented investment professionals working collectively as one team out of Luxembourg. Several additional investment professionals have been recruited and other recruitments are on-going. Interests have to be aligned through a unique remuneration scheme based on competitive remuneration packages and long term incentive plans such as long term performance bonuses measuring stock market outperformance and stock option plans rewarding long term stock price increases.

The specialised teams, which have been sponsored over the last years, have known a positive development and will now either be integrated to the one team in Luxembourg (PIPE for value driven listed investments, LGI for the small cap DACH portfolio) or be led to stand on their own feet (BCP active in small cap in Northern Italy).

Considering the know-how and network developed over the years through the specialised teams and sponsorship of investment funds or vehicles such as Ekkio in France or Armira in Germany, the Board of Directors also decided to have, next to the direct investment strategy, a second strategic investment focus on investment funds. Building on the existing fund portfolio in private equity and secondary funds and the Group's dedicated fund of funds team, a stable and attractive return can be achieved through the selection of an international portfolio in private equity and venture capital funds mainly in Europe and the US and the generation of interesting co-investment opportunities.

MANAGEMENT CHANGES

Jacquot Schwertzer, CEO as from 2017 and group executive member for more than 20 years, decided to step down as Managing Director and to focus on his new role as Vice-Chairman of the Board of Directors. Together with the Executive Chairman François Tesch, he will monitor the main strategic and business decisions. During his time as executive committee member and managing director, Jacquot Schwertzer strongly contributed to the success of the Group. Jacquot Schwertzer will be replaced by John Penning and Olaf Kordes as from April 2020.

John Penning is a 47 year old Luxembourg national, who has been member of the group executive committee for several years. He is also a member of the controlling family shareholder.

Olaf Kordes is a 48 year old Luxembourg national with German origins who has many years of experience in private equity in France and in Germany. He has joined the team in March 2020.

Jo Santino, for many years member of the Board of Directors, will not renew his mandate as a director and will be replaced by Olaf Kordes. As a member of the group executive committee for more than 20 years, Jo Santino plans to retire in 2022 so that meanwhile a search for his successor will be launched.

The partially renewed group executive committee will implement the strategy of investing in larger lines in Germany, France, Belgium and Luxembourg, create sustainable long term value and develop the investment funds and co-investment portfolio.

INVESTMENT ACTIVITY

During 2019, the group invested € 149 million and divested € 127 million, either directly or through its own or associated local teams.

SES

- Luxempart decreased its position during 2019
- At the end of 2019, the remaining position reached around € 36 million in value
- During the first weeks of 2020, further share sales decreased the position for around € 18 million

EURO CHILLER

- Sale of our stake to a Swedish industrial company
- Realisation of double digit return

VIVATICKET

- Luxempart sold its stake in Vivaticket, an Italian company providing worldwide ticketing solutions to its customers
- Realisation of a high double digit return

INSEEC

- Sale of our co-investment with Apax
- Realisation of double digit return

NOVOTERGUM

- Minority investment with strong shareholder rights in Novotergum, a group specialised in establishing and running physiotherapist centres in Germany
- The group is expanding its centres to become a major physiotherapist group in Germany

ASSMANN

- Luxempart acquired 50% of Assmann Group (D) with strong co-control rights and board presence
- The company is based near Dortmund and is active in the distribution of branded high-quality data network products required to build IT networks

- New co-investment in Boxine GmbH, the creator of the Tonies audio system for children, consisting of the “Toniebox” playback device and the matching audio figures, called “Tonies”. The system makes audio content tangible and enables a completely new type of listening experience, “audio play”. Tonies are digital and innovative, yet child-friendly, independent and playful. This co-investment has been realised together with Armira

› Further investments and co-investments

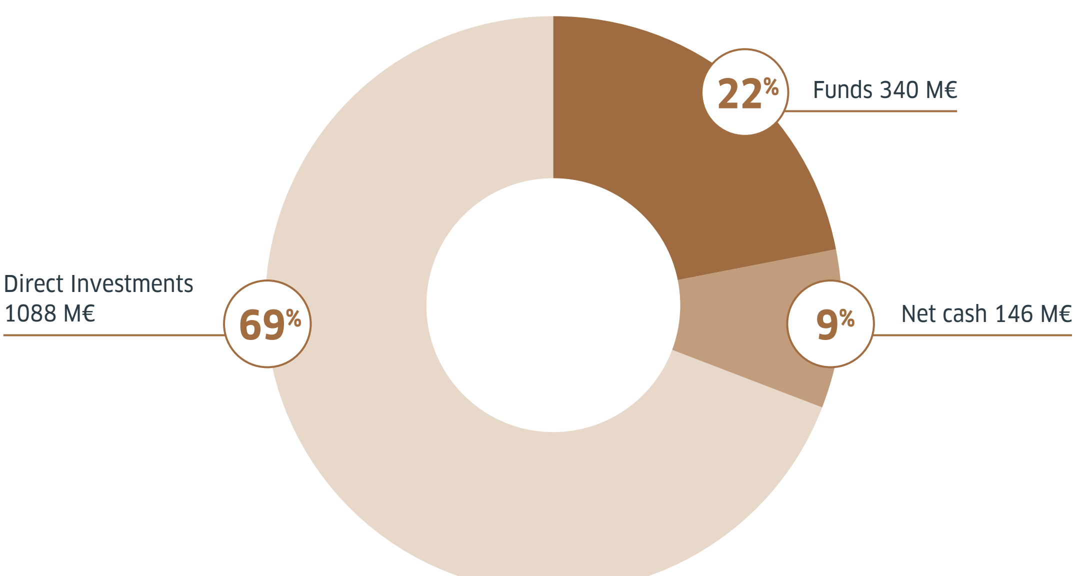
- The capital calls of investment funds and similar investment vehicles (e.g. Armira) reached € 60 million in 2019. The open commitments in investment funds reach € 131 million end 2019.
- Luxempart invested around € 49 million in co-investments alongside funds, in the mid-term listed portfolio and reinforced several portfolio lines.

› Portfolio status

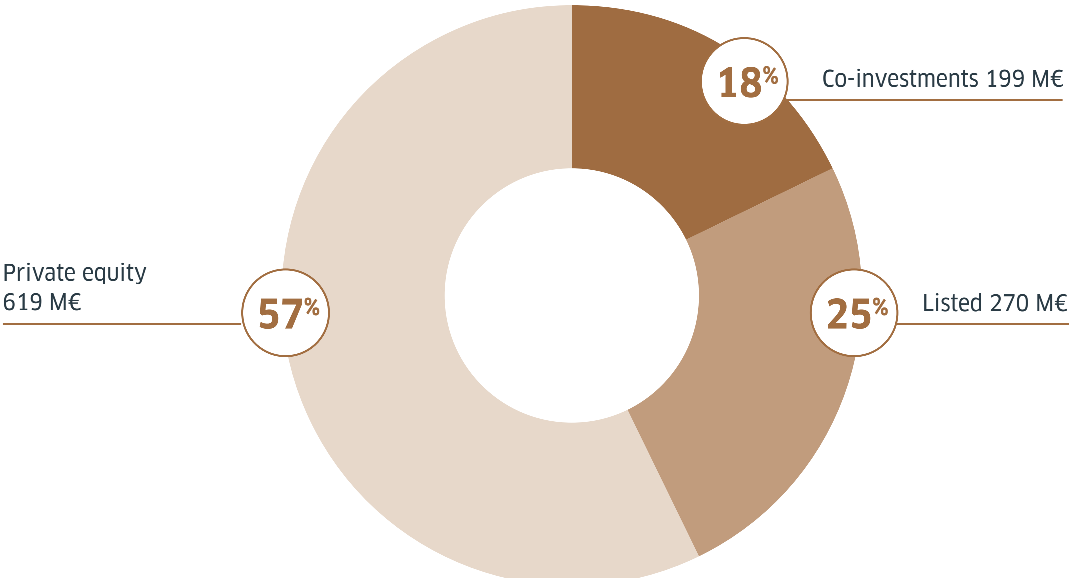
Luxempart’s portfolio is composed of approximately 70 % of direct investments in:
- listed and non-listed lines in Luxembourg, Germany, France and Belgium
- co-investments with our funds

The remaining 30% are composed of investment funds and net cash.
The largest non-listed line is Foyer. The largest listed line is Atenor.

The portfolio is currently composed in value as follows (31/12/2019):



The direct investment portfolio is composed in value as follows (31/12/2019):



Including investments in sponsored funds, Luxempart holds 12 lines above € 30 million in value.
The portfolio generated a dividend of around € 23 million in 2019.
The portfolio is diversified in terms of sector and geographical exposure.
Many portfolio companies increased in value during 2019.
One portfolio company has been fully impaired due to cash flow problems.

› Recent events

Sale of our stake in LPKF, a German listed company active in prototyping and laser technology, with a double digit return.

› Potential impact of Covid-19

Luxempart has taken all necessary measures to protect its employees who have all been equipped in order to work at home.

Through a constant exchange with our portfolio companies, our team is focusing on the continuous monitoring of the revenues and cash position of these companies, mainly those in sectors most affected such as tourism, transport and retail. In order to have our team fully prepared to possibly support our portfolio companies, all investment activities have been momentarily reduced.

Luxempart benefits from a solid financial position with available cash reserves above 180 € million, no debt and numerous bank relationships with access to open credit lines.

NET ASSET VALUE

› Total estimated net asset value

The net asset value estimated at 31 December 2019 amounts to € 1,575 million compared to € 1,395 million as at 31 December 2018, which is an increase of 12.8%. The global performance of Luxempart measured through the variation of equity and the dividend paid in 2019 reaches 14.8 %.

It should be noted that as of 20 March 2020, no adjustment to the valuation of the non-listed portfolio was carried out due to lack of relevant data. The carrying value of the non-listed portfolio 2019 is not affected by failures of portfolio companies that were not accrued for in the accounts as of 31 December 2019. No exit has materialised below the valuations presented.

At the date of the present report, no major significant issue is identified that would lead Luxempart to materially change the carrying value of the portfolio 2019. This may however change in 2020 if the revenues, profitability and cash position of portfolio companies were severely impacted. It is likely that such valuation decreases will have a negative impact on the estimated net asset value on June 30 and December 31 2020.

› Social and consolidated results

The social result at 31 December 2019 amounts to a loss of € 19,14 million due to impairments on Luxempart Invest (holding the SES shares) and Zooplus.

The IFRS consolidated result at 31 December 2019 reaches € 207 million. It is mainly composed of:
- dividends income (€ 20 million),
- capital gains (€ 196 million), principally composed of about € 107 million value increase of the direct investments and € 89 million value increase of the investment funds,
- other net charges of € 9 million.

The CEO, Jacquot Schwertzer, and the Executive Chairman, François Tesch, comment the financial year 2019 as follows:

“The overall value increase of our portfolio reflected in the high result of € 207 million allowed us to generate an attractive performance, dividend included, of 14.8%. This is mainly due to the solid performance of our main portfolio lines and the professional involvement of our team.”

› Dividend payment

The dividend to be paid on 15 May 2020 amounts to € 1.48 gross per share, an increase of 5% compared to last year. Even if the social result is negative, the company has sufficient reserves to pay the dividend.

RISK MANAGEMENT

Luxempart faces specific risks due to the nature of its activities.

Each of the investments of the portfolio is exposed to particular risks, mainly due to the business, location, regulation, customer's base and strategy decisions. Luxempart implements governance rules and closely liaises with the management of the major portfolio investments to mitigate the risk factors.

A major risk of Luxempart on all levels of the group is the market risk. All our assets are impacted by the evolution of financial markets and macroeconomic indicators (stock markets, comparable transactions of peer companies, valuation multiples, interest ratios…).

Especially investments listed on stock markets are under the influence of global market trends. Luxempart investments in such listed companies (directly and indirectly) is about 21.9% as of 31 December 2019.

Other risks are described in more detail in our annual financial statements.

Luxempart is not an investment fund submitted to exit constraints. Our group is a patient investor who is not driven by the financial markets and its volatility cycles. Our investment teams and our Audit, Risk and Compliance Committee closely follow the evaluation of the portfolio investments. Investment and divestment decisions depend more on specific company analysis than financial market or fund investment cycles.

OUTLOOK

Luxempart's diversified portfolio is composed of many growing and financially stable lines.

Regular capital gains and a significant cash position allow the payment of the dividend 2019, the deployment of new portfolio companies in our home markets and the fulfilment of existing and future commitments in investment funds.

A partially renewed management team, an extended investment team operating collectively from Luxembourg, a family based, involved and long term oriented shareholder base, a refocused investment strategy and a debt free, sound financial structure of the group provide the basis for a sustainable return for our shareholders.

It is difficult to evaluate now the impact of disrupting events such as COVID-19 or a slower economic growth. It needs to be repeated that at the date of the present report, no major significant issue is identified that would lead the Company to materially change the carrying value of the portfolio 2019. This will probably change in 2020 if the revenues, profitability and cash position of portfolio companies are severely impacted. The resulting value decreases will have a negative effect on our results 2020 and on the estimated net asset value on June 30 and December 31 2020.

In this context, it is even more important to invest sufficiently diversified, monitor closely all portfolio lines and nurture a professional pool of talents, all to which our Board of Directors is deeply attached.

LEGAL NOTICE

› Own shares
On 31 December 2019 Luxempart holds 623,428 own shares which corresponds to 3% of the issued share capital for a book value of € 17 million.

› Stock option plan (per 31/12/2019)
The number of outstanding stock options corresponds to 313,728 options (1.5% of the circulating shares).

› Research & development
Luxempart does not pursue any research and development due to the specific nature of its activities.

› Branches
Luxempart does not operate any branches.

› Transparency

Responsibility of the Board of Directors
The Board of Directors' responsibilities are determined in law. In that regard, it is responsible for the true and fair preparation and presentation of the annual financial statements in accordance with European directives, as transposed into Luxembourg law. The Board of Directors considers that it has fully complied with these obligations.

Statement by the responsible persons
Pursuant to the Law of 11 January 2008 regarding transparency obligations relating to information on issuers whose transferable securities are admitted for trading on a regulated market, we hereby declare that, to our knowledge, the annual financial statements prepared in accordance with the applicable body of accounting standards provide a true and fair view of the Group's assets and liabilities, financial position, and profits and losses, and that the consolidated management report accurately reflects the firm's development and results, and the Group's financial position.

Law of 19 December 2002
The information required by the Law of 19 December 2002 (Article 68 bis) in the updated version of 17 December 2010 is included in the Corporate Governance Charter, which is available on the Company's website at: www. luxempart.lu.

Information regarding public takeover offers pursuant to the Law of 19 May 2006
Luxempart share capital amounts to € 51,750,000 represented by 20,700,000 fully paid-up ordinary shares with no determined par value. There are no other categories of shares, or options, or preferential rights granting entitlement to the issue of shares in another category that may have a dilutive effect on the number of shares issued. The shares issued all enjoy the same rights, in terms of their voting rights at Ordinary and Extraordinary General Meetings, as well as of the dividend voted by the shareholders at General Meetings. There are no restrictions on the transfer of securities, or any special rights of control granted to some holders of the securities. No shareholders' agreement that may entail restrictions on the transfer of securities or on voting rights has been entered into.

The Company's shares are listed on the Luxembourg Stock Exchange. Foyer Finance S.A., an unlisted financial investment company, which represents the largest group of companies of which the Company is a member, is the beneficial owner of 9,934,240 shares in the Company, or 49.5% out of a total of 20,700,000 shares issued. Luxempart has arranged for a "Stock Option Plan" for the members of the Management Committee. The Company freely decides whether there are grounds to allot option rights every year. The allotment of options is subject to a flat-rate tax model when the options are granted. Where applicable, the option rights are allotted annually depending on each individual's years of service and achievement of performance targets. The option rights are subject to a lock-up period of four years and must be exercised within a period of eight years as from their allotment. The “Stock Option Plan” for the members of the Management Committee is based on the treasury shares held in the portfolio in such a way that no shares that would dilute shareholders’ interests are issued.

The members of the Board of Directors are appointed by the General Meeting of Shareholders, on the recommendation of the Board of Directors, and once the Board of Directors has gathered the opinion of the Nomination and Remuneration Committee. They are appointed for a maximum term of six years. The term of office for Luxempart Directors is usually three years and the expiry periods are staggered, in such a way that one third of the offices are renewed every year. The Directors’ offices are renewable. In principle, a Director’s office ends following the Annual General Meeting of Shareholders that appoints their replacement.

The General Meeting of Shareholders may dismiss the Directors at any time.

In the event that a Director’s office falls vacant, the Board of Directors may arrange for their replacement, while nonetheless complying with the rules governing the appointment of Directors. The shareholders decide on the definitive appointment, in principle for the remaining term of office of the Director who has been replaced, at the next General Meeting of shareholders.

The Board of Directors, which is the body responsible for the management of Luxempart, has the powers to take any decisions and perform any measures that are necessary or useful for the achievement of the Company’s corporate purpose, except for the powers exclusively reserved for the General Meeting of Shareholders by the law or the Articles of Association. The Board of Directors’ task is to ensure the long-term success of the Company and of its business activities in the interests of the shareholders, while taking into account the interests of other stakeholders in the community in which the Company operates. The Board of Directors is first and foremost responsible for the strategic management of the Company, and for monitoring the conduct of its business affairs.

An Extraordinary General Meeting must be convened in order to vote on any amendment to the Articles of Association, as well as on any increase or decrease in the share capital, except if the shareholders have previously authorised the Board of Directors to increase the share capital under determined conditions, which is the case for Luxempart, where the authorised share capital amounts to € 90 million as at 31 December, 2019. This authorisation will expire on 24 April 2022.

There is no agreement to which Luxempart is a party that would be substantially amended or even terminated in the event that a public takeover offer occurs. Likewise, no agreement has been entered into by the Company and members of its Board of Directors or its staff providing for compensation in the event of resignation or dismissal without valid grounds or in the event that their job is terminated as the result of a public takeover offer.

The Board of Directors, 25 March 2020

Jacquot Schwerzter
Managing Director

François Tesch
Executive Chairman

CORPORATE GOVERNANCE

The publication of information on corporate governance is organized in two documents.
- The Corporate Governance Charter, published on the website.
- This chapter on corporate governance in the annual report.

INTRODUCTION

Luxempart's Corporate Governance Charter, which has factored in the 4th edition corporate governance code published in December 2017 by the Luxembourg Stock Exchange, focuses on the following aspects:
- Luxempart's organisational structure; this section describes the organisation of the Company's management process;
- A description of Luxempart's share capital, its shareholder structure, and the liquidity of its shares;
- The role and operating method of the Shareholders' Meeting, and the policy for informing shareholders;
- The role, composition, chairman, and operating method of the Board of Directors;
- The delegation of day-to-day management;
- The Board of Directors' Specialised Committees, including the Audit, Compliance and Risk Committee, and the Nomination and Remuneration Committee, the role of these committees, their composition, and their operating method;
- The role and composition of the Management Committee and the duties of the Managing Directors and the other members of the Management Committee;
- Luxempart's external audit process.

The Charter also includes the following information:
- A definition of the independence of Directors;
- A definition of the Board of Directors' expertise;
- The prevention of transactions involving insider trading or market manipulation;
- The compensation policy for the Directors and the members of the Management Committee;
- The CSR policy;
- The application of and derogation from the corporate governance principles.

The Company's Articles of Association were extensively restated on 30 April 2007, in order to take corporate governance principles into account. The Articles of Association were also subsequently amended.

The restated Articles of Association are available on the **www.luxempart.lu** website.

Luxempart's Board of Directors consists of 12 members (13 as from AGM 2020), including eight Independent Directors who fully fulfil the independence criteria forseen in the Luxembourg Stock Exchange's Ten Principles.

SHAREHOLDERS

Luxempart's shareholders are divided as follows in terms of shares issued:

	Shares issued	Voting rights
Foyer Finance	50.4 %	52.0 %
Sofina Group	6.1 %	6.3 %
Stable shareholders	16.6 %	17.1 %
Public and institutional investors	23.9 %	24.6 %
Treasury shares	3.0 %	-
Total	**100.0 %**	**100.0 %**

The liquidity agreement with Banque Degroof was terminated end of 2019.

THE BOARD OF DIRECTORS

› Role

The Board of Directors is the body responsible for managing Luxempart. It meets as often as necessary to fulfill its obligations.

The Board of Directors is a collegiate body that has the powers to take any decisions and perform any measures that are necessary or useful for the achievement of the Company's corporate purpose, except for the powers exclusively reserved for the General Meeting of Shareholders by law or the Articles of Association. The Board's task is to ensure the long-term development of the Company and of its business activities in the interests of all the shareholders, while taking into account the interests of other stakeholders, such as the creditors, employees, and generally speaking the community in which the Company operates.

The Board of Directors is first and foremost responsible for the strategic management of the Company and for monitoring the conduct of its business affairs, the shaping of values, objectives and key policies to be complied with.

› Composition

Luxempart is administered by a Board of Directors (single-tier structure) that consists of 12 members who are natural persons or companies which have designated a permanent representative. The Directors are appointed by the General Meeting of Shareholders, on the recommendation of the Board of Directors, after the Board has gathered the opinion of the Nomination and Remuneration Committee.

Most of the members are non-executive directors. The Board of Directors includes at least two independent directors.

The Chairman of the Board of Directors is selected among the members of the Board. The meetings of the Board are currently chaired by François Tesch. He has held this position since 25 April 2016 and has assumed the role of Executive Chairman. Mr Tesch served as Managing Director of Luxempart for many years. He is therefore thoroughly familiar with the group and continues to discuss the strategic directions and main investments of Luxempart with the current executive team on a regular basis.

He sees to sound governance and serves as the main contact for shareholders.

Some Directors' term of office will be renewed at the 2020 General Meeting of Shareholders. Luxempart's Board of Directors consisted of 12 members as at 31 December 2019:

- 4 Executive Directors, including representatives of shareholders;
- 8 Non-Executive Directors, including 6 Independent Directors.

As from the AGM 2020, a few changes are planed which will result in increasing the number of non-executive and independent Board members from 6 to 8 as well as decreasing the number of executive Directors from 4 to 3.

BOARD OF DIRECTORS

From left to right: Mr. François Gillet, Mrs. Michèle Detaille, Mrs. Madeleine Jahr, Mr. François Tesch, Mr. Jacquot Schwertzer, Mr. Frank Wagener, Mr. Jacques Elvinger, Mr. Pierre Drion, Mr. Alain Huberty (General secretary), Mr. John Penning, Mr. Jürgen Vanselow, Mr. Jo Santino (missing: Mr. Grégoire Chertok)

The Board of Directors is composed of the following persons:

FRANÇOIS TESCH

- Executive Chairman of the Board of Directors (date of first term of office: 15 September 1992; his current term expires in 2022).
- Born in 1951

François Tesch holds a Master's Degree in Economics and a MBA from INSEAD.

After working as a financial analyst at W.R. Grace & CO in New York and as financial manager at W.R. Grace & Co in Paris from 1976 to 1982, in 1983 François Tesch joined the Foyer insurance group as general secretary, and then served as Chief Executive Officer from 1985 to 2014.

He is the Chairman of the Board of Directors of Foyer SA, Wealins SA and Financière de Tubize SA, and Vice-Chairman of the Board of Directors of CapitalatWork Foyer Group SA. François Tesch is the Managing Director of Foyer Finance SA and Director of Luxunion SA. He is also a Director of SES SA.

JACQUOT SCHWERTZER

- Managing Director and member of the Management Committee (until 27 April 2020 / date of first term of office: 27 April 2015; his current term expires in 2021).
- Born in 1956

Jacquot Schwertzer holds a Master's Degree in Economics, business administration.

He has been running the business of the Socipar family holding (petrol stations, refurbishing of pressure vessels, gas business, real estate) since 1981.

He has been a member of the Luxempart Management Committee since 2001 and decided to step down to focus on his role as Board Member.

On behalf of Luxempart, Jacquot Schwertzer has been in particular a member of the Board of Directors of Cegedel, Utopia and PNE Wind. He currently represents Luxempart on the Board of Directors of Foyer Finance SA, Foyer SA, Atenor SA (Brussels), Quip Group (Aachen) and EduPor Group (Vienna). Jacquot Schwertzer also sits on the Board of Directors of the Luxembourgish entities of Winvest Conseil and Trief Corporation of the French group Wendel.

GRÉGOIRE CHERTOK

- Non-Executive and Independent Director (date of first term of office: 24 April 2016; his current term expires in 2021).
- Born in 1966

Grégoire Chertok earned a degree from ESSEC in 1988 and obtained an advanced degree in financial analysis from SFAF in 1990 and an MBA from INSEAD in 1993.

He joined Rothschild & Cie Banque in 1991, where he has been a Managing Partner since 2000.

Grégoire Chertok is a member of the Management Committee of Rothschild & Cie Banque, a member of the Executive Committee of Rotschild & Cie and a member of the World Executive Committee of the commercial bank of the Rothschild group.

He has taken part in many financial operations and transactions for major French industrial groups as advisory banker. He has provided advice and support for the development of groups such as GDF Suez, Casino, Bouygues, Accord, Suez Environnement or Kering in France and abroad. He also takes part in external growth or structured financing operations for CAC40 groups as well as SMEs.

He was a member of the economic analysis committee of the French Prime Minister from 2006 to 2010. In that capacity, he co-authored a report on the financing of SMEs in 2009.

He is a founding member of the *Fondapol think tank* where he is vice president of the supervisory board.

MICHÈLE DETAILLE

- Non-Executive and Independent Director (date of first term of office: 30 April 2012; her current term expires in 2021)
- Business Executive (ALIPA Group)
- Born in 1957
- Holder of a degree in political science.

She embarked on her career as a political advisor for the presidency of the Liberal Party. In 1983, she was the youngest mayor of Belgium, before serving as a member of parliament between 1985 and 1987.

In 1988 she turned to the private sector, becoming marketing and sales manager of Accor Services for the Benelux.

In 1996, together with a partner, she took over various SMEs in Luxembourg, Belgium, and France to set up a small group in industrial packaging and hoisting.

In 2005, she became a member of the Board of Trustees of the Catholic University of Louvain. That same year, she was the first woman elected as a director of the FEDIL (Luxembourgish Business Federation), where she became Vice-chair in 2018.

She served as a censor of the National Bank of Belgium from 2005 to 2009 and then as regent from 2009 to 2018.

PIERRE DRION

- Non-Executive and Independent Director (date of first term of office: 28 April 2008; his current term expires in 2022).
- Born in 1942

A graduate in management engineering from the Solvay Business School, ULB [(French-speaking) Free University of Brussels], Mr Drion has been a managing partner of the Petercam commercial bank and director of several Belgian companies listed on the stock exchange.

He is currently the President of the ULB Foundation (an institution under public law for the financing of research in the Free University of Brussels).

He is also a director of Fund+, a company that specializes in investments in biotechnologies and other, non-listed companies.

JACQUES ELVINGER

- Non-Executive and Independent Director (date of 1st term of office: 27 April 2015; his current term expires in 2020).
- Born in 1958

Jacques has been a lawyer at the Luxembourg Bar since 1984. He is a partner in the firm of Elvinger Hoss Prussen. He is a member of the High Committee of the Luxembourg Financial Centre and the Committee of Experts created by the Commission de Surveillance du Secteur Financier (CSSF) [Financial Sector Supervisory Commission] in the field of investment funds.

He is also a member of the Board of Directors of the Association Luxembourgeoise des Fonds d'Investissement [Association of the Luxembourg Fund Industry].

FRANÇOIS GILLET

- Non-Executive Director (date of 1st term of office: 15 September 1992; his current term expires in 2022). Chairman of the Audit, Compliance and Risk Committee
- Born in 1960

François Gillet is a sales and management engineer (Louvain School of Management).

He joined the Union Minière in 1984 where he was the Deputy Financial Manager in charge of the financial aspects of acquisitions, strategic plans and specific projects.

In 1988, he joined the Belgian financial holding Sofina where he is currently a member of the Executive Committee and participates in the overall management of the group in that capacity.

As a director, he monitors several investment projects, including the listed food distribution group Colruyt, the number one refrigerator truck lessor in Europe, Petit Forestier, the leading shipping agent in the world for wines and spirits, JF Hillebrand, the firm Wynd which develops and markets an omni-channel management platform for sales networks or Luxempart. With the exception of Wynd, he is a member or chairman of the audit committees of the companies where he sits on the board.

He also supervises the financial, IT and management control departments of the Sofina Group.

He is moreover an independent director of the listed company Emakina in a private capacity.

In addition to his training at the Louvain School of Management during which he took part in international exchange programmes with the University of Western Ontario (Canada) he attended the Cepac program (ULB), the Advanced Management program (INSEAD), tax training at the Ecole de Commerce Saint-Louis, and the Challenge of Leadership Program (INSEAD), and participated in the International Directors Program (INSEAD).

MADELEINE JAHR

- Non-executive and Independent Director (date of 1st term of office: 30 April 2018; her current term expires in 2021)
- Born in 1980

After earning a Master's degree in finance, Madeleine Jahr started on her career in the Big Four. In 2006, she joined the group of family companies GCA Altium, an investment bank based in Munich, which holds 15 other establishments in 10 different countries. Today Madeleine Jahr is the managing director of the group.

Madeleine Jahr is also the co-founder of Radi Pekseg, the fifth largest bakery chain in Hungary where she has been a member of the board since 1998.

JOHN PENNING

- Executive Director and member of the Management Committee (date of first term of office: 28 April 2014; his current term expires in 2022)
- Born in 1972

John Penning earned a degree in political science and international relations from the (French-speaking) Free University of Brussels, and an MBA from Otago University and the University of North Carolina at Chapel Hill.

After working as senior manager in corporate finance at Deloitte in Luxembourg, in 2009 John Penning cofounded Saphir Capital Partners SA, a corporate finance and private equity consultancy firm based in Luxembourg and London. He is currently a director in the following companies in particular: Foyer SA, Foyer Finance S.A. and Luxaviation Holding Company SA.

Managing Director of Luxempart as from 27 April 2020.

JO SANTINO

- Executive Director and member of the Management Committee (date of 1st term of office: 4 June 2002; until 27 March 2020).
- Born in 1957

Jo Santino holds a degree in business administration from the University of Liège. He started his career at Arthur Andersen and then worked consecutively in Brussels, Milan and Luxembourg.

He joined the Cobepa Group in 1987 and in 1994 he became the managing director of Mosane, a listed company and subsidiary of Cobepa. Jo Santino was also a member of the Cobepa management committee. In 2001, he set up Indufin, an investment company specialized in capital development and buyouts, and a subsidiary of Luxempart.

JÜRGEN VANSELOW

- Non-Executive and Independent Director (date of 1st term of office: 24 April 2017; his current term of office expires in 2020)
- Born in 1960

Jürgen Vanselow earned a master's degree in management from the ESCP Europe in 1987 and attended the PMD programme at the Harvard Business School in 1999.
From 1987 to 1992, Jürgen Vanselow worked in the corporate finance department of Booz Allen Hamilton.
In 1993 he became a vice president at the Deutsche Handelsbank AG. He then joined Egon Zehnder International in 1995 as a member of the world capital investment and financial services and was elected partner in 2011. In 2017, Jürgen Vanselow joined Russel Reynolds Associates in Frankfurt as a partner and general manager. Today he is at the heart of the group's activities in the financial services sector, specialized in capital investment and asset management. He joined the Luxempart Board of Directors in 2017. Jürgen Vanselow has vast experience in recruiting investment professionals and senior executives for financial services. He is a trusted advisor to key decisionmakers of his clients in strategy and human resources. He advises clients in the broadest sector of financial services as well as family offices, asset managers and directors.

FRANK WAGENER

- Non-Executive Director (date of 1st term of office: 1 June 2004; his current term expires in 2020)
- Born in 1952

Frank Wagener is the honorary chairman of the Banque Internationale du Luxembourg (BIL). He studied law in Liège and then embarked on a career at the bank in 1978, becoming a member of the management committee in 1993, managing director in 2006 and chairman of the board of directors in 2011.
He is also the chairman of the board of directors of the Luxembourg Stock exchange.
He sits on the board of directors of Saint-Paul, Hunter Douglas NV, Degroof Petercam Luxembourg, among other firms.
Frank Wagener is also an alumnus of the Harvard Business School.

› Terms of office expiring in 2020

The composition of the Board of Directors has been supervised since 2007 by an Nomination and Remuneration Committee to ensure a balance between Independent Directors and Shareholding Directors. The size (12 members, 13 as from April 2020) is considered to be sufficient and the distribution of tasks is quite broad (investment bankers, entrepreneurs, legal experts, investment professionals, human resources and compensation). Until april 2020 the Board of Directors is composed of ten men and two women of different nationalities (LU, DE, FR, BE, UK as from April 2020). The Company provides various training sessions for its Directors. A legal expert acts as the secretary of the Board of Directors.

The term of office of Messrs Jacques Elvinger, Jürgen Vanselow and Frank Wagener expire in 2020. As from the AGM 2020, Mrs Kay Ashton, Mr Olaf Kordes and Mr Frank Donck will join the Board of Directors.

› Business report

› Issues discussed

The main issues for discussion and/or a decision by the Board of Directors in 2019 were the following:

- Review of the annual financial statements and of the consolidated financial statements for the 2018 financial year, as well as of the 2019 interim report, and approval of the related press releases;
- Preparations for the Ordinary General Meeting of 29 April 2019;
- Review of the conclusions and recommendations issued by the Specialised Committees;
- Valuation of the portfolio;
- Investment and disposal decisions;
- Strategic reviews of Luxempart's investment policy;
- 2020 Budget;
- Investment of the cash position;
- Recruitments.

› Frequency of the meetings and attendance

The Board met six times during the preceding financial year.
The Directors' average attendance rate at the Board of Directors' meetings for the preceding financial year was 93%, attesting the active involvement of all the Directors.

› Ethics

Luxempart adopted in 2018 rules of conduct for its Directors and staff so as to prevent insider trading and ensure equal treatment of its shareholders. Furthermore, in view of the ties between Foyer Finance SA, the controlling shareholder, and Luxempart, and the position of certain Directors on the bodies of the two companies, mechanisms for managing conflicts of interest have been put in place. Ad hoc committees are set up when necessary and persons with conflicts of interest are excluded from the decision-making process.

› Remuneration

Remuneration was paid to the Directors for their office in 2019:

- Via an annual flat-rate allowance, on a pro rata basis, where applicable. The total amount of the annual gross flat-rate allowances allocated to all of the Directors was €565,000. The amount of VAT (€83,300) was paid by the Company.
- Via an attendance fee for each meeting that the Director attended. The gross total amount of the attendance fees allocated to all of the Directors was €182,500.

› Self-assessment

The Board of Directors conducted its last self-assessment on 13 March 2017. The next self-assessment will be carried out in 2020 and will include the functioning of the Specialised Committees.

THE BOARD OF DIRECTORS' COMMITTEES

The Board of Directors may ask for assistance, in an advisory capacity, from Specialised Committees that it sets up and for which it determines the role, responsibilities, composition and operating method in specific areas. The powers of these Committees extend to all of the companies that make up the Luxempart Group.

THE AUDIT, COMPLIANCE AND RISK COMMITTEE

› Role

The Audit, Compliance and Risk Committee assists Luxempart's Board of Directors, as well as the Boards of Directors of other companies within the Group, with their tasks relating to the oversight of the financial information process, the internal and external audit process and the internal control process.

› Composition (2019)

Mr François Gillet, Chairman of the Audit, Compliance and Risk Committee, Non-Executive Director
Mrs Michèle Detaille, Independent and Non-Executive Director
Mr Frank Wagener, Non-Executive Director
An employee of Luxempart acts as the Secretary for the Audit, Compliance and Risk Committee.

› Business report

› Issues discussed

- Review of the 2018 annual results and 2019 interim results, the notes to the financial statements and the related management reports
- Review of the draft press releases
- Audit program
- Valuation of the portfolio
- External review of the financial statements
- Review of the changes to, and application of IFRS
- 2020 Budget
- The Statutory Auditor's independence
- Risk management
- Management of conflicts of interest
- Related parties transactions

› Frequency of the meetings

The Audit, Compliance and Risk Committee met three times in 2019.

› Remuneration

The members of the Audit, Compliance and Risk Committee are entitled to an attendance fee for each Committee meeting that they attend. The gross total amount of the attendance fees allocated to all of the members of the Audit, Compliance and Risk Committee in 2019 was € 27,500.

THE NOMINATION AND REMUNERATION COMMITTEE

› Role

The Nomination and Remuneration Committee assists the Board of Directors with any issues relating to the nomination (or dismissal) of, and the remuneration paid to the Directors and to the members of the Management Committee.

› Composition (2019)

M. Jacques ELVINGER, Chairman of the Committee, Non-Executive Director
M. Pierre DRION, Non-Executive and Independent Director
M. Jürgen VANSELOW, Non-Executive and Independent Director
M. Jacquot SCHWERTZER*, Executive Director
M. François TESCH*, Executive Chairman
Mr Alain Huberty, CFO of Luxempart SA, acts as the Secretary of the Committee.

*only for remuneration issues relating to other members of Management

› Business report

› Issues discussed

- Review of the remuneration policy
- Proposal of executive remuneration increases
- Executive bonus payments
- Stock option plan
- Search of a new Executive committee member
- Search of a new Board member
- Human resources organisation chart

› Frequency of the meetings

The Nomination and Remuneration Committee met four times during the 2019 financial year.

› Remuneration

The gross total amount of the attendance fees allocated to all of the non-executive members of the Nomination and Remuneration Committee in 2019 was € 40,000.

GROUP EXECUTIVE COMMITTEE

The Board of Directors has delegated the day-to-day management of Luxempart to Managing Directors, as well as the representation of the Company. The Managing Directors are seconded by the Group Executive Committee in this task.

The Group Executive Committee's role is to ensure:
- The day-to-day management of Luxempart and its subsidiaries
- The implementation of the strategy determined by the Board of Directors
- Monitoring the portfolio
- Source and execute new investment deals
- Discussing investments and divestments
- Any investment or disposal decision of up to €15,000,000
- Proposals to the Board of Directors for investments or disposals exceeding €15,000,000
- Decision on deals exceeding €15,000,000 with the prior agreement of the Chairman, in accordance with Luxempart's emergency procedures
- Managing and coordinating the human resources

› Composition (2019)

The Group Executive Committee consists of the following members:
- M. Jacquot SCHWERTZER, Chairman, Managing Director
- M. Alain HUBERTY, Member
- M. John PENNING, Member
- M. Jo SANTINO, Member

› Business report

› Issues discussed

The Group Executive Committee paid attention to the following points during the 2019 financial year:
- Regularly monitoring the companies in the portfolio
- Sourcing and executing new deals
- Assessing investment and disposal cases
- 2020 Budget
- Preparing the financial reports
- Preparing press releases and statements by Management
- Cash management
- Discussing and adapting the Luxempart Group's strategy
- Preparing the meetings of the Group's Boards of Directors
- Preparing the General Meetings of the Group companies
- Relations with the supervisory authorities
- Management of human resources and organisation chart
- The performance of the fund of funds portfolio.

› Frequency of the meetings

The Group Executive Committee meets every week.

GROUP EXECUTIVE COMMITTEE

JACQUOT SCHWERTZER
Chief Executive Officer

ALAIN HUBERTY

JOHN PENNING

JO SANTINO

› Remuneration

Please refer to the extended Remuneration Report on page 53.

TRANSACTIONS IN LUXEMPART'S SECURITIES

A report regarding the transactions in Luxempart's securities performed by individuals who hold management responsibilities at the Luxempart Group and by individuals who have regular or occasional access to inside information must be published on Luxempart's website. Three statements were published in 2019.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

› Internal environment

The internal environment is a major factor in the Group's culture, since it determines the staff's level of awareness in terms of the need for monitoring and managing risks. It forms the basis for all of the other internal control aspects. Factors that have an impact on the internal environment specifically include:

- Integrity and ethics
- The senior executives' approach
- Family values
- The management style
- The policy for delegating responsibilities
- The organisation policy
- The staff's expertise
- The training policy

› Risk management policy

The risk management policy is implemented by the Group Executive Committee under the supervision of the Audit, Compliance and Risk Committee and of the Board of Directors. It includes the definition of targets, the identification of events, the assessment of risks and responses to risks.

The work relating to risk management is summarised in a risk map, which is reviewed and discussed by the Audit, Compliance and Risk Committee on an annual basis.

The risks relating to the investments vary significantly and are addressed by management and the entire team. Luxempart is involved in managing its investments' risks by attending the meetings of Board of Directors, Audit Committees, or via other means.

› Definition of target, the identification of events, the assessment of risks, and response to risks

› Financial risks

The main risks that the Group faces are financial risks, and especially market risks. The financial risks are set out in Note 26 to the consolidated financial statements.

In the case of the listed securities portfolio, the risk of price fluctuations relating to changes in the market price is determined by price volatility on the stock exchanges on which the Group operates (Paris, Frankfurt, Brussels, and London, etc.). The price risk relating to the listed assets is reduced thanks to the portfolio's diversification, from both a geographical and sector standpoint.

The financial risks relating to the private equity portfolio are primarily correlated to trends in the financial markets and the listing exchanges in the countries in which Luxempart's equity investments operate but are also influenced by the financial multiples recorded at the time of purchase and sale transactions. Furthermore, private equity portfolios have experienced lower volatility than listed equity portfolios in general since 2008. Furthermore, the financial risks posed by Luxempart's private equity portfolio are also attenuated by the geographical diversification of the investments, by the type of intervention (investment funds and direct equity investments), as well as by the sector-based diversification of investments.

› Risks relating to the preparation of financial information

Luxempart has an accounting department that processes the accounting information received. The Department works in such a way that tasks are performed on an ongoing basis in the event that one person is absent. The detailed process for monitoring and encoding accounting documents is explained in an accounting procedure. The internal auditor reviews the accounting balances twice a year on the basis of samples.

› Risk relating to non-compliance with the legislation

Luxempart pays attention to the trends and to complying with the legislation and regulations. The processing of specific transactions is the subject of a specific assessment, which includes consulting the Statutory Auditor or other specialists.

› Risk relating to information and communications

Financial information is published in accordance with the legal publication framework monitored and drawn up by Luxempart's Management. The periodical information published is reviewed by the Management Committee and the Audit, Compliance and Risk Committee and approved by the Board of Directors.
The maintenance of and adjustments to the IT system are entrusted to an external IT service provider. The security of the system is maximised thanks to the use of the technical processes available in this area, including access rights, automatic backups, anti-virus software, etc.

› Reputational risk

Luxempart ensures that the Company's core values and behavioural rules are complied with.

› Control activities

Day-to-day tasks relating to internal control are entrusted to the financial controller, under the supervision of the CFO and the Audit, Compliance and Risk Committee.

Luxempart has introduced a policy aimed at separating tasks and delegating authority in order to make it hard to intentionally carry out fraud and to make identifying any mistakes easier.

As part of their assignment for reviewing the Group's financial statements, the statutory auditor reviews the internal control system relating to preparing and presenting the financial statements in effect at the Group. The statutory auditor informs the Board of Directors and the Audit, Compliance and Risk Committee, where applicable, of any significant weaknesses in the internal control process relating to the preparation of the financial information that they may record during their audit.

› The Audit, Compliance and Risk Committee's role in preparing the financial information and preventing risk

The Audit, Compliance and Risk Committee reviews the financial information, the consolidation process and the valuation of Luxempart's financial assets. Furthermore, the Audit, Compliance and Risk Committee reviews the internal control system in terms of finance, accounting and legal and compliance issues. The Audit, Compliance and Risk Committee also monitors the financial reporting process.

The Audit, Compliance and Risk Committee ensures the following in that context:

- The independence of its members
- The prior approval of the selection process of the statutory auditor and his compensation
- Obtaining an annual statement of independence from the statutory auditor
- Proper communication between the statutory auditor and the Accounting Department and the Company's Management
- The performance of one-off internal audit assignments in addition to the work performed by the financial controller;
- The proper preparation of the financial information
- The review and approval of the financial information by the Company's Management
- Making recommendations to the Board of Directors in the following areas:
- The year-end process, the management reports and the press releases containing financial information
- Identifying and managing the Group's main risks
- The accounting procedures
- The rules for preventing insider trading and market manipulation offences

The Chairman of the Audit, Compliance and Risk Committee prepares a report on its work at the time of each Board of Directors' meeting and issues tangible recommendations to the Board of Director's on the aforementioned points and makes sure they are implemented.

The Board of Directors reviews and approves the yearly and half-yearly financial information.

› Information and communications

Luxempart makes efforts to obtain and provide all of the relevant and high-quality information required for its proper operation.

The human dimension of its team enables effective internal communications. Internal information systems are in place and enable the communication of relevant information, e.g. the documentation used to prepare the various committees and meetings, communication of management data (NAV and internal memos and reports) and regular reports on the investments managed by our partner teams.

The press releases are reviewed by the Management Committee and possibly by the Board of Directors and the Audit, Compliance and Risk Committee.

Maintenance of, and adjustments to the IT system are entrusted to an external IT service provider. The security of the system is optimised thanks to the use of the technical processes available in this area, including access rights, automatic back-ups and updates, anti-virus software, etc.

› Oversight and steering

The Board of Directors and the Audit, Compliance and Risk Committee assess the implementation and proper operation of the risk management and internal control system on an annual basis.

The oversight and monitoring activities are performed by the Board of Directors and the Audit, Compliance and Risk Committee. Given Luxempart's size, no independent internal audit function has been set up at the Company to date. The Audit, Compliance and Risk Committee assesses the need to commission one-off assignments entrusted to an external service provider on an annual basis.

COMPLIANCE WITH THE PRINCIPLES OF STOCK EXCHANGE COMPANY GOVERNANCE

Luxempart adopted a clear, transparent and public corporate governance regime (principle 1). Its Board of Directors is competent, diversified and aware of the interests of the Company and its shareholders (principle 3). Specialised Committees are operational. The positions of Chairman and Managing Director are separate. The Board of Directors functions as a collective body and ensures the long-term interest of the company (principle 2). The Board of Directors will conduct an assessment and publish the procedures and proposals for adaptation. A legal expert acts as secretary of the Board.

As regards the independence criteria (principle 3, recommendation 3.5), more than half of the members of the Board are independent Directors. Two women sit on the Board at this time. A third female Board member is proposed for appointment at the AGM 2020.

The members of the Board are appointed by an independent Nomination Committee (principle 4). One of the members of the Committee has extensive human resources skills (partner of an international HR consultancy and recruitment firm).

The Board of Directors has adopted rules governing conflicts of interest as well as a policy for information on and trading of Luxempart securities and the portfolio, including the directors of direct or indirect parent companies, in order to comply with principle 5: “ethics”.

The Group Executive Committee is composed of high-level professionals with complementary skills (principle 6). Adversarial debate and respect for critical opinions are cultivated in the Group Executive Committee.

The Company has adopted a remuneration policy (principle 7) published in the Governance charter.

The fixed remuneration is in line with market practice. The variable remuneration, was reviewed thoroughly in 2019 with the help of a consultant. The variable remuneration is purely long term and is designed such as to outperform the European stock market index and to align team interests with shareholder interests. Moreover, the long term, sustainable stock option plan is a long term scheme aimed at retaining talented managers in a highly competitive human resources environment.

The amounts paid out each year to the Directors and to Management, including the status of the stock options, are published. The compensation policy was vetted by a specialized firm and the calculations are reviewed by the auditor.

The financial reporting, internal control and risk management (principle 8) are carried out by an internal team composed of accountants, legal experts, investment managers (for the valuations) and a financial controller with auditing experience. The Audit, Compliance and Risk Committee is chaired by a specialist with extensive knowledge of the profession and finance. The advisory services provided by the auditor were limited to a minimum in order to safeguard his independence. Tax advice has accordingly been transferred entirely to a third service provider.

Finally, as regards respect for the rights of shareholders and equal treatment (principle 10), the Company appointed a compliance officer to monitor compliance with the transparency rule, the egalitarian dissemination of information and the application of procedures to prevent insider trading. The General Meetings of Shareholders are held in accordance with the law and a discussion by and between Management, the Board of Directors and the shareholders is ensured.

ANNUAL REMUNERATION REPORT

The remuneration policy of the Company is defined by the Board of Directors on a proposal formulated by the Nomination and Remuneration Committee. The policy is regularly reviewed, often with the help of an external consultant, such as in 2019. The full remuneration policy is part of the Governance Chart. The present report describes the remunerations paid in 2019 and how they are in line with the performance achieved by Luxempart.

PRELIMINARY REMARKS

In 2019, the Nomination and Remuneration Committee proposed and the Board of Directors adopted a complete amendment of the remuneration policy applicable as from 2020 (for amounts paid in 2021). The revised remuneration policy differs from the previous policy, in application for the last time for the years 2019 and 2020, as follows:

- Specific, tailor made remuneration schemes are abolished or put in run off mode and replaced by a unique, one team remuneration scheme
- Short term schemes are replaced by long term performance schemes in order to fully align team interests with shareholder long term interests
- Reduce individual non-financial performance bonus schemes by mainly financial performance bonus schemes
- Communicate a clear organization chart in order to outline team hierarchy, team collaboration and team career evolution

Considering these changes as from 2020, this remuneration report 2019 and the remuneration report 2020 will be transitional and refer to amounts and schemes to disappear progressively.

REMUNERATION

› Non-Executive Members of the Board of Directors (NXD)

The NXD are paid a fixed annual amount of € 45.000 before VAT and pro rata temporis if applicable and €70.000 (before VAT) for the Chairman. In order to incentivise attendance, an amount of €2.500 (€5.000 for the Chairman) is paid for each meeting per member present.
The applicable VAT, €83.300 for 2019, is also paid by the Company. The NXD who are also members of the Nomination and Remuneration Committee or the Audit, Risk and Compliance Committee receive an attendance fee of €2.500 (€5.000 for the Chairman) per attended meeting. No variable remunerations or other advantages are due. Travel costs are borne by the Company.

› Chief Executive Officer

The Chief Executive Officer (CEO), who is also the sole Managing Director (Administrateur-Délégué), invoices an all in hourly rate (management fee) of €275. For 2019, the CEO invoiced a total amount of €357,500 (before VAT) corresponding to an average of 108 hours per month.
Next to his fixed remuneration, the CEO is paid a bonus based on the increase of the Net Asset Value per share 2019 compared to 2018 and a bonus up to 20% of his yearly fixed remuneration linked to the achievement of non-financial objectives. This amount corresponds to €63,887 in 2019. The total variable remuneration paid for 2019 reaches €90,887 (before VAT).

The CEO is also attributed each year a number of stock options with a vesting period of 4 years and a maximum exercise period of 6 years as from the end of said vesting period.

For 2019, the CEO was attributed 14,000 options at a strike price per option of € 52.50.

The options of the past which have not yet been exercised do not lapse in case the beneficiary leaves into retirement. The overall variable remuneration of the CEO is linked to the short term financial performance of the Company measured in terms of Net Asset Value evolution per share.

The level of the amount paid is proportional to the degree of increase of the Net Asset Value evolution. The maximum amount is capped at twice the yearly gross fixed remuneration. As the performance was negative in 2018, no variable bonus was paid except a deferred bonus payment from previous year of € 27,000.

The stock option plan develops a value over time in case the share price increases above the strike price. Each option entitles, at exercise, either to receive one Luxempart share or to a cash settlement (difference between stock price and strike price). The total quantum also depends on the number of options granted.
The CEO didn't receive any other benefits in 2019.

› Other members of the Executive Committee

The three other members of the Executive Committee have remuneration composed of:
- A fixed yearly gross salary of around € 300,000 per year;
- A short term bonus based, as for the CEO, on the Net Asset Value increase per share 2017/2018, and up to 20% of the yearly salary, for the achievement of non-financial objectives
- The attribution of stock options
- Contribution to a pension plan (€102,767 in 2019)

The following options were granted in 2019 with a strike price of € 52,50 per option
- Alain Huberty 12,000
- John Penning 8,625
- Jo Santino 6,000

The Executive Chairman Francois Tesch was also granted 12,500 options in 2019.
In detail, in 2019, the overall variable remuneration paid for the three executive committee members and the Executive Chairman was as follows:

2019	in €
François Tesch	167,150
John Penning	128,427
Alain Huberty	115,510
Jo Santino	55,220

The level of the amounts paid in 2019 are affected by the slightly negative performance in 2018, meaning that no increase of the NAV per share 2017/2018 occurred. As the main component of the variable bonus is based on such an increase, no related bonus was paid in 2019. The amounts paid refer to the achievement of personal targets and (for the last time) the payment of deferred bonus positions from previous years.

The amounts paid to and number of options granted to Jo Santino are lower due his part time employee position (60%) with Luxempart. Due to operational mandates in several subsidiaries of Luxempart, he invoices management fees to these companies and benefits from applicable carried interest schemes. No payments were made in 2019 under these schemes.

› Summary

The total remuneration paid in 2019 to GEC members (including the management fee paid to the CEO) are as follows:

2019	in €
Fixed	1,208,300
Variable	390,044
TOTAL	**1,598,344**
Pension plan	102,767

N.B.: Sebastian Reppegather is not included in those numbers as he left the GEC during 2019.

The number of options exercised by the GEC members and Executive Chairman in 2018 and 2019 was as follows:

21/06/2018	Jo Santino	4,500 options	strike price : 22.50 €
02/04/2019	Jacquot Schwertzer	6,398 options	strike price : 31.20 €
07/05/2019	François Tesch	4,750 options	strike price : 21.20 €

INFORMATION ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CRS initiatives are geared to the social, environmental, strategic and philanthropic level.

› Social level

Concrete measures have been taken to improve social cohesion in the Company, such as user-friendly offices with conference rooms, a kitchen, a fitness club and places for meeting people and exchanging views. Community Rules, community days and community events, including outside the offices, also contribute to this social cohesion effort. The gender mix is balanced. The Company calls regularly on specialised coaches to increase the well-being of the staff and address their professional and personal development needs. Luxempart provides continuing training. The work environment promotes a good balance between private life and work. The office equipment is new and ergonomic.

› Environmental level

Different environmental protection initiatives have been taken to:

- Reduce paper consumption by increasing more to digital solutions
- Set up chargers for electric vehicles
- Eliminate plastic and cardboard cups
- Replace glass bottles by a water fountain
- Sort and recycle waste
- Rent premises in a new building that meets the latest norms and standards
- Use carpooling

› Strategic level

Luxempart is a long-term investor that does not focus on short-term profits but gives its investments time to develop in a sustainable manner. Luxempart is represented on the board of directors of many companies in the portfolio so as to be able to influence decisions concerning investments, compensation, human resources policy, etc. Our team does not invest in any company before it has conducted due diligence exercises particularly on taxation, finance, social law and the environment.

› Philanthropic level

Luxempart is currently not very active on the philanthropic front but supports individual through financial support.

OPERATIONAL GROUP CHART

as at 31 December 2019

1 Investments

PRIVATE EQUITY
- Foyer
- eduPro
- Mirato
- Quip
- Assmann
- Rimed
- WSD
- Novotergum
- Arwe
- Rattay

CO-INVESTMENTS
- Mehler
- ESG
- Prym
- Boxine
- Marlink
- FX Solutions
- Campings
- ECAS
- IHS
- Stoll
- AEB
- Vivalto

LISTED
- Atenor
- SES
- Zooplus
- Kaufman & Broad
- RTL
- SEO
- Pescanova
- Schaltbau
- LPKF
- Süss Microtec
- TCM
- Ascom
- Low & Bonar
- Technotrans
- Nanogate

2 Fund of Funds

EKKIO CAPITAL (minority & majority private equity in France)
- Ekkio I
- Ekkio II
- Ekkio III
- Ekkio IV

ARMIRA HOLDING (minority & majority private equity in the DACH region)
- Biosynth
- Prym
- Polycine
- F24
- Virtamed
- Filewave
- AGN
- Boxine
- Scheu Dental

BRAVO CAPITAL (minority & majority private equity in Northern Italy)
- Metalworks
- Arbo

INDUFIN CAPITAL PARTNERS (minority & majority private equity in Belgium)
- Baobab
- NMC
- Axi

OTHER FUNDS
- Quadrille
- Mangrove
- Faso IV
- Faso V
- Apax X
- Other

2019
OUR MAIN INVESTMENT LINES

as at 31 December 2019

Foyer

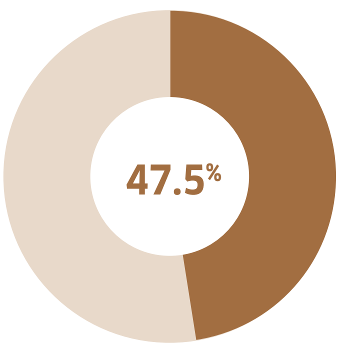
www.foyer.lu

Foyer S.A. is an independent financial group and market leader in the Luxembourgish insurance industry with a strong presence in domestic and international life insurance as well as wealth management in the Benelux region.

› Year of investment

1998, at the time of the IPO

› Percentage of the dividends received by Luxempart



› Investment Case

Since its foundation in 1922, Foyer has been the market leader in the Luxembourg insurance industry and is now present in several European countries.

Foyer has 5 major business lines:

- Insurance in Luxembourg;
- Non-Life Insurance in Southern Belgium;
- Health Insurance for Expats;
- Life Insurance in the European Union (LPS);
- Wealth Management in the Benelux region.

Foyer's strengths include:

- Family shareholder structure and strong local anchorage;
- Strong brand;
- Outstanding service quality;
- Broad network of exclusive brokers;
- Management of its securities portfolio.

Luxempart investment case is based upon supporting management and the founding families with our hands-on, long term private equity approach in order to shape and execute the strategy of Foyer which is currently centered around further strengthening its local market leadership, digitalizing its business model in order to further improve service quality and overall efficiency, develop its international activities and improve its capital efficiency.

› 2019 performance

Foyer ended the 2019 financial year with a profit above €103 M due to an overall strong operational performance of its main business lines as well as a strong recovery of financial markets which have increased the value of its securities portfolio.

› Luxempart view

We consider Foyer as an anchor investment in our portfolio not only because of the size of our stake but also due to the strong market position and the solid, recurring financial performance of the company. We consider ourselves as a long-term shareholder and will continue to play our role as a professional institutional shareholder alongside the founding families (Foyer Finance) on the back of its 32% direct interest in Foyer S.A.

28.0 %

- Percentage interest held

32.0 %

- Percentage of the voting rights
- 3 representatives on the corporate bodies

Registered office:
Leudelange, Luxembourg

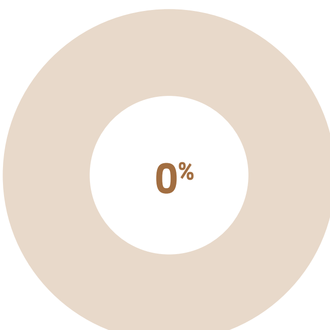
Business sector:
Insurance, and wealth management

www.m-v-s.de

Mehler Vario System GmbH ("Mehler") is the European market leader in personal ballistic protection equipment, related tactical equipment and other ballistic protection solutions.

› Year of investment
2014

› Percentage of the dividends received by Luxempart



› Investment Case
Mehler develops and manufactures ballistic protective vests, tactical clothing and equipment as well as vehicular ballistic protective solutions for the police, defence, and special forces. Mehler distributes its products to more than 40 countries through a network of sales employees and exclusive distribution partners, and the company is highly valued by government institutions as a reliable and innovative partner.

Mehler's strengths include:

- Strong presence in a growing niche market with high barriers to entry and above-average profitability;
- Market leadership in Germany (80%) and Europe (20%);
- Excellent reputation for quality and technical know-how;
- Low sensitivity to economic cycles;
- Strong customer relationships and tender execution;
- Strong profitability and high cash generation

Luxempart's investment case is based on supporting the management of Mehler, together with Armira and other co-investors, to further grow its revenues and strengthen its profitability by leveraging on the safety megatrend as well as on increasing its product offering and on expanding its geographical scope.

› 2019 performance
Mehler has achieved strong revenue growth in 2019 while maintaining its best-in-class profitability.

› Luxempart view
Mehler's technical know-how, production expertise as well as strong market position in Germany and beyond constitute an excellent basis for further growth and Luxempart will continue to support and challenge management in its strategic growth plans.

30.0 %
- of shareholding

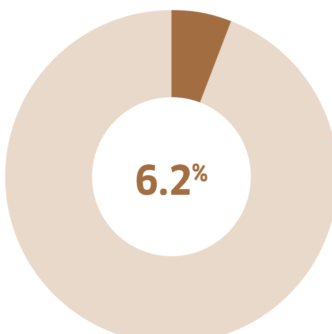
30.0 %
- Percentage of voting rights

Registered office:
Fulda, Germany
Business sector:
Defense, textiles & apparel

www.atenor.be

› **Year of investment:**
2006

› **Percentage of the dividends received by Luxempart**



› **Investment Case**
Atenor is a professional property development team, with a portfolio focused on Brussels while pursuing increased diversification, including in Luxembourg, France, Germany, Portugal and in Eastern European countries.

Atenor's strengths include:
- expertise in the development of mixed (residential and commercial) projects;
- diversification of risk via a portfolio that varies in terms of location, state of progress, and level of pre-marketing;
- know-how in terms of selecting projects, planning, project management, marketing, and urban planning concepts.

› **2019 performances**
Following the completion of a few projects, including in Brussels, Luxembourg, and in Bucharest, Atenor generated a profit of € 37.8 million (+7.4% vs 2018). Consequently, the Board of Directors will propose to the General Assembly to pay a slightly higher dividend than in 2018 amounting to € 2.31 in 2019 (+5.0% vs 2018).

› **Luxempart view**
During 2019, Atenor has made several new investments in many different cities (Warsaw, Budapest and Luxembourg in particular), where the group is already present. The group also invested for the first time in Lisbon this year. The portfolio of projects under development has thus grown from 18 to 28 within the last 12 months.
Atenor intends to pursue pursuing its international expansion strategy and aims for greater investment in countries that are experiencing higher economic growth than in Belgium, the group's historical market.

13.3%
- Percentage interest held
- Direct and Indirect through Foratenor

11.0%
- Percentage of the voting rights
- 1 representative on the corporate bodies

Registered office:
La Hulpe, Belgium
Business sector:
Property development

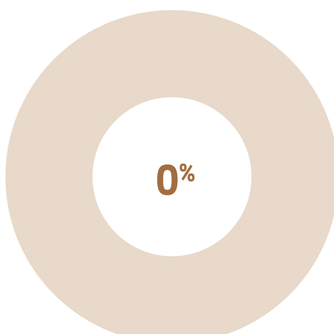
eduPRO group

www.edupro-group.com

eduPRO Group is a leading education company for adolescent and adult training programs, mainly operating in Austria, Germany and Hungary.

› Year of investment:
2015

› Percentage of the dividends received by Luxempart



› Investment Case
eduPRO is a leading education company for adolescents and adult training programs mainly financed publicly through the AMS in Austria and the "Bundesagentur für Arbeit" in Germany. Services can be split into four pillars: apprentice training, qualification programs, career guidance and corporate training.

› 2019 performances
eduPRO experienced a very positive performance in 2019 despite ongoing difficulties through reduced public spending in education in Austria. Furthermore, three acquisitions (one in Germany, one in Austria and one in Hungary) could be realised in 2019, which also contributed to the positive evolution of the group.

› Luxempart view
eduPro has continued in a very successful way its buy-and-build strategy in order to diversify its client portfolio and to reduce the weight of the Austrian State. Luxempart took an active advising role in executing the transactions. The German acquisitions strengthened eduPro's footprint in Northern Germany whereas the acquisition of a SAP learning and gamification company will secure the Group's digital competence. The very healthy liquidity situation enables eduPro to analyse new investments and acquisitions in the future.

60.0 %
- of shareholding

60.0 %
- Percentage of voting rights

Registered office:
Vienna, Austria
Business sector:
Education

ESG

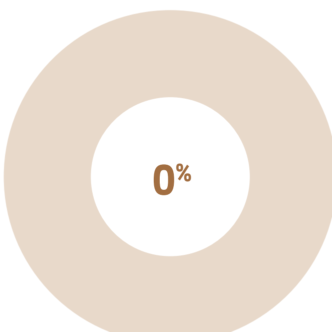
www.esg.de

ESG Elektroniksystem- und Logistik-GmbH (“ESG”) is a leading system and software company primarily focused on the defence and automotive industries.

› Year of investment

2015

› Percentage of the dividends received by Luxempart



› Investment Case

ESG develops, integrates and operates electronic and IT systems as well as high-tech and security-related products for the defence sector, public authorities and companies from other sectors, such as automotive, aerospace, industrial goods and commercial vehicles.

ESG has 3 major business lines:

- Defence & Public Security
- Mobility
- Cybersecurity & Data Analytics (Cyoss)

ESG's strengths include:

- Strong presence in a growing market with high barriers to entry and above-average profitability;
- Excellent reputation as an innovative company (has received several awards);
- Low sensitivity to economic cycles (in defence and cybersecurity);
- Low capital intensity and high cash generation.

Luxempart's investment case is based on supporting the management of ESG, together with Armira and other co-investors, to further grow its revenues and strengthen its profitability by leveraging on the increasing trend in the outsourcing of engineering services in the defence, automotive and cybersecurity & data analytics industries.

› 2019 performance

ESG has continued to grow organically to its revenues and improve its recurring profitability in 2019.

› Luxempart view

ESG continues to display strong, recurring growth due to its innovative capacity, project management skills as well as strong market growth driven by the safety megatrend. Luxempart will continue to support and challenge management on strategic issues to position the company ideally for future growth.

28.0 %

- of shareholding

28.0 %

- Percentage of voting rights

Registered office:
Munich, Germany
Business sector:
Engineering Services

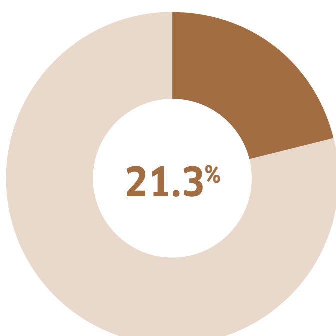
SES

www.ses.com

SES is a satellite operator that is involved in the video and data transmission market, and has global coverage and a fleet of satellites at different orbital and geostationary positions.

› Year of investment:
1992

› Percentage of the dividends received by Luxempart



› Investment Case
SES is a leading global satellite operator that has the following strengths:

- Fleets of satellites covering the globe;
- A solution provider in the video and data transmission segments for fixed-line and mobile telephony, and government services;
- Unique orbital positions, especially in Europe;
- A strong, profitable, and resilient position in video, with a significant backlog;
- Strong growth potential in the data transmission market.

› 2019 performances
SES generated total revenue of € 1.98 billion, EBITDA of € 1.22 billion, net profit of € 296 million, and free cash flow before financing activities of € 826 million. With growth of 4.5%, and more than 20% in the last two years, SES Networks continues to expand on the back of strong growth in the Aeronautical, Cruise and Government segments.
In view of the important investments in SES17 and O3b mPOWER that peak in 2021, and of SES' commitment to an Investment Grade credit rating, the Board of Directors took the prudent decision to propose a 2019 dividend per A share of € 0.40 to shareholders.

› Luxempart view
SES announced the next phase of strategic transformation that includes the potential separation of its Networks business within SES, a programme of innovation, greater operational and strategic focus, resource rationalisation and optimisation across the business.
The Video business is facing challenges in the near term as the customers composed of the world's leading broadcasters, platform operators and content owners, adapt their business models in response to the changes in consumer behaviour.
SES will continue providing its support to the U.S. Federal Communication Commission in the ongoing process of C-Band roll-out for 5G operations in the United States.

0.6 %
- Percentage interest held

0.5 %
- Percentage of voting rights
- 1 representative on the corporate bodies

Registered office:
Betzdorf, Luxembourg
Business sector:
Satellite telecommunications


108.365
99.3554

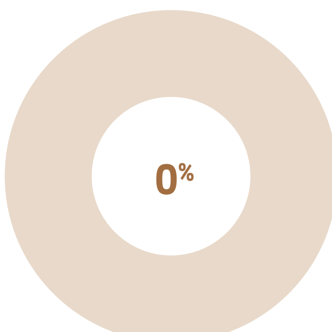
zooplus

www.zooplus.de

Zooplus is the European online leader in pet food and accessories, with revenues of over €1.5 billion and strong sales growth.

› Year of investment:
2017

› Percentage of the dividends received by Luxempart



› Investment Case
Zooplus is the number one online specialty pet food retailer in Europe. Zooplus' strengths include:

- a presence on the 30 European markets;
- efficient logistics;
- an offering that covers a wide range of products including third party, proprietary, discount and own brands;
- annual revenue growth of c. 15% while being profitable, with growth financed by internal funds;
- a significant market share with strong growth potential.

› 2019 performances
Although slightly below the prior year, sales growth remained high in 2019, resulting in EUR 1.5bn sales (+14% YoY). EBITDA reached EUR 11.8m (0.8% EBITDA margin), which is a slight improvement compared to the prior year.

› Luxempart view
Zooplus is in the European online leader in a sector with high growth driven by an increasing online penetration. Zooplus margins are expected to increase in the coming years as private labels (own brands) are growing by more than 25 %.

5.1 %
- Percentage interest held

5.1 %
- Percentage of the voting rights

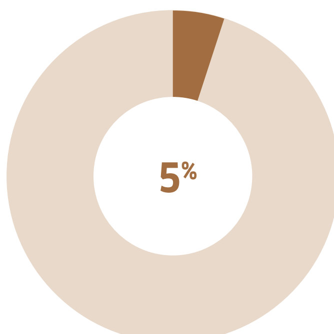
Registered office:
Munich, Germany
Business sector:
Online retailing

www.mirato.it

Mirato produces and sells products for the toiletry market (hygiene and beauty), with a coverage of all market segments but strongly focused in the mass-market through proprietary strong local brands and private labels.

› Year of investment:
2013

› Percentage of the dividends received by Luxempart



› Investment Case
Mirato operates in the consumer goods sector where the well-being drives part of the market growth. The company enjoys:

- An organic growth in local and foreign markets
- A strong position in Italy
- Strong brands well established in their local market
- Stable family shareholder base
- Good cash flow generation;

› 2019 performances
2019 has been a stable year in terms of sales and in line with the overall Italian economy. The company is characterized by a strong cash generation enabling to reduce its indebtedness and distribute dividend providing an attractive yield for its shareholders.

› Luxempart view
Mirato operates a portfolio of brands well anchored in their respective distribution network. The company is active in an important sector of day-to-day life and is able to prove resilience in this unexpected situation.

15.8 %
- of shareholding

Percentage of voting rights:
- Minority position

Registered office:
Landiona, Italy
Business sector:
Consumer goods

SCHALTBAU

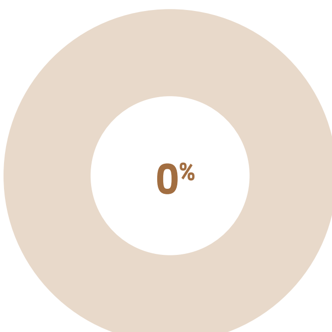
www.schaltbaugroup.com

Schaltbau Holding AG is a leading supplier of technology for rolling stock, rail infrastructure, automotive and other industrial applications.

› Year of investment:

2017

› Percentage of the dividends received by Luxempart



› Investment Case

Schaltbau Group is a leading supplier of high-quality components and systems for transportation technology and general industry. The company strongly benefits from:

- a leading market position with well established brands in critical transportation technology and its role as an innovation driver in the fields of New Energy/New Mobility
- an attractive market environment, as megatrends such as climate change, urbanisation and digitisation lead to an increasing demand for new railway infrastructure as well as sustainable mobility solutions
- long-standing and stable customer relationships
- strong potential for long-term structural growth and significant profitability enhancements

› 2019 performances

2019 was marked by the achievement of key milestones with regard to the group-wide restructuring of Schaltbau, such as the securing of the refinancing, the deconsolidation of two loss-making entities and substantial progress with the operational restructuring. Schaltbau reached the upper end of its guidance, with sales amounting to EUR 496m (+10% YoY, like-for-like and excl. divested entities in 2018/2019) and a reported EBIT of EUR 17.2m (3.3% EBIT margin, compared to -1.4% in 2018).

› Luxempart view

As a market leader and innovation driver in transportation technology, Schaltbau is well positioned to benefit from megatrends such as increased investment in railway infrastructure as well as New Energy and New Mobility. On the back of Schaltbau's recent restructuring progress, Luxempart is confident about the group's ability to boost top line growth and to enhance profitability through further internal optimisation.

9.9%

- of shareholding

9.9%

- Percentage of voting rights

Registered office:
Munich, Germany
Business sector:
Transportation technology

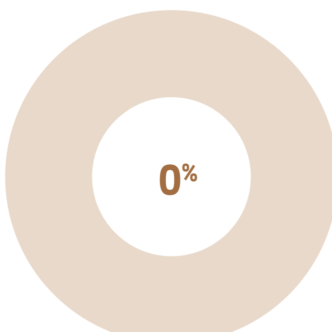
ASSMANN

www.assmann.com

Assmann Holding GmbH ("Assmann Group") is a leading supplier of premium data network technology, network infrastructure, IT components and ICT accessories based in Germany.

› Year of investment:
2019

› Percentage of the dividends received by Luxempart



› Investment Case
Assmann Group is a Germany-based distributor of data network products who combines Asian sourcing know-how with a Pan-European distribution infrastructure.
Its key strengths include:
- Attractive target addressable market with high single digit growth rates and high barriers to entry;
- Omni-channel distribution mainly through indirect sales (85%) which allows for recurring revenue streams and limited reliance on individual clients or project-related revenues;
- Best-in-class operating model with ability to guarantee quality, regulatory compliance, availability and just-in-time delivery;
- Full digitalisation allowing to serve clients and manage the company efficiently.

The partnership with Luxempart will allow Assmann Group to continue its growth story with a new strategic plan which will be centred around further strengthening the product offering and geographical footprint supported by an active M&A strategy.

› 2019 performances
Assmann has continued its growth path reaching c. EUR 65m of sales and further maintaining its recurring profitability in FY19.

› Luxempart view
We partner up with Stephan Assmann who is a successful family entrepreneur. He has built Assmann Group into one of the leading suppliers in the data network technology market. We are impressed byAssmann Group's business model built on strong digital capabilities and an entrepreneurial corporate culture. We are collaborating closely with management and are actively supporting them in their growth efforts and ambition to expand internationally.

50.0%
- of shareholding

50.0%
- Percentage of voting rights

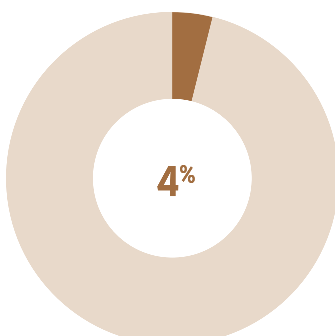
Registered office:
Lüdenscheid, Germany
Business sector:
IT, Technology Hardware & Equipment

www.quip.de

Quip Group is a German company headquartered near Aachen providing temporary staffing and outsourced technical services across various industries.

› Year of investment:
2008

› Percentage of the dividends received by Luxempart



› Investment Case

Quip Group is composed of two parts:

a) Quip AG provides staffing services and handles specific tasks in manufacturing and assembly processes for a diverse range of clients mainly in North Rhine-Westphalia, but also in other major industrial regions across Germany.

b) Talbot Services is specialized in the maintenance and refurbishment of railway equipment and assembly of electrical cars.

› 2019 performances

Quip Group experienced a mitigated performance in 2019 with a slowdown of its staffing activities in the automotive sector partially compensated by a very strong performance in the railway sector.

› Luxempart view

Although Quip Group has suffered from the recent downturn due to Covid-19 and the general problems in the automotive sector it should be well positioned for the restart of the economy. A large digitalisation project and the roll out of the technical solutions throughout the Group will be one part of the strategy in 2020/21. As the Group is financially healthy with a very low debt ratio, a moderate buy-and-build strategy will be another key driver of further growth. Luxempart expects organic growth being rather limited, however, Quip Group should be able to increase top line growth as well as profitability by implementing above outlined strategy.

51.0%
• of shareholding

51.0%
• Percentage of voting rights

Registered office:
Baesweiler, Germany
Business sector:
Temporary staffing and technical services

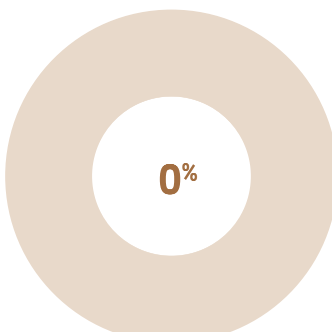
MARLINK
Connect smarter. Anywhere.

www.marlink.com

Marlink is a service provider in the Global Satellite Communication industry focused on reselling and packaging satellite communication services and capacity for customers operating in remote environments and covers all maritime applications but also highly remote terrestrial areas for corporate clients.

› Year of investment:
2008

› Percentage of the dividends received by Luxempart



› Investment Case
Marlink is a key B2B player in the satcom industry and enjoys the following key features:

- market has been experiencing a technology revolution with the adoption of the VSAT technology that brings higher bandwidth;
- Maritime SatCom services is a big market,
- Leading position in Merchant shipping,
- Worldwide operator
- Ability to increase ARPU (average revenu per user)
- Strong management team
- Good build-up opportunities

› 2019 performances
2019 was a strong year for Marlink. Its VSAT installed based has reached record highs thanks to its strong installation capacity and its worldwide presence. All the company segments performed well and were on or above plan. The company continued to roll-out its VSAT products, while increasing the nature and quality of its VAS (value-added-services) offering.

› Luxempart view
Marlink is delivering the expected investment thesis and is performing very well in implementing VSAT connectivity on vessels. Marlink is now able to offer a one-stop-shop for customers willing to fully digitalise their vessel.

8.6 %
- of shareholding

Percentage of voting rights:
- Minority position

Registered office:
Lysaker, Norway
Business sector:
TMT

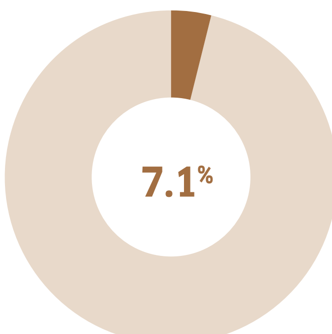
KAUFMAN & BROAD

www.kaufmanbroad.fr

Kaufman & Broad is one of the leading property developer in France, mainly active in the development and construction of new residential housing units (single-family homes in communities and multi-occupancy housing) but also commercial property (offices, stores and logistical platform).

› Year of investment:
2014

› Percentage of the dividends received by Luxempart



› Investment Case
Kaufman & Broad is a rapidly expanding property developer in the French residential market, which is driven by the following favourable factors:

- The increase in the population, the separation of couples, and longer life expectancy;
- Various tax incentives in place for more than 20 years that encourage the market of new housing;
- Low interest rates;
- A business model with a low risk profile due to the partial pre-sale of buildings before the works begin.

› 2019 performances
Despite a less buoyant real estate market, the results for fiscal year 2019 remains in line with Management expectations with total sales amounting to € 1,472m (of which Housing represents € 1,334m) in 2019.
The company has generated an adjusted EBIT margin of 9.5% (in line with Management expectations), reflecting a solid operational management of selling prices and operating expenses.
This resulted in a positive net cash position of € 56m and financial capacity amounting to € 458m as at November 30, 2019, enabling the company to continue paying recurring dividends to its shareholders.

› Luxempart view
In 2019, the new housing market was characterised by sustained demand, but also by a significant drop in issuance of building permits.
Kaufman & Broad's new projects launches will continue to be impacted until the municipal elections have been held with a relaunch of the issuance of building permits after then.

2.8 %
- Percentage interest held

2.1 %
- Percentage of the voting rights

Registered office:
Paris, France
Business sector:
Property development

OTHER PARTICIPATIONS

Portfolio as at 31.12.2019

IHS (0.3%)

IHS owns, operates and leases space on its towers to Mobile Network Operators ("MNOs") who install communication antennas.
With 24'000 towers under management, IHS is the leading tower company in Africa.

LPKF Laser & Electronics AG (5.2%)

LPKF is a highly specialized technology company and a leading manufacturer of laser-based production systems for the electronics, solar and automotive industries as well as for research institutions and the medtech industry. LPKF's systems and solutions are technological "enablers" for the accelerating miniaturization of electronic components with increasing complexity and performance. Its product portfolio includes laser systems to increase the efficiency of thin-film solar modules (laser scribers), for laser welding of plastic components and for the laser processing of PCBs. LPKF recently introduced systems and foundry services for the micro-structuring of thin glass for various applications, among others in the semiconductor and the electronics industries.

Rimed (n.c)

RIMED is the first private medical radiology company in the German and Italian part of Switzerland and operates ten radiology centres. In addition to its various centres, Rimed cooperates with various hospitals and private clinics.

WDS (44.0%)

WDS is a German company providing consulting and training to relatives taking care of a family member at home.

Süss Microtec (7.4%)

SÜSS MICROTEC is a leading supplier of system and process solutions for selected semiconductor (mainly backend) and related niche markets, particularly micro-electro-mechanical systems/ MEMS (sensors), advanced packaging, 3D integration, and LED. Süss covers all performance-relevant steps for wafer processing with a main focus on the microchip architecture and connection technology for applications in chip manufacturing, telecommunications and optical data transfer. Its product portfolio include mask aligners and coaters/developers (lithography segment), wafer bonders, (front end) photomask cleaning equipment as well as high-quality refractive and diffractive micro-optical components for fiber coupling, collimation and beam homogenizing.

TCM (9.8%)

TCM is Scandinavia's third largest kitchen manufacturer and joint number two in its home market, Denmark, with a strong recent track record of market share gains. The company sells to B2B and B2C customers through a network of branded franchise stores and independent dealers, principally in Denmark (c. 90% of sales), a growing number of stores in Norway, and also Sweden. Kitchens are sold under three well-regarded brands, Svane, Tvis and Nettoline, covering most price-points in the market. Products can also be used in wardrobes, bathrooms and home storage solutions. TCM's strategy focuses on investing in production efficiency and capacity, as well as expanding export sales in Norway and Sweden.

Ascom (4.1%)

ASCOM is a Swiss ICT provider, with hardware, middleware and software for healthcare (c. 64% of sales, hospitals, nursing homes, etc) and enterprise (36% of sales, broad industrial sectors). The core product portfolio comprises nurse-call systems, telephony and mobile devices, messaging and alerting software, and related project management, service and support. Ascom operates globally through its own subsidiaries and distribution partners. It is well positioned particularly to benefit from the global growth in healthcare and the digitalisation of healthcare workflow processes. Ascom's strategy focuses on development of products and solutions around mobile workflow solutions in its healthcare and enterprise markets.

Stoll (32.8%)

Stoll, based in Lengede, Germany, is a leading manufacturer of front loaders for tractors. The company sells to leading tractor OEMs and in the aftermarket. Luxempart invested along family investors via Deutsche Mittelstand Beteiligungen ("DMB").

RTL (0.2%)

RTL is a Luxembourg-based media company with interests in sixty television channels, eight video-on-demand platforms and thirty radio stations. Its core businesses, RTL Deutschland, Groupe M6 and RTL Nederland, are number one or two in their respective markets. Its content business, Fremantle, is one of the world's largest creators, producers and distributors of television content for broadcasters, platforms and streaming services. RTL's strategy focuses on strengthening the core businesses (RTL, M6), investing in growth businesses (streaming, content production, and advertising technology), and building alliances and partnerships in the European media industry.

Boxine (Tonies) (n.c)

BOXINE offers innovative, figure-based audio systems for children, consisting of a "Toniebox", an intelligent loudspeaker box that is connected to a cloud infrastructure, and "Tonies", small figures that are placed on the box and play back the content associated with the character. The company offers more than 200 different "Tonies", sold in book, toy and electronics stores and through a proprietary online shop.

2019
FUND OF FUNDS: OUR MAIN LINES

as at 31 December 2019

Armira

www.armira.de

Armira is a German private equity based in Munich and team specialising in mid cap investments with a medium to long-term view.

› Year of investment:

2014

› Investment Case

Armira is a professional long-term private equity in the German (and DACH region) mid-cap sector, with the following specific features:

- family-based and entrepreneurial shareholders;
- shareholder involvement in investment decisions;
- a network of entrepreneurs who play the role of operating partners for the company's portfolio investments, in order to support value-creation;
- investments in the German "Mittelstand" and growth investments.

› 2019 performances

Armira Holding completed 2 new investments in FY19:

- Boxine GmbH, creator of the award-winning tonies audio system for children aged between three and ten, and
- Scheu-Dental GmbH who manufactures and sells dental equipment and products

Armira Holding 1 is thus fully invested and will focus on value creation within its existing portfolio companies (including external growth) and potentially also prepare for first exits.

Armira has also successfully reached a first closing for Armira Holding 2 which will enable the team to pursue further investment opportunities in the coming years. The final closing is expected later in 2020.

› Luxempart view

Armira is a highly professional, dynamic and experienced team that provides access to attractive and often proprietary investment opportunities resulting from its extensive network in the German-speaking economy.

Registered office: Munich, Germany
Business sector: Investment company

Ekkio capital

www.ekkio.fr

› Business activities

Ekkio Capital is a team that specialises in purchasing mostly majority interests in France. Ekkio Capital manages four professional private equity funds.

› Investment strategy

Ekkio Capital has established itself as a specialised investor in growth SMEs, and has the following characteristic features:

- investing in French companies for the past 15 years;
- an investor that has developed significant sector expertise in Tourism & Leisure, Healthcare, and TIC (Test, Inspection & Certification);
- an active partner that is close to entrepreneurs and the reality that they face on the ground;
- an experienced investor that has been built up by meeting over 1,500 companies in 15 years;
- a partner in terms of managing change at SMEs by (i) actively supporting entrepreneurs with their projects, e.g. internationalisation, industrial investments, and external growth, and (ii) a network of senior company managers who provide their experience;
- a partner that contributes investment amounts of between €5 million and €15 million (and larger amounts via syndication).

› 2019 performance

During 2019, Ekkio Capital II sold its participation in Elithis, Ekkio Capital III realized 3 add-on investments and Ekkio Capital IV made one new investment in Mediliant. In November 219, Luxempart further committed €15m in Ekkio Capital III-Bis, a top-up fund of Ekkio Capital III aiming at investing exclusively in the portfolio companies of the latter.

› Luxempart view

The portfolio of Ekkio Capital's funds is robust but the current sanitary crisis will certainly affect over the medium term their trading operations. However, at the same time, it may create opportunities for new business combinations, business model optimization and better cost management that some companies are already working on. On the other hand, we also estimate that the pace of new investments will be reduced in the short run.

The shareholders in the various funds managed by Ekkio Capital are primarily French and foreign financial institutions. Luxempart invests in Ekkio Capital's funds various funds as a sponsor.

Registered office: Paris, France
Business sector: Investment company.

Decisions are taken by the Ekkio Capital management team on an independent basis.

bravo invest

www.bravoinvest.it

› Business activities

Following a successful collaboration on DS Care and Mirato, Luxempart finalised a partnership with Bravo Invest, a company based in Milan, Italy, in August 2017, by setting up a joint investment company named Bravo Capital. Bravo Invest assists Luxempart with the day-to- day management of its investments in Italy. Bravo Capital aims to be actively involved in development capital and buy-out transactions, primarily in Northern Italy.

› Investment strategy

Luxempart has formed a strong partnership with Bravo Invest, which is characterised by investments in Northern Italy with the following characteristic features:

- majority and minority investments;
- investments that benefit from Luxempart and Bravo Invest's European network;
- investments in SMEs with an international focus;
- investments in high-growth SMEs;
- investment amounts ranging between €5 million and €15 million (higher amounts via syndication)

› 2019 performance

This year has been very active and fruitful for Bravo Capital Partners with two successful exits: Eurochiller and Vivaticket realizing strong performance for Luxempart. Several investment opportunities have been studied in more details in 2019 and may be realized in 2020 depending on the evolution of the economic environment.

› Luxempart view

Northern Italy has experienced a remarkable development of its SME, whose characteristic features are close to those of the German Mittelstand. The Bravo team stands out due to its in-depth knowledge of this market, and its ability to generate a substantial opportunity flow and to generate good returns.

Luxempart is currently the only investor in Bravo Capital.

Registered office: Leudelange, Luxembourg (Bravo Capital) Milan, Italy (Bravo Invest)
Target country: Italy
Business sector: Investment company

indufin
Catalyst for Ambition

www.indufin.be

› Business activities
Indufin is a team that specialises in purchasing investments with a mid-term investment horizon primarily in

› Investment strategy
Indufin is a team of private equity professionals that is an active partner who:

- supports the management team and existing shareholders based on a “hands with” or “hands on” partnership approach;
- backs an existing or new management team as part of buy-out transactions with or without leverage;
- takes part in the value creation process by financing both internal and external growth projects;
- contributes investment amounts of between €5 million and €20 million;
- with no sector bias;
- invests in profitable growth companies;
- has access to funds amounting to €100 million in order to implement its strategy.

› 2019 performance
The performance of the past year was marked by the exit of Bartek and the sale agreement on Kyotek. 2019 saw also the disposal of Veritas. The existing portfolio composed of AXI, NMC and Baobab performed well.

› Luxempart view
Luxempart has decided in agreement with its partner to put the portfolio in a run-off mode and the existing team is now sponsored by our longtime partner De Eick.

Business sector: Investment company

Decisions are taken unanimously by the Board of Directors.

2019

FINANCIAL INFORMATION IFRS CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2019

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REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

To the shareholders
of Luxempart S.A.
12 rue Léon Laval
L-3372 Leudelange

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

› Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at December 31, 2019, and 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 (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "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 (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.

Key Audit Matters identified	Auditor's Answer
Valuation of unquoted investments and fair value changes impacting the consolidated statement of comprehensive income The Group owns a large number of unlisted securities representing 78% of the net asset. These investments are valued according to the fair value principle. The fair value is determined by management following *the International Private Equity and Venture Capital Valuation* (IPEV) guidelines and the IFRS norms as described in note 2. Owing to the illiquid nature of these investments, the assessment of fair valuation implies significant and complex judgements from management. Even minor changes to the assumptions used in these judgements specifically in the preliminary estimates of financial results and forecasts for the market multiple methods, illiquidity discounts, or others could have a significant impact on the valuation of the unlisted investment portfolio. This could therefore affect the return generated for the shareholders.	We tested internal control processes related to the fair valuation of unquoted investments and tested their implementation. Specifically, we examined the valuation governance structure as well as meeting minutes of the management's oversight of the valuation of unlisted investments. We assessed that management's valuation policies were in compliance with IFRS norms and the IPEV guidelines and that the valuation approach adopted by management was appropriate. With the assistance of our valuation experts, we formed an independent assessment of the valuation of a sample of unlisted investments. With respect of the assumptions used in the valuation models, we tested that the financials metrics and earnings multiples are in line with the latest available accounts of the company at the date of signature of our report. We assessed the reasonableness of the transactions multiples, earnings multiples and/or other comparable information used with available relevant external market sources. We verified the arithmetical accuracy of the models prepared by management. We identified and analysed independently the explanation provided by management for any fair value changes compared to the prior exercise, and where applicable, the differences between the selling price of investments realised during the financial year and the prior year fair value: This was to further assess the reasonableness of the current year valuation models and methodology adopted by management. We ensured the impact of fair value movements are correctly reflected in the consolidated statement of comprehensive income.

› Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "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 these consolidated accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

› Report on Other Legal and Regulatory Requirements

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 29 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 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 [http://www.luxempart.lu/], 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 N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

Christian van Dartel, *Réviseur d'Entreprises Agréé*
Partner

March 25, 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2019

in thousands of €	Notes	31/12/2019	31/12/2018
Investments activities			
Dividends received	6	19,758	20,700
Net gains / (losses) on financial assets	10	196,094	2,971
Profit on investments activities		**215,852**	**23,670**
Ordinary activities			
Services / recovery of services		3,068	3,479
Staff costs	5	-6,118	-4,034
Operating expenses	4	-5,187	-6,544
Depreciation and amortisation of non-current assets	9	-101	-97
Profit on ordinary activities		**-8,338**	**-7,196**
Operating income		**207,514**	**16,475**
Financial income	7	713	379
Financial expenses	7	-752	-788
Profit before tax		**207,475**	**16,065**
Tax current	8	-25	-56
Profit for the year		**207,449**	**16,009**
Attributable to the owners of the Company		207,449	16,009
Earnings per share attributable to the owners of the Company			
Weighted average number of shares	16	20,075,026	20,068,074
Earnings per share - attributable to the owners of the Company (in €)		10.33	0.80

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

in thousands of €	Notes	31/12/2019	31/12/2018
Consolidated profit for year		**207,449**	**16,009**
Items that could be reclassified subsequently to profit or loss:		-	-
Total comprehensive income		**207,449**	**16,009**
Attributable to the owners of the Company		207,449	16,009
Comprehensive income attributable to the owners of the Company			
Weighted average number of shares	16	20,075,026	20,068,074
Comprehensive income per share attributable to the owners of the Company (in €)		10.33	0.80

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

ASSETS

in thousands of €	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS			
Intangible and tangible fixed assets	9	459	410
Financial assets at fair value through profit and loss	2, 3, 10	1,458,625	1,174,794
Loans and receivables	11	844	827
Total non-current assets		**1,459,929**	**1,176,032**
CURRENT ASSETS			
Loans and receivables	12	2,129	3,827
Financial assets held for trading	13	-	51,216
Bank deposits	14	80,000	95,000
Cash and cash equivalents	14	51,366	105,812
Total current assets		**133,495**	**255,855**
Total assets		**1,593,423**	**1,431,886**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

EQUITY AND LIABILITIES

in thousands of €	Notes	31/12/2019	31/12/2018
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Capital and share premium	15	66,860	74,894
Reserves	16	1,300,371	1,304,578
Profit for the year attributable to the owners of the Company		207,449	16,009
Total equity attributable to the owners of the Company		**1,574,680**	**1,395,481**
Total equity		**1,574,680**	**1,395,481**
NON-CURRENT LIABILITIES			
Non-current provisions	19	3,342	3,450
Amounts owed to credit institutions	18	10,179	30,395
Total non-current liabilities		**13,521**	**33,845**
CURRENT LIABILITIES			
Trade and other payables	20	5,222	2,560
Total current liabilities		**5,222**	**2,560**
Total liabilities		**18,743**	**36,405**
Total equity and liabilities		**1,593,423**	**1,431,886**

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

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2019

in thousands of €	Notes	31/12/2019	31/12/2018
Profit for the year		**207,449**	**16,009**
Adjustments for:			
Depreciation and amortisation of non-current assets		31	-37
Net gains / (losses) on financial assets	10, 13	-196,094	-2,971
		11,386	**13,002**
Acquisition of financial assets	10, 13	-197,044	-114,756
Disposal of financial assets	10, 13	160,522	211,020
Net change in loans and receivables		1,681	2,387
Net change in borrowings and debts		2,613	-4,832
Amounts owed to credit institutions	18	-20,216	11,132
Other changes		13	-330
Net cash flows from operating activities		**-41,045**	**117,622**
Including:			
Taxes paid		-22	-83
Interest paid		-453	-406
Interest received		134	436
Acquisitions / disposals of tangible and intangible assets	9	-140	-231
Net cash flows from investing activities		**-140**	**-231**
Transfer from / (to) deposits accounts	14	15,000	-95,000
Disposals / acquisitions of own shares	16	-15	165
Dividends paid	17	-28,248	-26,888
Net cash flows from financing activities		**-13,263**	**-121,723**
Net increase / (decrease) in cash		**-54,447**	**-4,331**
Cash at the beginning of the year	14	105,812	110,144
Cash at the end of the year	14	51,366	105,812
Net increase / (decrease) in cash		**-54,446**	**-4,331**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018 and 2019

in thousands of €	Notes	Capital and share premium	Own shares	Legal reserve	Revaluation reserve	Other reserves	Profit for the year	Attributable to owners of the Company
Equity at 31/12/2017		74,894	-105,105	5,989	258,109	805,670	366,702	1,406,259
Dividends paid by the Company	17	-	-	-	-	-26,888	-	-26,888
Allocation of profit		-	-	-	-	366,702	-366,702	-
1st application of IFRS 9	2, 16	-	-	-	-258,109	258,109	-	-
Operations on own shares	16	-	123	-	-	-22	-	101
Comprehensive income for the year		-	-	-	-	-	16,009	16,009
Equity at 31/12/2018		74,894	-104,982	5,989	-	1,403,571	16,009	1,395,481
Dividends paid by the Company	17	-	-	-	-	-28,248	-	-28,248
Allocation of profit		-	-	-	-	16,009	-16,009	-
Capital reduction	15, 16	-8,034	87,779	-	-	-79,745	-	-
Operations on own shares	16	-	-15	-	-	13	-	-2
Comprehensive income for the year		-	-	-	-	-	207,449	207,449
Equity at 31/12/2019		**66,860**	**-17,218**	**5,989**	**-**	**1,311,600**	**207,449**	**1,574,680**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2019

NOTE 1 - General information

Luxempart S.A. ("the Company" or "Luxempart") is an investment company whose registered office is located at 12, rue Léon Laval, L-3372 in Leudelange. The Company was founded on 25 April 1988, under the name BIL Participations. The Annual General Meeting held on 15 September 1992 decided to change the Company's name to Luxempart S.A. The consolidated financial statements for the financial years ending on 31 December 2018 and 31 December 2019 incorporate the financial statements of the Company and its subsidiaries ("the Group") and the Group's share in associates. The Company is listed on the Luxembourg Stock Exchange and registered on the trade register under no. B27846.

Luxempart is primarily active in Luxembourg, Belgium, France, Italy and Germany; it actively manages a portfolio of listed and non-listed companies.

On 25 March 2020, the Board of Directors approved the consolidated financial statements as at 31 December 2019. The consolidated financial statements will be submitted for approval and publication authorisation during the Annual General Meeting to be held on 27 April 2020.

NOTE 2 - Consolidation principles, valuation rules, and accounting standards

› Declaration of conformity

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

› Framework for preparation and presentation of financial statements

The consolidated financial statements are presented in thousands of euros (€). The functional currency is the euro (€).

The consolidated financial statements are prepared based on the historical cost, with the exception of financial assets at fair value through profit of loss and financial assets held for trading, which are measured at fair value.

The valuation principles, methods and techniques are applied consistently within the Group.

The consolidated financial statements have been prepared for the accounting periods ended 31 December 2018 and 31 December 2019 are presented before allocation of the Company's profit. The allocation of profit for the year 2019 will be proposed at the Annual General Meeting on 27 April 2020.

› Consolidation principles

Being an investment entity, Luxempart does not consolidate its subsidiaries and does not apply IFRS 3 when it acquires control over another entity.

There is one exception to this treatment for subsidiaries providing services that relate to Luxempart's investment activities. These subsidiaries are fully consolidated.

Investments in subsidiaries not providing services that relate to Luxempart's investment activities and investments where Luxempart has significant influence or joint control are classified as Financial assets at fair value through profit and loss, in accordance with IFRS 9.

A list of non-consolidated subsidiaries is set out in note 21.

› Subsidiaries that provides investment-related services (fully consolidated)

A subsidiary providing services that relate to investment activities means a company over which the Company has control. The Company has control when it:

- has power over the entity,
- is exposed, or has rights, to variable returns from its involvement with the entity,
- has the ability to use its power over the entity to affect the amount of its returns.

These companies are fully consolidated as from the date the Group obtains the control and ceases when this control is lost.

Non-controlling interests are presented in equity on the consolidated statement of financial position, separately from "Equity attributable to the owners of the Company", and classified under "Non-controlling interests". Non-controlling interests in the Group's profit are also indicated separately on the consolidated statement of profit or loss and classified under "Non-controlling interests".

Expenses, income, assets, and liabilities of subsidiaries are fully incorporated into the consolidated financial statements. Transactions between companies of the Group, intercompany accounts, and unrealised profits on intragroup transactions are fully eliminated.

A list of the Group's subsidiaries is presented in note 21.

› Transactions in foreign currencies

Transactions carried out in foreign currencies are converted into the functional currency at the exchange rate in force as at the transaction date. At the end of each reporting period, the monetary items in foreign currencies are converted at the rate of the last day of the financial year. Losses or profits from the realisation or conversion of monetary elements denominated in foreign currencies are recognised in the statement of profit or loss.

The following exchange rates were used for conversion of the consolidated financial statements. As at 31 December 2019, one euro is equal to:

US Dollar	**1.1233 USD**
Pound sterling	**0.8508 GBP**
Swiss Franc	**1.0870 CHF**
Danish Crown	**7.4725 DKK**

› Intangible fixed assets with a finite useful life

Intangible fixed assets with a finite useful life are valued at cost less accumulated amortisation and accumulated impairment losses. Amortisation is applied according to the straight-line method based on an estimate of the fixed asset's useful life and its possible residual value.

Intangible fixed assets are not subject to revaluations. The useful life is as follows:

Acquired software	**3 years**

› Tangible fixed assets

Tangible fixed assets are measured at cost (including transaction costs) less accumulated amortisation and accumulated impairment losses. Depreciation is applied according to the straight-line method based on an estimate of the useful life of the said fixed asset. Costs related to maintenance are recognised in the statement of profit or loss. Tangible fixed assets are not subject to revaluations.

The estimated useful lives are as follows:

Facilities and transport equipment	**3-5 years**
Other tangible fixed assets, furnishings	**10 years**

› Principle of impairment of tangible and intangible fixed assets

At the end of each reporting period, the Group reviews the carrying amount of tangible and intangible fixed assets in order to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher value between the asset's fair value less costs of sell and its value in use. The value in use is the discounted value of estimated future cash flows expected from continued use of the asset.

› Financial assets

› Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss "AFVPL" are initially measured at cost.

They are stated at fair value and measured at the end of each reporting period. Unrealised capital gains and losses are recognised in the consolidated statement of profit or loss.

In the event of sale of a AFVPL, the difference between the net proceeds from the sale and the carrying amount is recognised in the consolidated statement of profit or loss under "Net gains/(losses) on financial assets". The transaction is recognised as at the settlement date.

› Financial assets held for trading

Financial assets held for trading classified in current assets are assets acquired mainly with a view to be sold in the short term.

They are stated at fair value and measured at the end of each reporting period. Changes in fair value are recognised in the consolidated statement of profit or loss under "Net gains/(losses) on financial assets".

In the event of disposal of a financial asset held for trading, the difference between the net proceeds from the sale and the carrying amount is recognised in the consolidated statement of profit or loss under "Net gains/(losses) on financial assets". The transaction is recognised as at the settlement date.

› Fair value of financial assets

› Fair value measurements

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, on the principal or most advantageous market, at the measurement date.

Financial assets are measured at their fair value twice a year, for the annual and the semi-annual accounts.

Listed shares are measured based on their market price on the closing date.

Non-listed shares are measured based on valuation methods in line with the requirements of the International Private Equity and Venture Capital Valuation (IPEV).

During the measurement of the fair value of the financial assets in non-listed companies, Luxempart adopts a multi-criteria approach and applies one or several of the methods described in the table below.

Discounts may be applied to the values obtained by using each of these methods (discounts for illiquidity, for small company, etc.).

In preparing the financial statements, the application of the accounting principles and methods described above requires Management to make assumptions and estimates that may have an impact the amounts recognised in the statement of profit or loss, on the valuation of assets and liabilities on the statement of financial position, and on the information presented in the accompanying notes. Management makes these estimates and assumptions based on the information available on the date on which the consolidated financial statements are drawn up and may be required to exercise its judgment. By nature, valuations based on these estimates are subject to a number of risks and uncertainties before their future realisation. Consequently, the actual results of the operations in question may differ from these estimates and therefore have a material impact on the consolidated financial statements.

Assets categorised as level 3 assets are valued by Luxempart's financial analysts on the basis of information received from the underlying companies' management teams or by external evaluators under Luxempart's responsibility. After being reviewed in detail by the business controller, these valuations are submitted to the Senior Investment Officers for approval. Finally, they are submitted to the Audit, Compliance and Risks Committee, which conducts a detailed analysis of the methods and assumptions used. They are ultimately approved by the Board of Directors when it approves the financial statements.

› Fair value hierarchy

The Group uses a fair value hierarchy that reflects the significance of the data allowing valuations to be established.

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Data other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (for example, prices) or indirectly (for example, elements derived from prices);
- **Level 3:** Data about the asset or liability not based directly on observable market data.

When a level 1 asset is no longer listed, it is reclassified as a level 3 asset as soon as it is delisted. Where data on a level 2 asset is no longer observable on a market, that asset is reclassified as a level 3 asset at the period-end.

› Level 3 fair value valuation techniques used

The following table provides information on the methods used according to IFRS 13 to determine the fair value of financial assets in private equity, as well as the valuation techniques and inputs used.

Valuation techniques	Use of the technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value		
Recent transaction multiple	Whenever a recent transaction has been completed involving an identical or similar asset	Discount for illiquidity and/or minority between 0% and 20%	The higher the discount, the lower the fair value		
Market multiple	In the absence of recent transactions involving an identical or similar asset or in complement to another valuation technical	Discount for illiquidity and/or minority between 10% and 25%	The higher the discount, the lower the fair value		
Discounted cash flows	In the absence of a comparable listed company or in addition to the multiples method	The weighted average cost of capital is between 9% and 12% and the long-term revenue growth rate between 1% and 2%	The higher the growth rate, the higher the fair value	The higher the cost of capital, the lower the fair value	The higher the discounted cash flows, the higher the fair value
Revalued net asset	For private equity funds and holding companies as well as mature companies with assets recognised at fair value	Small cap discount and/or lack of market depth between 0% and 10%	The higher the discount, the lower the fair value		

› Loans and receivables

Loans and receivables are assets not listed on the stock exchange and repayable with fixed maturity. They originate when the Group either makes funds, assets, or services available. They are part of current assets insofar as their maturity does not exceed twelve months after the end of the reporting period (short term). Otherwise, they are part of non-current assets (long-term).

Loans and receivables are measured at amortised cost according to the effective interest rate method. In the event of a significant loss in value, loans and receivables are impaired through the consolidated statement of profit or loss.

› Bank deposits and Cash and cash equivalents

Cash and cash equivalents include liquidities, sight deposits, and short-term deposits of less than three months, as well as highly liquid, easily convertible investments.

Cash deposits having a term above three months are presented under “Bank deposits” in the consolidated statement of financial position.

› Assets held for sale

When, as at the end of a reporting period, it is highly probable that non-current assets or groups of directly related assets and liabilities will be sold, they are designated as assets (or groups) held for sale. Their sale is considered to be highly probable if, as at the closing date of the financial statements, a plan intended to offer them for sale at a reasonable price in relation to their fair value has been initiated in order to find a buyer and carry out their sale within a maximum period of one year. Non-current assets (or groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. They are presented separately on the consolidated statement of financial position.

› Capital

Issued shares are considered to be representative of the share capital. Issued equity is recognised at the proceed net of direct issue costs.

When a company of the Group acquires shares of the parent company, the price paid and the related incurred costs is recognised and deducted directly in equity at the moment when these shares are cancelled or transferred. When shares are transferred, the transfer price net of expenses incurred during this transaction and net of taxes is added to the equity.

› Bank borrowings

Bank borrowings bearing interest are recognised at the amount of the cash obtained after deducting any direct expenses. Transaction expenses (if they are material) are amortised over the remaining life of the debt.

› Current and deferred taxes

Income taxes are calculated according to the legal requirements. Advances paid are recognised as receivable and income tax expense (corporate income tax and municipal business tax) is estimated and recognised as provision.

Deferred taxes originate when a temporary difference appears between the taxable base of an asset or liability and the value at which it appears on the consolidated statement of financial position. Deferred tax is calculated by applying the tax rate as well as the provisions of the law in force at the time of the calculation.

Deferred tax assets are recognised for all deductible temporary differences (on tax loss carry forwards or other temporary differences) to the extent that it is probable that taxable profits will be available, against which those deductible temporary differences can be utilised, or when compensation is possible with existing deferred tax liabilities.

› Provisions and other liabilities

Provisions are recognised once the Group has an actual obligation (legal or implied) resulting from past events that will probably generate an outflow of resources representative of economic benefits at an amount that can be reasonably estimated.

Other liabilities are recognised at their nominal value.

› Segment information

Luxempart is active on two segments:

- The "**Direct Investments**" that consists in taking direct participations in companies in the target geographical regions, which primarily consist of the Belux Region, France, Germany and Italy.
- The "**Specialised Teams**" that consists in the acquisition of participations via specialised teams active in private equity, venture capital funds and PIPE (Private Investment in Public Equity), together under a single organisational structure and management.

A geographical segmentation is considered not relevant for Luxempart.

› Income from ordinary activities

Luxempart and some of its subsidiaries provide services to other entities within the Group. These services are defined in a service agreement between the entities involved and are recognised based on the degree of progress.

› Dividends received

The Group recognises dividends when they are received or when the right to receive payment is established. They result from the distribution of profits to holders of equity instruments in proportion to the rights that they hold in a category of securities making up the capital.

› Consolidated statement of cash flow

Luxempart is a company whose object is the acquisition of shareholdings. The cash flows associated with this activity are classified as net cash flows from operating activities. Dividends received are included in net income.

Net cash flows from investing activities are composed of flows related to tangible and intangible assets.

Net cash flows from financing activities are composed of transactions on equity (for example, dividends paid to the shareholders, transactions on own shares, capital increase and decrease...) and flows from and to bank deposits.

› Changes in accounting methods

The new IAS/IFRS and their interpretations listed below, which entered into force in 2019, had no impact on the Group's financial statements.

- IFRS 16 Leases
- Amendments to IFRS 9: Prepayment features with negative compensation
- IFRIC 23 Uncertainty over income tax treatments
- Amendments to IAS 28: Long-term interests in associates and joint Ventures
- Amendments to IFRS 19: Plan amendment, curtailment or settlement
- Annual improvements to IFRS Standards 2015-2017 cycle

Some standards, interpretations and amendments to standards published by the International Accounting Standards Board (IASB) but had not yet been applied within the European Union as at 31 December 2019. The Group has opted not to apply them early.

These standards are:

- Amendments to references to the conceptual framework in IFRS standards
- Amendments to IAS 1 and IAS 8: Definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 3: Business combination
- IFRS 17: Insurance Contracts

The Group doesn't anticipate a significant impact on the financial statements.

NOTE 3 - Segment information

The following table provides details of segmentation information. We consider that a geographical segmentation is not relevant.

(*) All assets, liabilities, income and expenses that are not allocated to a segment are presented in "Others".

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2019
Investments activities				
Dividends received	18,485	1,274	-	19,758
Net gains / (losses) on financial assets	110,092	85,696	306	196,094
Profit on investments activities	**128,577**	**86,970**	**306**	**215,852**
Ordinary activities				
Services / recovery of services	-	-	3,068	3,068
Staff costs	-	-	-6,118	-6,118
Operating expenses	-	-	-5,187	-5,187
Depreciation and amortisation of non-current assets	-	-	-101	-101
Profit on ordinary activities	-	-	**-8,338**	**-8,338**
Operating income	**128,577**	**86,970**	**-8,032**	**207,514**
Financial income	-	-	713	713
Financial expenses	-	-	-752	-752
Profit before tax	**128,577**	**86,970**	**-8,071**	**207,475**
Tax current	-	-	-25	-25
Profit for the year	**128,577**	**86,970**	**-8,097**	**207,449**

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2019
Non-current assets				
Intangible and tangible fixed assets	-	-	459	459
Financial assets at fair value through profit and loss	809,007	622,490	27,128	1,458,625
Loans and receivables	844	-	-	844
Total non-current assets	**809,852**	**622,490**	**27,587**	**1,459,929**
Current assets				
Loans and receivables	-	-	2,129	2,129
Financial assets held for trading	-	-	-	-
Bank deposits	-	-	80,000	80,000
Cash and cash equivalents	-	-	51,366	51,366
Total current assets	-	-	**133,495**	**133,495**
Total assets	**809,852**	**622,490**	**161,081**	**1,593,423**

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2019
Total equity	-	-	1,574,680	1,574,680
Non-current liabilities				
Non-current provisions	-	-	3,342	3,342
Amounts owed to credit institutions	-	10,179	-	10,179
Total non-current liabilities	**-**	**10,179**	**3,342**	**13,521**
Current liabilities				
Trade and other payables	-	-	5,222	5,222
Total current liabilities	-	-	**5,222**	**5,222**
Total liabilities	-	**10,179**	**8,564**	**18,743**
Total equity and liabilities	**-**	**10,179**	**1,583,244**	**1,593,423**

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2018
Investments activities				
Dividends received	19,606	1,093	-	20,700
Net gains / (losses) on financial assets	32,466	-28,290	-1,205	2,971
Profit on investments activities	**52,072**	**-27,197**	**-1,205**	**23,670**
Ordinary activities				
Services / recovery of services	-	-	3,479	3,479
Staff costs	-	-	-4,034	-4,034
Operating expenses	-	-	-6,544	-6,544
Depreciation and amortisation of non-current assets	-	-	-97	-97
Profit on ordinary activities	-	-	**-7,196**	**-7,196**
Operating income	**52,072**	**-27,197**	**-8,400**	**16,475**
Financial income	-	-	379	379
Financial expenses	-	-	-788	-788
Profit before tax	**52,072**	**-27,197**	**-8,810**	**16,065**
Tax current	-	-	-56	-56
Profit for the year	**52,072**	**-27,197**	**-8,866**	**16,009**

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2018
Non-current assets				
Intangible and tangible fixed assets	-	-	410	410
Financial assets at fair value through profit and loss	749,391	404,105	21,298	1,174,794
Loans and receivables	827	-	-	827
Total non-current assets	**750,218**	**404,105**	**21,708**	**1,176,032**
Current assets				
Loans and receivables	1,658	-	2,169	3,827
Financial assets held for trading	-	-	51,216	51,216
Bank deposits	-	-	95,000	95,000
Cash and cash equivalents	-	-	105,812	105,812
Total current assets	**1,658**	**-**	**254,198**	**255,855**
Total assets	**751,876**	**404,105**	**275,906**	**1,431,886**

in thousands of €	Direct investments	Specialised teams	Others (*)	31/12/2018
Total equity	-	-	1,395,481	1,395,481
Non-current liabilities				
Non-current provisions	-	-	3,450	3,450
Amounts owed to credit institutions	-	30,395	-	30,395
Total non-current liabilities	**-**	**30,395**	**3,450**	**33,845**
Current liabilities				
Trade and other payables	-	-	2,560	2,560
Total current liabilities	-	-	**2,560**	**2,560**
Total liabilities	**-**	**30,395**	**6,010**	**36,405**
Total equity and liabilities	**-**	**30,395**	**1,401,491**	**1,431,886**

NOTE 4 - Operating expenses

The following table provides details of operating expenses:

in thousands of €	2019	2018
External advisors and other similar fees	2,173	3,789
Taxes other than income tax	713	685
Compensation paid to Directors	728	808
Rental expenses	471	285
Insurance expenses	105	86
Administrative expenses and other operating expenses	997	891
Total	**5,187**	**6,544**

All expenses are recognised in the consolidated statement of profit or loss at the time of the transaction.

NOTE 5 - Staff costs

The following table provides details of staff costs and benefits:

in thousands of €	2019	2018
Remuneration, wages and bonuses	5,646	3,638
Social security contributions	260	224
Supplementary pension plan	212	172
Total	**6,118**	**4,034**

The Group has opted for a defined-contribution pension plan and pays annual contributions to a separate entity (Foyer Vie). The Group will have no legal or implied obligation to pay additional contributions if said entity does not have enough assets to cover the benefits corresponding to the services rendered by staff members during the current and prior periods.

Premiums are paid annually and recognised directly in the consolidated statement of profit or loss.

The Group offers defined-contribution pension plans to its employees. These plans are managed by the State of Luxembourg. Luxempart must pay contributions corresponding to a percentage of the payroll expenses into the retirement scheme in order to fund these benefits. The only obligation with regard to the retirement scheme involves paying the defined contributions, and these contributions are recognised in staff costs.

The following table indicates the average number of employees over the year:

Category	2019	2018
Managers	6	5
Support staff	10	8
Total	**16**	**13**

› Stock option plan for management

In 2009, Luxempart established a stock option plan for members of management. For financial year 2019, the Board of Directors granted 65,125 Luxempart options with an exercise price of € 52.50 per share.

The fair value of the options is calculated according to a matrix using a Monte Carlo analysis. No expense has been recognised in the consolidated statement of profit or loss for 2019.

The table below summarises the movements of the year:

	Total
Number of options issued as at 01/01/2019	**262,166**
Options exercised in 2019	-13,563
Options issued in 2019	65,125
Number of options issued as at 31/12/2019	**313,728**

The table below provides the plan's characteristics:

Tranche	Year	Exercise price (€)	Exercise period	Share price when allotted (€)
Tranche 1	2009	21.20	May 2012 - May 2019	22.00
Tranche 2	2010	23.99	May 2013 - May 2020	22.51
Tranche 3	2011	23.64	May 2014 - May 2021	22.84
Tranche 4	2012	22.50	May 2015 - May 2022	24.94
Tranche 5	2013	27.40	Sept 2017 - Sept 2021	27.80
Tranche 6	2014	31.20	Dec 2018 - Dec 2022	31.51
Tranche 7	2015	34.51	Jul 2019 - Jul 2023	33.79
Tranche 8	2016	33.99	Oct 2020 - Oct 2024	39.78
Tranche 9	2017	52.61	Aug 2021 - Aug 2025	50.00
Tranche 10	2018	56.50	June 2022 - June 2026	47.80
Tranche 11	2019	52.50	May 2023 - May 2027	53.00
Dividend growth				5.00%
Historical volatility of share price				27.25%
Discount rate				0.10%

As at 31 December 2019, the provision relating to the stock option plan amounts to € 1,061 thousand (2018: € 1,061 thousand) and is recognised in "non-current provisions" in note 19.

As at 31 December 2019, 86,478 options can be exercise.

NOTE 6 - Dividends received

The following table breaks down the dividends received during the year:

in thousands of €	2019	2018
Foyer S.A.	10,112	9,817
SES	4,522	4,839
RTL Group	625	833
Other	4,500	5,211
Total	**19,758**	**20,700**

NOTE 7 - Financial income and expenses

› a. Financial income

Interest and similar income are mainly composed of interest received on deposit accounts with credit institutions and on loans granted to subsidiaries. As at 31 December 2019, they amounts to € 713 thousand (2018: € 379 thousand). An analysis of the financial risk relating to interest is detailed in note 26.

› b. Financial expenses

in thousands of €	2019	2018
Bank expenses and interest expenses	622	555
Other expenses	131	234
Total	**752**	**788**

Bankexpenses and interest expenses primarily include interest paid on short-term cash advances and negative interest paid on cash at bank. The other expenses primarily include foreign exchange losses on current assets.

NOTE 8 - Current and deferred tax expenses

The Group recognised the current tax expenses on the corporate profits as follows:

› a. Details of taxes

in thousands of €	2019	2018
Corporate income tax (IRC)	-	-
Deferred taxes on revaluation of financial assets	-	-
Income tax expenses (b.)	**-**	**-**
Wealth tax	25	56
Total	**25**	**56**

› b. Reconciliation of income tax expenses to the accounting profit

in thousands of €	2019	2018
Profit before tax	207,449	16,009
Company's average tax rate	24,94%	26,76%
Theoretical tax expense	**51,738**	**4,284**
Deferred taxes	99	385
Effect of non-taxable capital gains	-48,906	-795
Effect of non-taxable dividends	-4,678	-5,272
Other tax adjustments	1,747	1,397
Total tax expense	**-**	**-**

NOTE 9 - Intangible and tangible fixed assets

The movements in intangible and tangible fixed assets that occurred during financial years 2018 and 2019 are as follows:

Cost in thousands of €	Software	Office and computer equipment	Vehicles	Total
as at 31/12/2017	**26**	**172**	**306**	**504**
Acquisitions and disposals	-	231	-62	169
as at 31/12/2018	**26**	**403**	**244**	**673**
Acquisitions	24	127	-	151
Disvestments	-	-11	-	-11
as at 31/12/2019	**49**	**519**	**244**	**812**

Depreciation in thousands of €	Software	Office and computer equipment	Vehicles	Total
as at 31/12/2017	**26**	**99**	**86**	**211**
Depreciation	-	30	22	52
as at 31/12/2018	**26**	**129**	**108**	**263**
Depreciation	-	43	58	101
Disvestments	-	-11	-	-11
as at 31/12/2019	**26**	**161**	**166**	**352**

Carrying amount in thousands of €	Software	Office and computer equipment	Vehicles	Total
as at 31/12/2018	-	274	136	410
as at 31/12/2019	23	358	78	459

NOTE 10 - Financial assets at fair value through profit and loss

The following tables provide details of changes in financial assets at fair value through profit and loss in 2018 and 2019.

in thousands of €	Available-for-sale financial assets	Financial assets held for trading	Financial assets at fair value through profit and loss	Total
Fair value as at 31/12/2017	456,947	56,694	805,394	1,319,035
Asset classification transfer	-456,947	-	456,947	-
Acquisitions	-	9,029	105,995	115,024
Disposals	-	-13,112	-197,908	-211,020
Net gains / (losses) on financial assets	-	-1,395	4,366	2,971
Fair value as at 31/12/2018	-	51 216	1,174,794	1,226,010
Asset classification transfer	-	-51,216	51,216	-
Acquisitions	-	-	197,043	197,043
Disposals	-	-	-160,522	-160,522
Net gains / (losses) on financial assets	-	-	196,094	196,094
Fair value as at 31/12/2019	-	-	1,458,625	1,458,625

Following the first application of IFRS 9, the previous "Available-for-sale financial assets" have been reclassified into "Financial assets at fair value through profit and loss" in 2018.

The trading assets managed by Capital at Work were previously recognised as "Financial assets held for trading". In 2019 they have been reclassified in AFVPL in non-current assets as they are not considered as trading portfolios anymore, but as investments with a mid to long term.

Financial assets at fair value through profit and loss are classified into two segments, Direct investments and Specialised Teams (see note 3). During the 2019 financial year, the Group invested:

- € 27,543 thousand in the Direct Investments mainly in Zooplus, RTL and Assmann.
- € 169,500 thousand in the Specialised Teams mainly in Armira Holding, in the PIPE portfolio and Capital at Work.

The Group sold a part of its shares in SES and Kaufman & Broad generating a realised loss of € 4,912 thousand.

Luxempart PIPE SàRL has been created in 2019 and the PIPE portfolio has been sold to this entity (except one investment) at the market price on the day of disposal, generating a realised gain of € 4,315 thousand. Being an investment entity, Luxempart PIPE is not consolidated. Therefore the equivalent contributions to the capital of Luxempart PIPE amounting to € 83,716 thousand and the sale of the PIPE investments for an equivalent amount are accounted for separately as acquisitions and disposals of AFVPL in the statement of financial position and in the cash flow statement.

These capital gains and losses realised in 2019 correspond to the value increase since 31 December 2018.

The carrying amount of these assets is their fair value.

Assets at fair value through profit and loss are categorised as level 1, level 2 and 3 assets.

› Fair value hierarchy of financial assets (AFVPL)

in thousands of €	Level 1	Level 2	Level 3	Total
Fair value as at 31/12/2017	**484,528**	**-**	**834,507**	**1,319,035**
Acquisitions	64,859	-	50,165	115,024
Disposals	-209,909	-	-1,111	-211,020
Net gains / (losses) on financial assets	-27,383	-	30,353	2,971
Fair value as at 31/12/2018	**312,095**	**-**	**913,915**	**1,226,010**
Acquisitions	51,774	83,715	61,554	197,043
Disposals	-122,692	-	-37,829	-160,522
Net gains / (losses) on financial assets	-5,954	25,877	176,171	196,094
Fair value as at 31/12/2019	**235,223**	**109,592**	**1,113,810**	**1,458,625**

There were no reclassifications between fair value levels in 2019.

Level 1 financial assets consist of listed investments, mainly in SES, RTL Group, Atenor, Kaufman & Broad, Zooplus and Capital at Work, totalling € 235,223 thousand.

Level 2 financial assets consist of holding company holding listed investments,

Level 3 financial assets consist of private-equity investments, mainly in Foyer, Armira Holding, Mehler, Stoll, ESG and Luxempart Capital Partners SICAR SA.

› Level 1 financial assets risk analysis

An analysis of the sensitivity of the listed assets is provided in the table below. A range of variation of -10% to +10% was applied to the valuation as at 31 December 2019. This range of variation is relevant and reasonably possible.

in thousands of €	Level 1 for financial assets		
Share price sensitivity	-10%	0%	10%
Fair value	211,701	235,223	258,746
Impact through profit and loss	-23,522	-	23,522

The Group's sensitivity to the stock markets remained virtually unchanged compared with the previous year. The market risk is detailed in the note 26.

› Level 2 financial assets risk analysis

A range of variation of -10% to +10% was applied to the valuation as at 31 December 2019. This range of variation is relevant and reasonably possible.

in thousands of €	Level 2 for financial assets		
Sensitivity	-10%	0%	+10%
Fair value	98,980	109,592	120,205
Impact through profit and loss	-10,613	-	10,613

› Level 3 financial assets risk analysis

The following table sets out the impacts of changes in non-observable data on the fair value of financial assets. The information on the methods used to determine the fair value of these assets (including the valuation techniques and input data used) is provided in note 2.

in thousands of €	Level 3 for financial assets		
Sensitivity	-10%	0%	+10%
Fair value	1,070,473	1,113,810	1,160,684
Impact through profit and loss	-43,337	-	46,874

At 31 December 2019, the valuation methods have not significantly changed since 2018.

NOTE 11 - Non-current loans and receivables

The non-current loans and receivables consist of a loan payable within more than one year granted to a Direct Investment. As at 31 December 2019, it amounts to € 844 thousand (2018: € 827 thousand). The fair value of the non-current loans and receivables does not differ significantly from their carrying amount.

NOTE 12 - Current loans and receivables

The following table provides details of the current loans and receivables:

in thousands of €	2019	2018
Trade receivables	1,613	1,541
Tax receivables	362	397
Accrued interest not yet due	101	99
Other receivables	53	1,790
Total	**2,129**	**3,827**

The fair value of short-term receivables does not differ significantly from their carrying amount. The maturity of current loans and receivables is less than one year.

NOTE 13 - Financial assets held for trading

Movements that occurred on this item during the year are presented below:

in thousands of €	Total
Fair value as at 31/12/2017	**56,694**
Acquisitions	9,029
Disposals	-13,112
Net gains / (losses) on financial assets	-1,395
Fair value as at 31/12/2018	**51,216**
Transfer to “Financial assets at fair value through profit and loss”	-51,216
Fair value as at 31/12/2019	**-**

The trading assets managed by Capital at Work were previously recognised as “Financial assets held for trading”. In 2019 they have been reclassified in AFVPL in non-current assets (note 10) as they are not considered as trading portfolios anymore, but as investments with a mid to long term.

NOTE 14 - Bank deposits, cash and cash equivalents

The following table provides details of the bank deposits, cash and cash equivalents:

in thousands of €	2019	2018
Bank deposits at credit institutions	80,000	95,000
Cash at bank and in hand	51,366	105,812
Total	**131,366**	**200,812**

Bank deposits of the Group are placed on accounts with a maturity between 18 to 36 months. Deposits bear interest at variable rates in force on the market. An analysis of the liquidity risk is provided in note 26.

NOTE 15 - Capital and share premium

› a. Capital and share premium

in thousands of €	2019	2018
Subscribed capital	51,750	59,784
Share premium	15,110	15,110
Total	**66,860**	**74,894**

The authorised capital amounts to € 90,000 thousand.

At the Extraordinary General Meeting of 29 April 2019, the capital has been decreased to € 51,750 thousand by cancellation of 3,213,594 own shares.

› b. Capital management

As at 31 December 2019, subscribed capital amounts to € 51,750,000 and is represented by 20,700,000 fully paid-up shares without designation of nominal value. Each share entitles the holder to a dividend and a vote during General Meetings.

There are no other share classes or options or pre-emptive rights entitling holders to the issuance of shares of another class that could have a dilutive effect on the number of shares issued.

The Company's share capital may be increased from its current amount to € 90,000,000 through the creation and issuance of new shares without designation of nominal value, with the same rights and benefits as existing shares.

The Board of Directors has the authorisation, until the 2020 Annual General Meeting, to buy back own shares. The accounting par value of the shares bought back, including own shares already previously acquired, may not exceed 30% of the subscribed capital. This own share buyback policy is intended to improve the security's liquidity on the stock exchange, grant shares to managers, cancel the own shares through a decision of the Extraordinary General Meeting, or transfer these shares to a new shareholder.

In view of the Group's liquidity, all new investments are funded only from the Company's equity. For investments in private equity, external debt may be used at the level of the investment. The debts contracted by the Group are intended to hedge against foreign exchange risk (see note 18).

NOTE 16 - Reserves and own shares

› a. Legal reserve

From the net profit of the statutory accounts under Luxembourg GAAP, 5% must be deducted annually to build up the reserve fund required by Luxembourg law. This deduction will no longer be mandatory when the reserve fund reaches one-tenth of the share capital.

The legal reserve may not be distributed to the shareholders except in case of dissolution of the Company.

As at 31 December 2019, the legal reserve amounts to € 5,989 thousand (2018: € 5,989 thousand).

› b. Revaluation reserve

Following the application to IFRS 9, the revaluation reserve was transferred to the other reserves for € 258,109 thousand on 1st January 2018.

› c. Other reserves

in thousands of €	2019	2018
Consolidated reserves	1,302,154	1,394,125
Special reserve	9,446	9,446
Total	**1,311,600**	**1,403,571**

› Consolidated reserves

The consolidated reserves are composed of the income accumulated by the subsidiaries since their first consolidation, as well as some movements related to consolidation entries. These reserves also include the IFRS adjustments of companies within the consolidation scope.

As at 1 January 2018, the “revaluation reserve” was transferred to the “consolidated reserves”.

› Special reserve

As at 31 December 2019, the special reserve includes the untaxed capital gains from disposal on participations. These capital gains, recognised in the equity, result from application of Article 54 of the income tax law and are to be reinvested within two years following the financial year of the disposal. If these gains are not reinvested within this two-year period, they will be reversed through the consolidated statement of profit or loss and subject to tax.

› d. Own shares and reserve for own shares

	Number of shares issued	Number of own shares	Number of outstanding shares
As at 31/12/2017	**23,913,594**	**3,847,920**	**20,065,674**
Acquisition and disposals	-	-4,500	4,500
As at 31/12/2018	**23,913,594**	**3,843,420**	**20,070,174**
Capital reduction	-3,213,594	-3,213,594	-
Acquisition and disposals	-	-6,398	6,398
As at 31/12/2019	**20,700,000**	**623,428**	**20,076,572**

As at 31 December 2019, Luxempart holds 623,428 own shares (2018: 3,843,420 own shares), with the reserve for own shares amounting to € -17,218 thousand (2018: € -104,982 thousand).

The weighted average number of shares outstanding as at 31 December 2019 is 20,075,026 (2018: 20,068,074).

NOTE 17 - Dividends paid

A dividend of € 1.407 gross per share was paid during the first half of 2019 in respect of the 2018 financial year, giving a total dividend of € 28,247,737 (2018: € 1.34 gross per share, giving a total dividend of € 26,888,003).

The consolidated financial statements as at 31 December 2019 do not include the dividend that will be proposed to the Annual General Meeting of 27 April 2020. It was not recognised as a liability in the 2019 financial statements.

The Board of Directors proposes an ordinary dividend of € 1.48 gross per share. The payment terms of the dividend will be communicated during the Annual General Meeting of 27 April 2020.

NOTE 18 - Amounts owed to credit institutions

As at 31 December 2019, the amounts owed to credit institutions stand at € 10,179 thousand (2018: € 30,395 thousand) and result from the acquisition of assets in the PIPE sector in GBP. The financial assets and liabilities in CHF have been transferred in Luxempart PIPE (the new company for the PIPE portfolio) in 2019. These loans have been issued in the same currency as the assets in order to hedge any possible currency effects on the profit of the Group.

These bank debts are guaranteed by savings accounts contracted for this purpose. They will be repaid when the underlying financial assets will be sold. These borrowings bear interest at a rate of 3-month Libor +0.9%.

The fair value of these debts does not differ significantly from their carrying amount. Management of foreign exchange risk and sensitivity analysis are described in note 26.

NOTE 19 - Non-current provisions

The following table provides details of the non-current provisions:

in thousands of €	2019	2018
Tax provisions	2,215	2,224
Other provisions	1,127	1,225
Total	**3,342**	**3,450**

The tax provisions relate to income taxes, municipal business taxes and wealth tax for 2019 and previous years.

The “Other provisions” item includes the € 1,061 thousand provision for stock options (2018: € 1,061 thousand). The characteristics of the stock option plan are detailed in the note 5.

NOTE 20 - Current liabilities

in thousands of €	2019	2018
Tax and social debts	424	707
Trade liabilities	3,753	710
Other debts	1,045	1,143
Total	**5,222**	**2,560**

Tax and social debts include amounts owed to the tax authorities for social security contributions. Trade liabilities and other debts are mainly composed of amounts due to the Group's suppliers and service providers, as part of its activities. They also include a debt for bonus.

The fair value of current liabilities does not differ significantly from their carrying amount.

NOTE 21 - List of subsidiaries

› a. Subsidiaries providing investment related services, fully consolidated

The following table lists all subsidiaries providing fully consolidated investment related services to the Company:

Subsidiary	Place of incorporation	Percentage held in 31/12/2019	Percentage held in 31/12/2018
Luxempart Invest S.à.r.l	Luxembourg	100,00%	100,00%
Luxempart Ireland Limited	Dublin	100,00%	100,00%
Luxempart Management S.à.r.l	Luxembourg	100,00%	100,00%
Bravo Capital S.A.	Luxembourg	80,00%	80,00%

Given that Luxempart meets the criteria laid down in Article 70 of the Luxembourg Law of 19 December 2002, its Luxembourg subsidiaries are exempt from the requirements relating to the publication of statutory annual accounts.

› b. Non-consolidated subsidiaries

Subsidiary	Place of incorporation	Percentage held in 2017	Percentage held in 2016
Indufin NV	Belgium	40.00%	40.00%
M-Sicherheitsholding GmbH (Mehler)	Germany	30.00%	30.00%
Pescahold S.A.	Luxembourg	100.00%	100.00%
Ekkio Capital SAS	France	16.90%	16.90%
Pryco GmbH (Prym)	Germany	55.60%	55.60%
Foyer S.A.	Luxembourg	27.94%	27.94%
E. Sicherheitsholding GmbH (ESG)	Germany	27.60%	27.60%
ForAtenor S.A.	Belgium	25.00%	25.00%
DMB2 GmbH & Co (Stoll)	Germany	32.80%	32.80%
Assmann holding GmbH	Germany	50.00%	-
Luxempart Pipe S.à.r.l **	Luxembourg	100.00%	-
LuxCo Invest S.à.r.l **	Luxembourg	83.33%	-
Luxempart Capital Partners Sicar S.A.**	Luxembourg	100.00%	100.00%
Quip Holding GmbH	Germany	51.00%	51.00%
Bravo Capital Partners SCA RAIF	Luxembourg	100.00%	100.00%
Eurochiller Srl	Italy	85.00%	85.00%
Arbo S.p.a	Italy	40.00%	40.00%
Metalworks S.p.a	Italy	60.00%	60.00%
Luxempart German Invest S.A.	Luxembourg	99.99%	99.99%
EduPRO GmbH	Austria	60.00%	60.00%
Arwe Mobility Holding	Germany	50.00%	50.00%
Rimed AG	Switzerland	29.30%	29.30%
Rattay Group GmbH	Germany	39.90%	39.90%
WDS GmbH	Germany	44.00%	38.00%
Luxempart German Invest II S.à.r.l **	Luxembourg	99.99%	-
Novotergum GmbH	Germany	43.80%	-
Luxempart French Investment S.à.r.l.	Luxembourg	100.00%	100.00%
D'Alba Invest S.à.r.l **	Luxembourg	99.22%	99.22%
Indufin Capital Partners S.A. Sicar**	Belgium	50.00%	50.00%
Bartech Sytems International Inc.*	United States	-	69.70%
Decoscent S.A. (Baobab)*	Belgium	61.50%	62.40%
Kyotec Group*	Luxembourg	32.00%	32.00%
Verifin NV(Veritas)*	Belgium	71.10%	71.10%
Axithon S.A.*	Belgium	51.59%	51.59%

This table lists all entities under the Company's control or significant influence which are measured at fair value through profit or loss (note 10), as well as their own controlled or under influence subsidiaries. Luxempart neither provided nor committed to provide financial or other support to any of its non-consolidated subsidiaries.

* The percentages indicated are the percentages of ownership by Indufin Capital Partners, which is held at 50% by Luxempart Capital Partners SICAR.
** These entities are investments entities, such as defined by IFRS 10.

NOTE 22 - Main off-balance sheet rights and commitments

The Group has invested in private equity investment funds through its subsidiary Luxempart Capital Partners SICAR. As at 31 December 2019, € 98,874 thousand remain uncalled.

Bravo Capital Partners RAIF has recognised an uncalled capital amounting to € 32,377 thousand to be paid by Luxempart Capital Partners SICAR.

Luxempart has invested in Armira Holding GmbH. As at 31 December 2019, € 964 thousand remained to be called.

NOTE 23 - Remuneration granted to Directors and management bodies

in thousands of €	2019	2018
Directors fees, fixed compensation, and attendance fees	891	977
Executive officers remuneration	3,267	2,937
Total	**4,158**	**3,914**

The remuneration granted to Directors and to four executive officers during financial year 2019 is recognised in "Operating expenses" (note 4) and in "Staff costs" (note 5). The remuneration of executive officers includes a provision for bonus payable in 2020, relating to 2019.

NOTE 24 - Remuneration of the *Réviseur d'entreprises agréé*

The following table shows fees paid to the Réviseur d'entreprises agréé. Audit fees cover the review of the interim consolidated financial statements as at 30 June and the audit of the statutory and consolidated financial statements as at 31 December. They do not cover work on subsidiaries' financial statements, which, where applicable, are audited by other auditors. The audit fees are recognised in "Operating expenses" (note 4).

in thousands of €	2019	2018
Audit fees relating to the statutory and consolidated accounts	107	104
Total	**107**	**104**

The *Réviseur d'entreprises agréé* of the company is also the *Réviseur d'entreprises agréé* of some subsidiaries (Luxempart Capital Partners, Indufin Capital Partners, Bravo Capital Partners, Luxempart German Investments II and Luxempart PIPE). The remuneration of the Réviseur d'entreprises agréé for these subsidiaries is € 95 thousand (2018: € 84 thousand). The Réviseur d'entreprises agréé provided, in addition to the legal audit services, other services (tax advisory, training…) for an amount of € 1 thousand.

NOTE 25 - Related parties

Services provided recognised in the statement of profit or loss include exclusively services provided by Luxempart and billed to its investments.

The Foyer Assurances group rebills, on a quarterly basis, office rental expenses and other related expenses, IT management services, insurance expenses, and miscellaneous services for a total of € 754 thousand (2018: € 372 thousand).

One member of the Group Executive Committee is not an employee of the Group and invoices consulting fees to the Luxempart Group. The fees amount to € 313 thousand for 2019 (2018: 570 thousand).

Transaction fees paid to Capital at Work, a subsidiary of the Foyer Group, amount to € 23 thousand (2018: € 26 thousand) and are included in "Interest and similar expenses" (note 7).

NOTE 26 - Financial risks

› Management of market risk

The Group's major risk is the exposure of its financial assets to market risk. The risk management policy is established and controlled by the Group Executive Committee, the Board of Directors, and the Audit, Compliance and Risks Committee.

Market risk is the risk of loss in value of financial assets. The main risks and uncertainties to which the Group is exposed relate to the performance of the financial markets (stock markets, comparable transactions, market multiples, etc.). Luxempart does not systematically sell its participations based on financial market volatility. In principle, the Group does not use market risk hedging instruments. It nevertheless regularly monitors changes in the value of its investments.

The investments in companies listed on the stock exchange (mainly stock exchange of Luxembourg, Brussels and Paris) represent 15% as at 31 December 2019 (2018: 22.0%).

The table below presents the investment by asset class based on the total financial assets (excluding loans and receivables):

	2019	2018
Investment in listed companies	16.1%	25.3%
Investment in private equity	83.9%	74.7%
Total	**100.0%**	**100.0%**

A sensibility analysis of the listed financial assets is presented in the note 10.

› Management of interest rate risk

The average duration of the placement of fixed-term deposits varies between 35 days and 36 months, and the average rate over 2019 is zero. The analysis below presents, at a constant cash position, the pre-tax impacts that the increase or decrease in interest rates would have on the Group's profit.

in thousands of €	2019	2018
Variale of + 50 basis points	830	777
Variale of - 50 basis points	-830	-777

› Management of foreign exchange risk

The Group invests mainly in positions in the Group's functional currency (EUR).

Foreign currency positions in non-current assets are hedged against foreign exchange risk. The assets are acquired through a currency loan (note 18).

Foreign currency positions in Portfolio Capital at Work are hedged against foreign exchange risk with forward contracts.

An investment recognised as financial assets at fair value through profit or loss is in US dollars. This position is not hedged against foreign exchange risk. It represents 1.4% of the financial assets at fair value through profit or loss. The change in the exchange rate has a non-significant effect on the change in fair value.

› Management of credit risk

Credit risk is the risk that contracted third parties do not meet their commitments towards the Group during transactions with it. Credit risk lies not at the Luxempart level but at the level of the investments, which are responsible for managing their credit risk according to the specific terms appropriate for their situation.

Luxempart has granted loans to companies of the Group totalling € 844 thousand as at 31 December 2019 (2018: € 827 thousand). These assets represent 0.05% of Luxempart's total assets.

If necessary, Luxempart may grant guarantees to companies in which it has invested.

Luxempart minimises its risk exposure by entering into commitments with financial institutions with a high rating. In order to minimise any concentration risk, Luxempart diversifies its exposure by several banking institutions, with a maximum to 5% of equity.

During 2019, there has been no significant change in relation to the credit risk management.

› Management of liquidity risk

As at 31 December 2019, Luxempart has a high level of liquidity. Luxempart has taken out currency loans as instruments to hedge foreign exchange risk following the acquisition of assets. These loans are secured by deposit accounts of the same amount in euros (see note 18). The liquidity default risk is low.

NOTE 27 - Events after the reporting period

During the first weeks of 2020, further share in SES sales decreased the positions for around € 18 million.

The full LPKF position has been sold, a German listed company active in prototyping and laser technology, with a double digit return.

› Potential impact of Covid-19

In the first months of 2020, a pandemic of coronavirus disease 2019 (COVID-19) spread around the world, leading to numerous cases and casualties and causing an economic instability.

At the date of the present report, no major significant issue is identified that would lead Luxempart to materially change the carrying value of the portfolio 2019. This may however change in 2020 if the revenues, profitability and cash position of portfolio companies are severely impacted. Il is likely that such valuation decreases will have a negative impact on the estimated net asset value on June 30 and December 31 2020.

2019
ANNUAL ACCOUNTS AND REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

as at 31 December 2019

Registered office:
12, rue Léon Laval, L-3372 Leudelange
RCS: B27846

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REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

To the shareholders of
de Luxempart S.A.
12 rue Léon Laval
L-3372 Leudelange

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

› Opinion

We have audited the annual accounts of Luxempart S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

› Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Annual accounts section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, 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 annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditor's response
Valuation of unlisted investments and impairment risk The Company owns a large number of unlisted securities representing 96% of the net asset. These financial fixed assets are valued at historical acquisition costs. In case of permanent decrease in value, the financial fixed assets are subject to impairment in order to give them the lower value that should be attributed to them as at the end of the reporting period. These impairments are not maintained when the reasons that motivated them have ceased to exist. The fair value of the unlisted financial fixed assets is determined by management following the International Private Equity and Venture Capital Valuation (IPEV) guidelines. Owing to the illiquid nature of these investments, the assessment of fair valuation implies significant and complex judgements from management. Fair value is then compared to the net book value of the investments. If the fair value is lower than the net book value, a value adjustment is booked. Even minor changes to the assumptions used in these judgments specifically in the preliminary estimates of financial results and forecasts for the market multiple methods, illiquidity discounts, or others could have a significant impact on the valuation of the unlisted investment portfolio. This could therefore affect the result of the Company.	We tested internal control processes related to the fair valuation of unlisted investments and tested their implementation. Specifically, we examined the valuation governance structure as well as meeting minutes of the management's oversight of the valuation of unlisted investments. We assessed that management's valuation policies were in compliance with the general applied accounting principles in Luxembourg and the IPEV guidelines and that the valuation approach adopted by management was appropriate. With the assistance of our valuation experts, we formed an independent assessment of the valuation of a sample of unlisted investments. With respect of the assumptions used in the valuation models, we tested that the financials metrics and earnings multiples are in line with the latest available accounts of the company at the date of signature of our report. We assessed the reasonableness of the transactions multiples, earnings multiples and/or other comparable information used with available relevant external market sources. We verified the arithmetical accuracy of the models prepared by management. We identified and analysed independently the explanation provided by management for any fair value variations compared to the prior exercise, and where applicable, the differences between the selling price of investments realised during the year against the prior year fair value. This was to further assess the reasonableness of the current year valuation models and methodology adopted by management. We ensured that, whenever necessary, an impairment or a reversal of impairment is correctly reflected in the annual accounts of the Company and that the impact of such impairment or reversal of impairment is correctly reflected in the income statement.

› Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "Réviseur d'Entreprises Agréé" thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 Annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

› Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "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 annual accounts.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 annual accounts 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 31 December 2019, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 years.

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

The Corporate Governance Statement, as published on the Company's website [www.luxempart.lu], 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 annual accounts 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 N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

Christian Van Dartel, *Réviseur d'Entreprises agréé*
Partner
25 March 2020

BALANCE SHEET

at 31 December 2019

ASSETS

in €	Notes	31/12/2019	31/12/2018
FIXED ASSETS			
Intangible fixed assets	**3(b), 4**		
Concessions, patents, licences, trademarks, and similar rights and assets		23,229	-
Tangible assets	**3(b), 4**		
Other fixtures and fittings, tools and equipment		436,099	409,924
Financial assets	**3(c), (d), 5**		
Shares in affiliated undertakings		669,343,925	637,584,189
Loans to affiliated undertakings		-	910,449
Participating interests		328,995,245	328,995,245
Loans to undertakings with which the Company is linked by virtue of participating interests		-	1,658,024
Investments held as fixed assets		217,839,749	192,393,001
Total fixed assets		**1,216,638,247**	**1,161,950,831**
CURRENT ASSETS	**3(d)(e), 6**		
Trade debtors		1,806,612	1,782,245
becoming due and payable within one year		1,806,612	1,782,245
Other debtors		1,357,618	1,928,234
becoming due and payable within one year		513,271	1,100,888
becoming due and payable after more than one year		844,347	827,346
Investments		17,218,736	156,116,326
Own shares	8	17,218,736	104,982,077
Other investments		-	51,134,249
Cash at bank and cash in hand		127,581,150	195,765,730
Total current assets		**147,964,116**	**355,592,535**
Total assets		**1,364,602,363**	**1,517,543,366**

The accompanying notes are an integral part of these annual accounts.

BALANCE SHEET

at 31 December 2019

LIABILITIES

in €	Notes	31/12/2019	31/12/2018
CAPITAL AND RESERVES	**8**		
Subscribed capital		51,750,000	59,783,985
Share premium account		66,944,818	66,944,818
Reserves			
Legal reserve	9	5,988,772	5,988,772
Reserve for own shares		17,218,735	104,982,077
Other reserves		924,809,514	814,755,749
Other available reserves		924,809,514	814,755,749
Profit brought forward		30,000,000	30,000,000
Temporarily not taxable capital gains	10	15,698,709	15,698,709
Profit /(loss) for the financial year		-19,141,718	130,282,708
Total capital and reserves		**1,093,268,830**	**1,228,436,817**
PROVISIONS			
Provisions for taxation		2,252,275	2,311,087
Other provisions		25,403	74,277
Total provisions		**2,277,678**	**2,385,364**
CREDITORS	**6, 7**		
Amounts owed to credit institutions		10,178,980	30,395,212
becoming due and payable after more than one year		10,178,980	30,395,212
Trade creditors		3,711,648	1,700,207
becoming due and payable within one year		3,711,648	1,700,207
Amounts owed to affiliated undertakings		253,799,000	253,799,000
becoming due and payable after more than one year		253,799,000	253,799,000
Other creditors		1,366,228	826,766
Tax authorities		166,693	537,497
Social security authorities		144,297	142,244
Other creditors		1,055,238	147,025
becoming due and payable within one year		1,055,238	147,025
Total creditors		**269,055,857**	**286,721,186**
Total liabilities		**1,364,602,363**	**1,517,543,366**

The accompanying notes are an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

in €	Notes	31/12/201	31/12/2018
Other operating income		1,749,757	2,254,322
Staff costs	11	6,118,457	4,033,849
Wages and salaries		5,858,273	3,809,590
Social security costs		221,432	197,549
relating to pensions		165,396	148,033
other social security costs		56,036	49,516
Other staff costs		38,752	26,710
Value adjustments	4	101,473	97,384
In respect of tangible and intangible fixed assets		101,473	97,384
Other operating expenses	12	3,958,007	4,727,724
Income from participating interests	15	10,112,476	173,246,153
Derived from affiliated undertakings		-	22,985,951
Other income from participating interets		10,112,476	150,260,202
Income from other investments and loans forming part of the fixed assets	15	10,378,529	-228,043
Other income		10,378,529	-228,043
Other interest receivable and similar income		419,633	369,456
Other interest and similar income		419,633	369,456
Value adjustments in respect of financial assets and of investments held as current assets	5, 13	30,672,775	35,136,657
Interest payable and similar expenses		736,420	686,682
Other interest and similar expenses		736,420	686,682
Profit after taxation		**-18,926,736**	**130,959,593**
Other taxes not shown under items above	14	**214,981**	**676,886**
Profit /(loss) for the financial year		**-19,141,718**	**130,282,708**

The accompanying notes are an integral part of these annual accounts.

NOTES TO THE ANNUAL ACCOUNTS

at 31 December 2019

NOTE 1 - General information

Luxempart S.A. (hereinafter "the Company" or "Luxempart") was incorporated on 25 April 1988 under the name BIL Participations. The Annual General Meeting of 15 September 1992 decided to change the Company's name to Luxempart S.A. The Company is registered on the trade and companies register of Luxembourg under no. B27846. The Company was created for an unlimited term.

The Company's registered office is established at 12, rue Léon Laval in Leudelange. The Company is listed on the Luxembourg Stock Exchange. The Company's financial year begins on 1 January and closes on 31 December of each year.

The Company's purpose is particularly the acquisition of holdings, in whatever form, in other companies as well as management, control, and development of these investments.

NOTE 2 - Presentation of the accounts

In addition to the annual accounts, on the basis of the legal and regulatory provisions established by Luxembourg law, the Company presents consolidated financial statements under IFRS as an investment entity and a consolidated management report, which are available at the Company's headquarters and on www.luxempart.lu.

NOTE 3 - Significant accounting policies

The annual accounts are prepared in accordance with generally accepted accounting principles and in accordance with the law and regulations in force in the Grand Duchy of Luxembourg.

The main accounting policies adopted by the Company are as follows:

› a. Foreign currency translation

Monetary assets and liabilities, expressed in foreign currencies, are converted to euros (€) at the exchange rates in force as at year-end.

Transactions occurring in the financial year, expressed in foreign currencies, are converted to euros (€) at the exchange rates in force as at the transaction date.

Only unrealised foreign exchange losses are recorded in the profit and loss account. Exchange gains are recorded in the profit and loss account at the time of their realisation.

› b. Intangible and tangible assets

Intangible and tangible assets are valued at the historical acquisition price including the expenses incidental thereto.

Intangible and tangible assets whose use is limited over time are depreciated on a straight-line basis according to the following rates:

Asset	Rate
Computer equipment and software	33.3%
Vehicles	20.0%
Furniture and fixtures	10.0%

› c. Financial assets

› Shares in affiliated undertakings

"Affiliated undertakings" refers to a holding in which Luxempart has exclusive control, holding decision-making power on both financial and operational levels. In principle, this control is the consequence of directly holding more than 50% of the voting rights.

Shares in affiliated undertakings are valued at the historical acquisition price, which includes the expenses incidental thereto.

In case of permanent impairment, the shares in the affiliated undertakings are the subject of value adjustments in order to give them the lower value that should be attributed to them as at the end of the reporting period. These value adjustments are not maintained when the reasons that motivated them have ceased to exist.

› Participating interest

"Participating interest" refers to a company in which Luxempart exercises significant influence through its participation in the political, financial, and operational decisions of the held company. Significant influence is assumed when Luxempart holds 20% or more of the voting rights. "Participating interest" also refers to companies under joint control.

"Shares in undertakings with which the Company is linked by virtue of participating interests" are valued at the historical acquisition price, which includes the expenses incidental thereto.

In case of permanent impairment, "shares in undertakings with which the Company is linked by virtue of participating interests" are subject of value adjustments in order to give them the lower value that should be attributed to them as at the end of the reporting period. These value adjustments are not maintained when the reasons that motivated them have ceased to exist.

› Investments held as fixed assets

"Investments held as fixed assets" refer to a holding in which Luxempart does not exercise significant influence. This lack of significant influence is assumed if Luxempart does not directly or indirectly hold more than 20% of the voting rights.

Investments held as fixed assets are valued at the historical acquisition price, which includes the expenses incidental thereto.

In case of permanent impairment, investments held as fixed assets are subject of value adjustments in order to give them the lower value that should be attributed to them as at the end of the reporting period. These value adjustments are not maintained when the reasons that motivated them have ceased to exist.

› d. Debtors

Debtors are stated at their nominal value and their estimated realisable value. They are subject of value adjustments when their realisable value is fully or partially unrecoverable.

These value adjustments are not maintained when the reasons that motivated their establishment have ceased to exist.

› e. Investments

Investments are assets acquired mainly with a view to be sold in the short term and present a profit-taking profile in the short term.

Investments are valued at the historical acquisition price, which includes the expenses incidental thereto.

If the realisation value is lower than the acquisition cost on the closing date, a value adjustment is recognised. These value adjustments are not maintained when the reasons that motivated them have ceased to exist.

› f. Creditors

Debts are recorded in liabilities at their redemption value.

› g. Value adjustments

Value adjustments are deducted directly from the affected asset.

› h. Income from participating interests

In the event of disposal of financial assets, the difference between the net proceeds from the sale and the net book value is entered in the profit and loss account on the line "income from participating interests". The transaction is recorded on the settlement date.

The company accounts the dividends received when they are acquired or when the right to receive payment is established. They are issue from the distribution of profits to the shareholders.

NOTE 4 - Intangible and tangible fixed assets

Movements in intangible and tangible fixed assets that occurred during the year can be summarised as follows:

in €	Software	Computer equipment, vehicles, furniture and fixtures
Gross value as at 01/01/2019	**25,624**	**636,556**
Acquisitions for the year	23,623	127,254
Disposals for the year	-	-11,273
Gross value as at 31/12/2019	**49,247**	**752,537**
Cumulative value adjustments as at 01/01/2019	-25,625	-226,633
Value adjustments of the year	-394	-101,079
Reversal of value adjustments	-	11,273
Cumulative value adjustments as at 31/12/2019	**-26,018**	**-316,439**
Net book value as at 31/12/2019	**23,229**	**436,099**
Net book value as at 31/12/2018	**-**	**409,924**

NOTE 5 - Financial assets

› **a. Movements in financial assets that occurred during the year can be summarised as follows:**

in €	Shares in affiliated undertakings	Loans to affiliated undertakings	Participating interests	Loans to undertakings with which the Company is linked by virtue of participating interets	Investments held as fixed assets
Gross value as at 01/01/2019	**640,169,879**	**910,449**	**329,247,682**	**1,658,024**	**271,986,599**
Asset classification transfer	-	-	-	-	51,816,048
Acquisitions for the year	131,659,916	-	-	-	47,276,624
Disposals for the year	-83,585,934	910,449	-	-1 658 024	-77,009,904
Gross value as at 31/12/2019	**688,243,860**	**0**	**329,247,682**	**0**	**294,069,367**
Cumulative value adjustments as at 01/01/2019	-2,585,690	-	-252,436	-	-79,593,599
Asset classification transfer	-	-	-	-	-681,799
Value adjustments of the year	-16 314 245	-	-	-	-14,850,282
Reversals of value adjustments of the year	-	-	-		18 896 060
Cumulative value adjustments as at 31/12/2019	**-18,899,935**	**-**	**-252,436**	**-**	**-76,229,619**
Net book value as at 31/12/2019	**669,343,925**	**0**	**328,995,245**	**0**	**217,839,748**
Net book value as at 31/12/2018	637,584,189	910,449	328,995,245	1,658,024	192,393,001

The item “Shares in affiliated undertakings” amounts to € 669,343,925 as at 31 December 2019 (2018: € 637,584,189). This variation is principally due to:

- A new investments in Luxco Invest, Luxempart Pipe and Assmann,
- A repayment of part of the share premium in Luxempart Invest and a capital reduction in Luxempart Capital Partners,
- A value adjustment on Luxempart Invest, Luxco Invest and Prym.

The loans to affiliated undertakings was repaid this year (2018: € 910,449).

The item “Participating interests” amounts to € 328,995,245 as at 31 December 2019 (2018: € 328,995,245).

Loans to undertakings with which the Company is linked by virtue of participating interest was repaid this year (2018: € 1.658.024).

The item “Investments held as fixed assets” amounts to € 217,839,748 as at 31 December 2019 (2018: € 192,393,001). This change is due to:

- In 2019 they have been reclassified in “Investments held as fixed assets” as they are not considered as trading portfolios anymore, but as investments with a mid to long term.
- Acquisitions for € 47,276,624 (mainly further investments in Armira Holding, Zooplus and Capital@Work),
- The sale of a part of the assets of the PIPE activity. The assets have been transferred to a new company: Luxempart Pipe,
- Value adjustments for € 14,850,282 (mainly in Zooplus).

› **b. Undertakings in which Luxempart holds at least 20% in the capital:**

Company name	Registered office	Holding %	Equity (excluding profit for the year)	Profit or loss for the year
Luxempart Capital Partners Sicar S.A.	12, Rue Léon Laval L-3372 Leudelange	100.00	393,830,206	49,058,052
Luxempart Ireland Ltd	1st floor, Riverview House, 21-23 City Quay, Dublin 2 Ireland	100.00	253,907,774	-7,129
Luxempart Invest S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	100.00	52,333,090	-12,902,795
Luxempart Management S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	100.00	27,137	4,731
Pescahold S.A.	12, Rue Léon Laval L-3372 Leudelange	100.00	14,778	-2,132
Luxempart Pipe S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	100.00	83,716,525	-288,447
Bravo Capital S.A.	12, Rue Léon Laval L-3372 Leudelange	80.00	-369,223	167,555
Pryco GmbH *	Maria-Theresia-Str. 11, D-81675 München	55.60	11,312,224	299,527
Assmann GmbH *	Auf dem Schüffel, D-58513 Lüdenscheid	50.00	12,059,000	3,407,000
Indufin S.A.	Interleuvenlaan 15 / D1 B-3001 Leuven - Haasrode	40.00	341,395	-2,696
DMB2 GmbH & Co.KG	Colonnaden 25 D-20354 Hamburg	32.80	20,252,000	6,941,000
M-Sicherheit-sholding GmbH *	Maria-Theresia-Str. 11, D-81675 München	30.00	42,047,746	1,706,749
Foyer S.A.	12, Rue Léon Laval L-3372 Leudelange	27.94	1,194,255,200	106,063,000
E-Sicherheit-sholding GmbH *	Maria-Theresia-Str. 11, D-81675 München	27.60	82,981,787	-17,490
ForAtenor S.A.	92, avenue Reine Astrid B-1310 La Hulpe	25.00	8,921,701	922,454

* Profit or loss 2018

NOTE 6 - Debtors and creditors

As at 31 December 2019:

- Trade debtors amount to € 1,806,612 (2018: € 1,782,245).
- Other debtors becoming due and payable within one year amount to € 513,271 (2018: € 1,100,888) and are made up of tax receivables and social security for € 374,056 (2018: € 348,578), other receivables for € 139,215 (2018: € 207,310) and a debt towards Luxempart Invest who was repaid (2018: € 545,000). The other receivables are mainly accrued interest not collected.
- Other debtors becoming due and payable after more than one year amount to € 844,347 (2018: € 827,346). This is the loan towards the investment Nueva Pescanova.
- Trade creditors amount to € 3,711,648 (2018: € 1,700,207).
- Amounts owed to affiliated undertakings total € 253,799,000 (2018: € 253,799,000) and are made up of a debt to Luxempart Ireland Limited.
- Tax and social security debts total € 310,990 (2018: € 679,741).
- Other creditors amount to € 1,055,238 (2018: € 147,025).

NOTE 7 - Amounts owed to credit institutions

As at 31 December 2019, amounts owed to credit institutions amount to € 10,178,980 (2018: € 30,395,212).

One part of the assets of PIPE activity has been transferred to Luxempart Pipe, and the amount owed to credit institution too.

Luxempart has contracted these borrowings held in foreign currencies in order to hedge against the foreign exchange risk on assets having the character of fixed assets denominated in pounds sterling. These borrowings will be repaid within the period of between one and five years and are guaranteed by a saving account opened for this purpose.

NOTE 8 - Capital and reserves

The movements in the capital and reserves are broken down as follows:

in €	Subscribed capital	Share premium	Legal reserve	Reserve for own share	Other reserves	Profit brought forward	Profit for the year	Temporarily not taxable capital gains
As at 31/12/2018	**59,783,985**	**66,944,818**	**5,988,772**	**104,982,077**	**814,755,749**	**30,000,000**	**130,282,708**	**15,698,709**
Allocation of profit								
Dividends							-28,247,737	
Other reserves					102,034,971		-102 034 971	
Reserve own shares				15,192	-15,192			
Capital reduction	-8,033,985			-87,778,533	8,033,985			
2019 loss							-19,141,718	
As at 31/12/2019	**51,750,000**	**66,944,818**	**5,988,772**	**17,218,735**	**924,809,514**	**30,000,000**	**-19,141,718**	**15,698,709**

At the Extraordinary General Meeting of 29 April 2019, the capital has been decreased to € 51,750,000 by cancellation of 3,213,594 own shares.

The subscribed capital is represented by 20,700,000 fully paid-up shares without designation of nominal value.

The accounting par value of the own shares is € 1,558,570. It represents 3.01% of the subscribed capital in accordance with Article 430-15 of the law of 10 August 1915.

The Ordinary Annual General Meeting of 29 April 2019 decided to distribute a gross ordinary dividend of € 1.407 per share for financial year 2018.

NOTE 9 - Legal reserve

From the net profit, 5% must be deducted annually to build up the reserve fund required by Luxembourg law. This deduction will no longer be mandatory when the reserve fund reaches one-tenth of the share capital.

The legal reserve may not be distributed to the shareholders except in case of dissolution of the Company.

NOTE 10 - Temporarily not taxable capital gains

As at 31 December 2019, this item amounts to € 15,698,709 (2018: € 15,698,709) and includes the untaxed capital gains from disposal on participations. These capital gains, recorded in liabilities on the balance sheet, result from application of Article 54 of the income tax law and are to be reinvested before the end of the second financial year of operation following the financial year of the disposal. If these capital gains are not reinvested within this two-year period, they are to be reversed through the profit and loss account and subject to tax.

As at 31 December 2019, no amount must be reinvested.

NOTE 11 - Staff costs

The average number of employees during financial year 2019 amounted to 18 (2018: 16), represented by the following categories:

Category	Number of people 2019	Number of people 2018
Managers	6	6
Support staff	12	10

Staff costs relating to the year are broken down as follows:

in €	31/12/2019	31/12/2018
Wages and salaries	5,858,273	3,809,590
Social security costs accruing by reference to wages and salaries	221,432	197,549
Other social security contributions	38,752	26,710
Total	**6,118,457**	**4,033,849**
Of which pensions	212,252	171,677

Staff costs include a provision for bonus payable in 2020.

NOTE 12 - Other operating expenses

During the year, Luxempart paid net fixed compensation of € 510,650 to the directors (2018: € 539,833) and a net attendance fee of € 217,000 (2018: € 267,775). These amounts are included in "Other operating expenses".

"Other operating expenses" also include the remuneration of the Réviseur d'entreprises agréé for € 107,497 (2018: €104,742).

NOTE 13 - Value adjustments in respect of financial assets

This item includes:

- Value adjustments on shares in affiliated undertakings. As at 31 December 2019, Luxempart recorded value adjustments of € 16,314,245 (2018 € 0).
- Value adjustments on the sale of long-term investments. As at 31 December 2019, Luxempart recorded value adjustments of € 14,850,282 (2018: € 34,705,865).

NOTE 14 - Taxes

The Company is fully taxable on its trade income at an effective rate of 24.94%. It is also subject to a wealth tax of 0.5% calculated on the basis of net assets at the beginning of the year. Taxes come from ordinary activities.

As at 31 December 2019, the tax expense is broken down as follows:

in €	31/12/2019	31/12/2018
Wealth tax	4,815	23,150
Other taxes	210,166	653,736
Total	**214,981**	**676,886**

NOTE 15 - Income from participating interests and from other investments

This item consists of:

- Dividends received from Luxempart's financial fixed assets. During financial year 2019, Luxempart received € 15,236,609 (2018: € 15,860,576).
- Capital gains generated on the sale of investments held as fixed assets. The Company realised capital gains on the sale of investments held as fixed assets, net of reversal from previous depreciation, amounting € 1,341,849 (2018: € 134,399,626).
- Capital losses generated on the sale of investments held as fixed assets. As at 31 December 2019, Luxempart realised capital losses for € 15,142,961 (2018: € 0).
- Reversals of value on shares in affiliated undertakings. As at 31 December 2019, Luxempart didn't record reversals of value adjustments (2018: € 22,985,951).
- Reversals of value adjustments on investments held as fixed assets. As at 31 December 2019, Luxempart recorded reversals of value, amounting € 19,144,870 , mainly on the assets of PIPE activity (2018: € 0).

NOTE 16 - Transactions with related parties

Transactions with related parties comprises mainly:

- A loan payable to Luxempart Ireland Limited for € 253,799,000.
- Luxempart Pipe S.à.r.l has been created in 2019 and the PIPE portfolio has been sold to this entity

NOTE 17 - Off balance sheet commitments

Luxempart invested in Armira Holding GmbH and committed to invest € 56,690,000. As at 31 December 2019, € 963,838 still remained to be called.

NOTE 18 - Post balance sheet events

In the first months of 2020, a pandemic of coronavirus disease 2019 (COVID-19) spread around the world, leading to numerous cases and casualties and causing an economic instability.

As of the date of the approval of these financial statements, it is too early to assess the potential economic and financial impact of the pandemic that may significantly influence the valuation of the portfolio companies held by the Company.

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