

ANNUAL REPORT

2020

LUXEMPART
GROWING TOGETHER



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GROWING TOGETHER

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WHAT WE STAND FOR

LUXEMPART is a Luxembourg listed investment company with more than 25 years of existence and an estimated net asset value of € 1.7 billion as of end of 2020. The core team of 25 professional and support staff is based in Luxembourg and actively covers the target markets of France, Benelux, DACH region and Northern Italy.

Luxempart's investment strategy is built on two pillars:

- **Direct Investments:** minority and majority stakes in mid-sized companies in Continental Europe, either privatelyheld (private equity) or listed.
- **Investment Funds:** indirect investment activity via third-party private equity funds in venture, growth capital and buy-outs, both in Europe and increasingly worldwide.

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

FOR THEIR SHAREHOLDERS

- A resilient and diversified portfolio of growing companies
- A steadily increasing dividend
- A direct access to private equity investments managed by a seasoned team
- An access to top-class private equity funds operating world-wide
- The first class governance of a listed company

FOR THEIR BUSINESS PARTNERS

- Tailor-made solutions for family businesses and managers
- An entrepreneurial and industrial mindset
- An active support on all major strategic decisions and capital to foster growth initiatives or to resist hard times
- A flexible investment horizon with a true long-term approach, aligned on Luxempart management remuneration scheme, based on long-term value creation
- The ability to help national champions to become truly European and develop worldwide

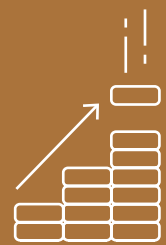
DIRECT INVESTMENTS ARE REALISED ALONG THE FOLLOWING GUIDELINES

- Investment amounts from € 25 to € 100 million (in equity)
- Investment in privately held and listed companies
- No exit pressure with investment horizons well beyond traditional private equity funds
- Supportive, hands-on approach
- No sector focus but affinity for financial services & insurance, telecommunication, security, healthcare and education.

Luxempart shareholders and management believe in value creation through patient involvement and a shared vision with our partners. We foster an ambitious team spirit based on a truly European work environment and empowering team members early on.

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

THE YEAR AT A GLANCE



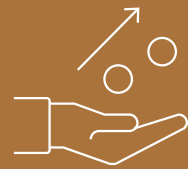
+8%
Increase in Net
Asset Value



+10%
Overall performance
(dividend included)



- Good resistance of portfolio
- Limited impact of Covid-19
- No significant exposure to hard hit sectors such as travel, tourism, hospitality or traditional retail



New investments

Sparflex
enoplastic
€50M

SNP
€17M



Continuous build-up
of the investment team



technotrans
Long term commitment
via acting in concert



Strategic review
Investment Fund Activity



Sale of

LPKF
Laser & Electronics
Multiple >2.5x

**MEHLER
vario
system**
Multiple 3.8x

55%
of our companies in
Direct Investment improve
sales in 2020

63%
of our companies in
Direct Investment improve
their results

8%
Our Investment Funds
portfolio increases in value

Sogetrel
Networks & Smart Services
Commitment to invest
€40M

MESSAGE TO OUR SHAREHOLDERS

Dear Shareholders,

2020 has been an extraordinary year. The world was taken by surprise by the Covid pandemic. In many countries, we have seen unprecedented lockdowns for several months. Governments reacted quickly. Sanitary measures and extensive testing were put in place to slow down the spreading of the virus. Central banks provided sufficient liquidity and markets recovered rather quickly and even closed in positive territory at year end.

In a record time, vaccines were developed and approved. Today, we see massive vaccination campaigns all around the world and we foresee a light at the end of the tunnel in 2021.

Uncertainty remains as the Covid crisis is not over yet, but we see first take-aways for our industry:

This crisis has accelerated trends of digitalisation. For instance, who would have thought it possible that in such short amount of time millions of people would be able to switch to home office and home schooling. Our ways of working have evolved and our workplaces will have to adapt. Traditional retail has suffered and e-commerce comes out strong and will most probably continue its acceleration. Sectors such as travel, tourism and hospitality have been hit hard and might need several years to fully recover to pre-crisis levels.

Luxempart's portfolio has resisted well. After a decrease in value mid-year, we close the year with a growth in our Net Asset Value (NAV) of 8.0%, which reaches €1.7bn. We have generated an annual NAV increase per share of 10.0% when reintegrating the dividend we paid in April 2020. This performance compares favourably to the MSCI Europe Mid Cap Net Return Index, which we consider to be our benchmark (+3.35% in 2020). This is in part related to the turn-around of global financial markets, but mostly due to significant resilience of the portfolio and little exposure to hard hit sectors. More than 50% of our companies have grown sales in 2020 and even more than 60% have improved results this year.

Despite these very sound fundamentals of our companies, crisis brings about need for change and transformation. We believe this is an opportunity for private equity, as it has shown its ability in the past to actively help companies to rethink themselves and seize opportunities, thanks to vast financial resources and professional teams.

As mentioned in our message to you last year, a transition period has opened for your company. Even though it will last for some time, first positive results have been achieved:

- Two new managing directors were nominated in April 2020 and as in the coming 12 months a further member of the executive team will retire, there will be additional change.
- Management has launched the strengthening of our investment teams in direct investment and investment funds to support our updated strategy by increasing deal sourcing and execution capacities.
- Adaptation of our investment funds strategy which will allow us to expand our buyout, growth capital, venture capital fund portfolio to the US and Asia.
- Streamlining of our direct investment portfolio to constitute a more concentrated portfolio of larger lines in private equity and selected listed companies.
- This revised investment strategy was implemented without delay and resulted in sustained investment in attractive growth sectors and solid divestment activity in 2020: your company has invested € 112m in 2020 in both strategies and taken the firm commitment to invest € 40m in an additional transaction that was closed in early 2021. The streamlining of the portfolio has generated sales proceeds of € 149m at returns in line with our long-term objective.

We approach 2021 with a cautiously optimistic stance. Macro-economic environment should improve strongly, admittedly after a very difficult year 2020. Our portfolio companies are faring well and seize new growth opportunities offered by the improving overall environment. Investment activity, under the impetus of the economic recovery and improving capital markets should remain sustained. We will nevertheless remain

selective and cautious since the expected scenario heavily relies on the acceleration of the vaccination campaigns and the progressive return to normality of our economies. Our objective is to invest at least € 150m in new direct investments and to take up ca. € 75m new commitments in the investment funds activity, deployed along the revised strategy for this segment. In parallel, we will pursue the effort to streamline our portfolio and expect a number of sales processes to succeed in 2021. Such exits will keep our cash position at a high level, but we are confident that with our growing investment team and strengthened Investment Fund approach, we will be able to deploy our capital wisely.

Luxempart has been a front runner of private equity in Luxembourg for more than 25 years. We are pleased to see that Luxembourg as a location has continuously grown to become an attractive European platform for private equity and is able to attract more and more front and middle office activities as well as investment teams. This significantly contributes to support and develop the financial ecosystem related to the asset management

industry, thereby starting to create a cluster effect that will help our national economy to grow sustainably in the future.

Based on the positive results of 2020, the Board of Directors proposes to shareholders the payment of a gross dividend of €1.60 per share (€ 1.36 net) compared to €1.48 gross per share (€1.26 net) in 2020, an increase of 8% over prior year. As a reminder, Luxempart has maintained since 1992 a constant dividend policy, consisting in growing the dividend by ca. 10% p.a. on average.

We would particularly like to thank all the members of the Board of Directors and the Luxempart team for their great dedication in these exceptionally difficult circumstances. These results would not have been achieved without the unanimous support and commitment of all parties involved.

We also thank you for your continuing support and loyalty and assure you that all energies within the Group are focused on the sustainable development of your Company and on solid value creation of our investment portfolios.

Olaf Kordes
Managing Director

Jacquot Schwertzer
Vice-Chairman

John Penning
Managing Director

François Tesch
Executive Chairman



Left to right: Olaf Kordes - Managing Director / Jacquot Schwertzer - Vice-Chairman / John Penning - Managing Director / François Tesch - Executive Chairman

MANAGEMENT REPORT



François Tesch

“As Executive Chairman, my primary focus is on the transition process at executive level. Olaf Kordes has joined the executive team since early 2020 and has brought to the Executive Committee deep knowledge and experience in private equity, perfectly complementing John Penning’s more entrepreneurial background. Today, Luxempart is managed by a collegial Executive Committee of four members with complementary backgrounds.

This has strengthened the internal organisation and enlarged the deal flow for potential deals, especially in France. An additional executive will be recruited shortly. I am pleased to say that this transition, even though not yet fully accomplished, represents a major successful step for the future development of the Company.

It was also encouraging to see that the new managing directors have endorsed the strategy initiated by the previous managers. Even though and rightly so, this strategy was adapted to changes in the investment environment and to the size of Luxempart.”

OUR INVESTMENT STRATEGY

In accordance with what we stand for, we thrive to deploy our investment activity based on a **two-pillar strategy**.

Our core business remains the **Direct Investment activity**, which focuses on deploying an average € 50 million per transaction in growing, profitable companies located in our core markets. Such investments target sustainable growth for the companies we invest in and long-term returns for our shareholders. That is why we consider investments over longer terms with no predefined exits. This is the main differentiating factor to classic private equity funds operating in our space.

Such investment projects can be realized in both public and private companies under the form of leveraged buyouts or growth capital investments (with no external debt) and can grant Luxempart either minority or controlling stakes in the company.

The strategy in the direct investment activity has been developed many years ago, but has recently been adapted:

Given the size of our Net Asset Value, it was decided to increase the average investment ticket to € 50 million, with a lower limit at € 25m (but with a view to increase investment over time), in order to have a meaningful impact on our Net Asset Value.

Also, in order to be able to actively create value, it was decided that all portfolio companies, whatever capital stake Luxempart holds in them, should grant us adequate governance rights. Such rights should enable us to contribute to shaping our portfolio companies' strategy and to assess its implementation in a timely and professional manner. We are able to give active and hands-on support.

Over the year 2020, we have reviewed our portfolio under the light of this revised strategy and have initiated a number of arbitrage decisions that will lead to a streamlining of the portfolio.

Our objective is to manage by the end of 2023 a more concentrated portfolio, composed of ca. 20 companies that all fit the above-mentioned criteria and present

sustainable profitability, significant growth prospects and good visibility. This portfolio will continue to contain both public and private companies.

This means that over the three coming years, we will commit, in parallel to a growing investment activity, to sell a number of listed and unlisted portfolio companies. This process has been initiated in 2020 in an orderly manner, allowing to achieve capital gains in line with our long-term IRR objective.

The second pillar of our strategy is the **Investment funds** activity.

Historically, this indirect investment activity was centred on four long term relationships where Luxempart is among the cornerstone investors of these funds in Belgium, Germany, France and Italy.

However, their investment activity was to a large extent in overlap with our direct investment activity, which even resulted in Luxempart sometimes co-investing alongside these partners.

The quality of the teams in three of these funds, their performance, track-record and their development perspectives have decided us to continue to actively support them in the future.

However, it was also decided to dedicate additional means to the Investment Funds activity in order to allow it to double its size in the five coming years, by re-investing proceeds received and by tapping into existing cash reserves of Luxempart.

The target is to commit between € 75 million and € 100 million per annum to 5-8 new funds. However, the overall objective of the Investment Funds activity was set to become a means of diversification, in order not to be any more in overlap with the Direct Investment activity.

Thus, Investment Funds will seek to internationalise its future commitments by focusing essentially on North America and (more marginally) on Asia. It will commit investments to growth capital and mid-cap buy-out funds, but will also diversify to seek investment opportunities in compelling earlier stage venture funds.

In order to achieve this, the Investment Funds team has retained the services of a first rate global and specialized consulting firm (a so-called gatekeeper). It will support Luxempart in identifying, selecting and diligencing new and promising fundraising projects within the targeted strategies. In order to achieve the overall objective, Luxempart has retained the service of this gatekeeper for a three-year period.

ONE TEAM

The shift in strategy has come with a change in the management team. In April 2020, Jacquot Schwertzer has withdrawn from his CEO function to become Vice-Chairman of the Board of Directors.

The shareholders have nominated two managing directors, John Penning and Olaf Kordes, who have started to build up a team commensurate with the new strategy. This process is ongoing with several recruitments underway and should be completed in 2021. We will then have a team that will be able to deploy investment volumes in line with the targets announced.

The variable remuneration scheme for the team is mainly based on value increase of the net asset value aligning both executives' and shareholders' interests.

MAIN EVENTS IN 2020

2020 was a transitional year. The shift in strategy was initiated and has produced first results:

Luxempart has invested € 88m in its Direct Investment activity, notably in Enoflex and SNP. Furthermore, in November 2020, we have committed to invest ca. € 40m in Sogetrel, which was completed in late January 2021.

In December 2020, Luxempart, alongside other family investors led by Armira, has closed the sale of Mehler Vario Systems, generating revenues of € 38.5m. The immediate realised return is close to 3.8x, with additional conditional revenues to come over the coming years.

The Investment Funds team has made commitments to two reputed secondaries funds (LGT, Committed Advisors) in 2020. Execution of the new strategy has started and a first commitment in a very promising US growth fund (outstanding management team raising its 5th generation fund), was made in early 2021. In the meantime, the Investment Funds activity has pursued exits and has received total proceeds of € 24m in 2020. Overall, its portfolio has generated a performance of 7.9% in 2020.

In early 2021, we have pursued this strategy notably by continuing to focus the listed portfolio on a limited number of lines and by taking an additional commitment to invest in Schaltbau AG. Furthermore, we have signed a new Direct Investment transaction, iM Global Partner.

Even though we will pursue our investment activity at a sustained pace in 2021 and beyond, our cash position and trading portfolio, net of commitments in our Investment funds activity of ca. € 140m, will remain at a high level. Indeed, we try to take a cautious approach to new investment opportunities given the limited visibility in the current economic environment. Even though we remain cautiously optimistic about a pick-up in activity during 2021, we need to invest in solid companies.

This is all the more adamant since our existing portfolio has been faring very well in 2020. Even though some companies had to rely temporarily on public aid schemes, the vast majority of them has been only moderately affected by the economic crisis.

55% of our portfolio companies have achieved sales at least comparable to 2019 and 63% have seen their results increase in 2020. This fact associated to the increase in global financial markets in the second half of the year explain the increase in our Net Asset Value that reaches € 1.702 million in 2020 (+ 8%), which brings our total performance (dividend included) to 10% in 2020.



enoplastic USA



Luxempart stake: 18.6%
Luxempart investment: € 50m
Sales 2020: € 176m

INVESTING IN THE BUILD UP OF A WORLD LEADER IN AN INTERESTING NICHE MARKET

Enoflex is the combination of the two leading companies of wine closure solutions (20% global market share). The combined group operates in all continents and has manufacturing facilities in all major wine producing regions.

INVESTMENT THESIS

- Two separate transactions with families and significant upside potential thanks to the creation of a world leader and industrial integration
- Co-investment alongside Cobepa, a very reputable investor with outstanding track record, sharing Luxempart's investment approach
- Additional buy-and-build potential to diversify product offering and to capitalise on second-to-none customer penetration

Sogetrel

Networks & Smart Services

Luxempart stake: 10.9%
Luxempart commitment: initially
€ 25m + € 15m additional commitment
Sales 2020: € 760m

HELPING AN OUTSTANDING MANAGEMENT TEAM GAIN STABILITY AND SUPPORT INTERNATIONAL EXPANSION

Sogetrel is a leading French player in the design, building and maintenance of telecom networks.

In addition to this activity, and based on its core competencies, it has diversified in fast-growing service segments centred on electronic security and "smart city" initiatives.

INVESTMENT THESIS

- Strong past growth due to roll-out of fibre optic networks. Future growth to come from 5G mobile networks
- Significant growth perspectives in diversifications with important commercial synergies
- Potential for internationalisation through buy-and-build
- Unlock "entrepreneurial motivation" of the management team that is now majority shareholder in the business



Cash proceeds upon sale: € 38.5m
Investment multiple: 3.8x

SALE OF MEHLER VARIO SYSTEMS, THE EUROPEAN MARKET LEADER IN PERSONAL BALLISTIC PROTECTION EQUIPMENT

Mehler is a leading supplier of ballistic protection equipment and offers a broad range of protective vests, tactical clothing and other ballistic protection equipment. With its high-quality products, Mehler addresses the increasing demand for defense equipment related to governmental defense investment and civilian defense upgrade programs.

INVESTMENT THESIS

- European market leader in ballistic protective vests, with one-stop shop character due to comprehensive, high-quality product portfolio
- Attractive addressable market with long-term growth potential due to the increasing budget and demand for inner security
- Strong financial profile, with long-term growth trajectory and solid cash generation potential due to asset-light business model



Luxempart stake: 5.01%¹
Sales 2020 E: € 143m

ACCOMPANYING A UNIQUE ERP MIGRATION SOFTWARE PROVIDER ON ITS GROWTH PATH

SNP is a growing provider of an automated IT migration software and consulting services specialized in the migration of ERP landscapes, notably in the context of M&A, carve outs, upgrades to SAP S/4HANA and cloudification. Based in Heidelberg, SNP benefits from a global presence, with local delivery centers across more than 30 locations in 13 countries.

INVESTMENT THESIS

- Technology leadership in ERP migration software, as the software solution enables the implementation of ERP migration projects in a fraction of time and cost
- Dynamically growing end markets, driven by the forthcoming SAP S/4HANA migration wave and strong M&A activity
- Strong potential to further enhance the high margin software business, as the company has existing partnerships with global leaders in cloud / SAP S/ 4HANA migration



Luxempart stake: 5.85%²
Investment size: ca. € 11m
MoM: c. 2.5x

SALE OF LPKF LASER & ELECTRONICS, A LEADING SUPPLIER OF LASER-BASED MICRO MATERIAL PROCESSING TOOLS

LPKF is a leading provider of laser-based systems for the technology industry, used in the production of printed circuit boards, microchips, automotive parts, solar panels and other components. Headquartered in Garbsen near Hannover, LPKF operates sites in Europe, Asia and the US, complemented by a global service network.

INVESTMENT THESIS

- Leading market position in niche market for laser-based precision manufacturing solutions, with more than 40 years of experience and strong innovation pipeline
- Dynamically growing and diverse end markets, e.g. semiconductor, solar energy, consumer electronics and others
- Strong potential for sales and margin growth, driven by internationalization, enhancement of new businesses such as LIDE³, realization of synergies across segments and others

1/ As of latest voting rights notification (15.01.2021)

2/ Max. disclosed stake, as of voting rights notification on February 11 2020

3/ Laser Induced Deep Etching (used in thin glass processing)

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

EVOLUTION OF THE EQUITY AND SUMMARY OF THE FINANCIAL STATEMENTS

The financial statements of Luxempart have been prepared in compliance with the International Financial Reporting Standards for the year ending 31 December 2020.

Main KPI (in € million)	31/12/2020	31/12/2019
Equity (group share)	1,702	1,575
Net result	157	207
Market capitalisation	985	1,064
Net asset value	1,702	1,575

The Group equity of Luxempart increased from € 1,575 million end 2019 to € 1,702 million end 2020, or per share from € 78.43 to € 84.72, an increase of 8%.

The consolidated net result reaches € 157 million, compared to € 207 million in 2019, mainly due to the fair value evolution of Luxempart's portfolio (for more details, please refer to note 10 of the IFRS financial statements).

The consolidated result of the year ending 31 December 2020 of € 157 million is mainly composed of € 168 million from investment activities (dividends received and capital gains/losses - realised and unrealised) and € -11 million expenses on ordinary activities (operating expenses, staff cost...).

In the statutory accounts of Luxempart, (under Lux GAAP) the equity increased from € 1,093 million as at 31 December 2019 to € 1,131 million as at 31 December 2020 and the net result increases over the same period from € -19,1 million to € 67,7 million.

GROUP PORTFOLIO ACTIVITY

The indicators opposite present the activity of the portfolio of the Luxempart Group looking through its investment subsidiaries.

Luxempart is a long-term investor active in the small and mid-cap market segment in specific geographies in Europe and although generalist, with an affinity for certain sectors like financial services, education, healthcare.

Our mission is to take minority and majority stakes of a significant size (from € 25 million upwards) alongside entrepreneurial families or managers and to contribute to value creation until the right moment has arrived to withdraw fully or partially.

In line with its long-term investment approach, Luxempart is building a fund portfolio with selected managers with the objective to reach by 2025 a NAV of up to € 500 million. Part of it will be in US and Asia-based funds and we expect to generate attractive co-investment

opportunities. Luxempart is an active and responsible investor who will progressively include ESG strategies on corporate management level and in investment process and monitoring.

Portfolio activity ¹ (in € million)	31/12/2020	31/12/2019	Variation
Investments in the portfolio	112	149	-25%
Divestments from the portfolio	149	127	17%
Net cash (cash net of financial debt)	140	155	-10%
Trading portfolio	96	79	22%
Net realised and unrealised capital gains (losses) on the portfolio	155	193	-20%

The net realised and unrealised capital gains measure the increase or decrease of fair market value over 2020. The net realised capital gain is less significant as it measures the value increase (or decrease) of a sold asset as from 1 January 2020 to the date of exit. For 2020, this mainly concerned SES and LPKF partially or totally sold over the period. The valuation exercise is based on market multiples of peer groups after discount for smaller size or reduced liquidity. The valuations are thoroughly verified internally and for the most impacting ones, by an external expert of international reputation.

The net cash is composed of cash deposits of € 159 million and a financial debt of € 19 million. The trading portfolio of € 96 million is invested mainly in diversified bond portfolio.

The investment in the direct investment segment amounts to € 88 million and to € 24 million in the investment funds. The divestment in these different segments were € 125 million for the direct investment and € 24 million for the investment funds.

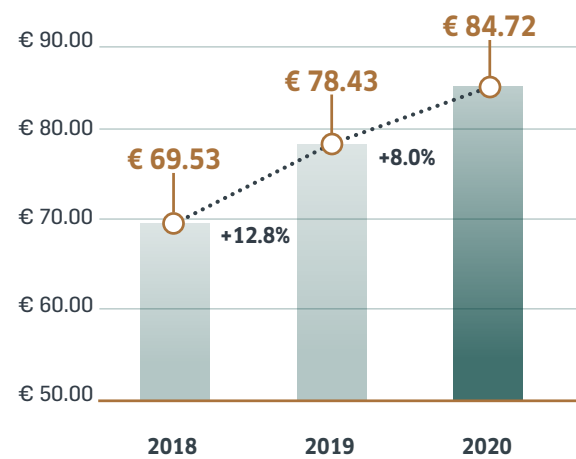
DIVIDEND PAYMENT 2021

The Board of Directors will propose to the Annual General Meeting on April 26, 2021 to approve the payment of a gross dividend of € 1.60 per share, compared to a dividend of € 1.48 in 2019. This increase of dividends of 8.1 % is in line with the dividend policy applied since 1993. Assuming the approval of this proposal, the dividend will be payable as from 17 May 2021.

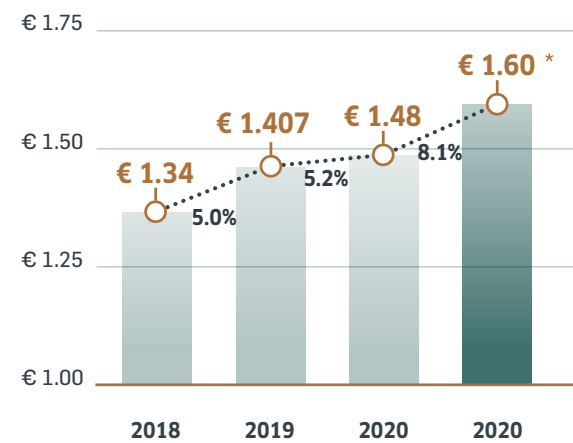
^{1/} For its performance reporting, the Management of the Group does not exclusively refer to a reporting prepared under IFRS. In addition to the IFRS financial statements, the Group presents indicators of the portfolio activity. The portfolio activity reporting is based on financial measure other than a financial measure defined in the applicable financial reporting framework (IFRS). For more information on the difference between the Group portfolio activity reporting and the IFRS, please refer to the "other information" section of the present report. A reconciliation between the portfolio reporting and the IFRS financial statements is presented hereafter.

KEY FIGURES PER SHARE

Net Asset Value

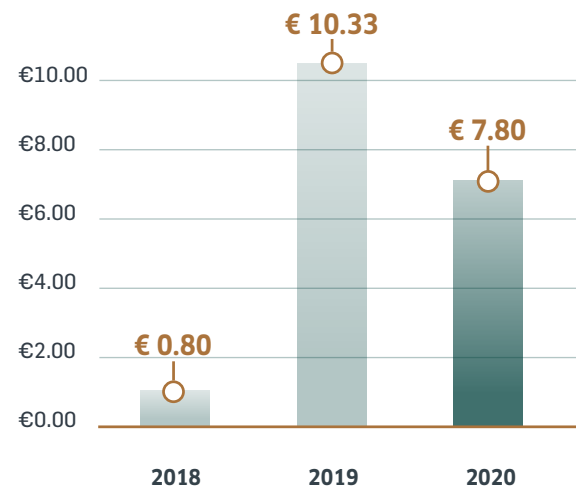


Gross dividend

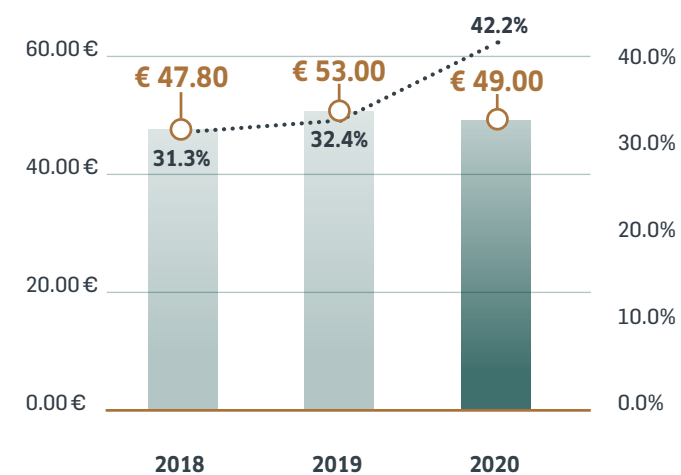


* The Board of Directors proposes an ordinary dividend per share of € 1.60 (€ 1.36 net) to be paid in May 2021

Earnings per share



Share price & discount



■ Share price Discount

The global performance of Luxempart reaches 10.0% including the dividend paid in May 2020.

GLOBAL PERFORMANCE

In 2020, the global performance of Luxempart (Net Asset Value per share evolution), including the dividends paid to our shareholders reached 10% compared to 14.8% in 2019.

In order to compare its performance to the market, Luxempart refers to the MSCI Europe Mid Cap Net Return € index. The MSCI Europe Mid Cap Net Return has been selected in line with the strategy to invest in mid-caps in Europe with a focus on France, BeLux and the DACH region (Germany, Austria and Switzerland). The current fund portfolio is also mostly invested in Europe with an expected evolution towards the US and Asia over the coming years.

Luxempart outperformance of the 2017-2020 MSCI index:



Luxempart annualised performance 2017-2020:



MAIN INVESTMENTS IN 2020

During the year 2020, the Group succeeded in investing € 112 million, mainly in:



ENOFLEX

- Acquisition of a minority stake in the global market leader of wine closure solutions
- Investment alongside COBEPA and the Moglia family
- Representation at the board of directors by 2 Luxempart team members
- Enoflex is a mid-cap company resulting from the combination of Enoplastic (IT) and Sparflex (F)



ATENOR

- Subscription to the € 78 million capital increase proportionally to our preference rights for € 8 million
- Reinforcement of equity capital to pursue growth and international diversification



SNP

- Luxempart has built up a stake of 5.1% in this fast-growing IT service provider and software company
- We have the intention to increase our exposure to this technological company in the coming months, depending on certain criteria and our ability to partner up with the Group's management



NEW COMMITMENTS IN INVESTMENT FUNDS

- € 15m in Committed Advisors IV, a secondary investment fund on a global scale
- € 12m in Crown Growth Secondaries V, a secondary investment fund on a global scale
- Out of these new commitments, € 2.8m were already called in 2020.

MAIN EXITS IN 2020

The main exits realised in 2020 were:



MEHLER VARIO SYSTEM

- Sale of our stake to Deutsche Private Equity
- First dividend received of ca. € 38.5m represent an investment multiple of 3.8x
- Future proceeds expected, some of which conditional on reaching certain criteria present additional proceeds representing 0.9x additional investment proceeds (central scenario)



LPKF

- Sale of our stake with an investment multiple of 2.5x
- Contribution to value creation through governance measures and strategic input



SES

- Sale of 2.4 million shares during 2020
- Remaining position below 0.5 million shares



ZOOPLUS

- Sale of nearly 30% of our position to benefit from the rising share price and to reduce our exposure
- However, Luxempart maintains a significant stake in the group's capital to benefit from continued growth and profitability improvement



LOW&BONAR

- Sale of our stake in the wake of the public takeover by the global technology group Freudenberg



DISTRIBUTION OF PROCEEDS BY ARMIRA (INVESTMENT FUNDS ACTIVITY)

- Following the sale of Armira I portfolio company F24, proceeds of ca. € 9.5m were received by Luxempart

RECENT POST-CLOSING EVENTS

During the first months of 2021, Luxempart closed two further new investments, increased its holdings in several lines and sold one portfolio company.

The operations are the following:

- Investment of € 25 million in Sogetrel, a French company active in the telecom, IP security and digital solutions market through smart network and services, with a further commitment of ca. € 15 million for follow-on investments.
- Investment of € 25 million in iM Global Partners (subject to the approval of supervisory authorities), a French worldwide asset management network with stakes in independent asset managers and a strong distribution force providing its clients access to the best asset management strategies.
- In Schaltbau, commitment to subscribe up to 20% of the € 60 million mandatory convertible bond issue such as to hold within the acting in concert group on anchor stake above 20%, Schaltbau being a leading German supplier of systems and electromechanical components in the railway and capital goods industry.
- Agreed sale of our 15% stake in NMC (via Indufin Capital Partners SICAR) realising a 15% IRR.
- Commitment up to USD 25m in one of the leading US growth equity investors: General Atlantic.

There were no other significant events since 31 December 2020 that would impact the financial and patrimonial situation of the Group.

IMPACT OF THE COVID PANDEMIC

The Covid pandemic caused a worldwide crisis since the first quarter of 2020 with strong negative impacts on population and economies. The successive waves with associated restriction measures, the more aggressive virus mutations and the slow roll-out of vaccinations in Europe prolongs the crisis and delays the social and economic recovery.

Our investment and management team responded swiftly and prudently so as to support our portfolio lines and protect our employees and their families. It appears that our companies turned out to be resilient and well prepared for the after Covid world. Indeed, not all sectors have been impacted similarly by the pandemic and the diversity

of our portfolio as well as the strength of our main lines allowed us to increase our net asset value despite the economic headwind.

INTERNAL EVOLUTION

The governance of our Group has been organised around the partially renewed 13 members of the Board of Directors who are deeply involved in investment decisions and strategic evolution. Several subjects such as human resources, remuneration, risk management and portfolio valuation have been discussed in more detail by specialised committees.

The Executive Chairman, the Vice-Chairman, the two Managing Directors and the investment team guarantee a professional execution of our investment activities. New staff members have been or will be recruited to support and develop certain functions such as talent management, compliance, reporting, analysis, communication and ESG. An external expert in valuation assessed this year the internal private equity valuations of some major portfolio lines and has validated internal results. A new statutory auditor will be proposed at the next Annual General meeting in line with best practice governance and after a 20-year fruitful collaboration with the current auditor.

OUTLOOK

The uncertainty caused by the Covid pandemic affecting the rhythm and intensity of the economic recovery makes it more difficult to give a reliable outlook. It is therefore hazardous to predict how the valuation of our portfolio - and therefore indirectly our net result - will evolve in the future. The timing and speed of a recovery is difficult to predict but we remain convinced that 2021 will show economic growth.

Our strong assets to overcome the current situation and to build on the opportunities to come remains as follows:

- Strong financial fundamentals and no leverage of Luxempart and limited leverage of most of its major portfolio lines
- Cash position (including deposits) and treasury portfolio in excess of € 200 million and wide access to credit lines
- Stable, professional and international team in Luxembourg with team members partially based in our home markets Germany, France, Belgium and Northern Italy
- Stable shareholder base with entrepreneurial background and a long-term orientation.

MAIN RISKS AND UNCERTAINTIES

Luxempart faces specific risks due to the nature of its activities. Each of its investments 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 rates...).

The liquidity risk is limited for Luxempart, as the Company 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.

The financial risks (market, interest rate, foreign exchange, credit and liquidity risk) are disclosed in the note 25 of the Financial Statements. The Group management risk system is described in more detail in Corporate Statement of the 2020 annual report.

The Board of Directors, 24 March 2021

John Penning
Managing Director

Olaf Kordes
Managing Director

François Tesch
Executive Chairman

OTHER INFORMATION

RESEARCH AND DEVELOPMENT

Luxempart does not pursue any research and development activities.

OWN SHARES

During the year, Luxempart sold 13,750 own shares for € 0.4 million. These shares have a par value of € 0.4 million and represent 0.07% of the share capital. As at 31 December 2020 Luxempart holds a total of 609,678 own shares which corresponds to 2.9% of the issued share capital for a book value of € 17 million.

BRANCHES

Luxempart does not have any branch.

TRANSPARENCY

Responsibility of the Board of Directors

The Board of Directors' responsibilities are determined by 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 68ter) in the updated version of 17 December 2010 is included in the Governance Chapter of the annual report.

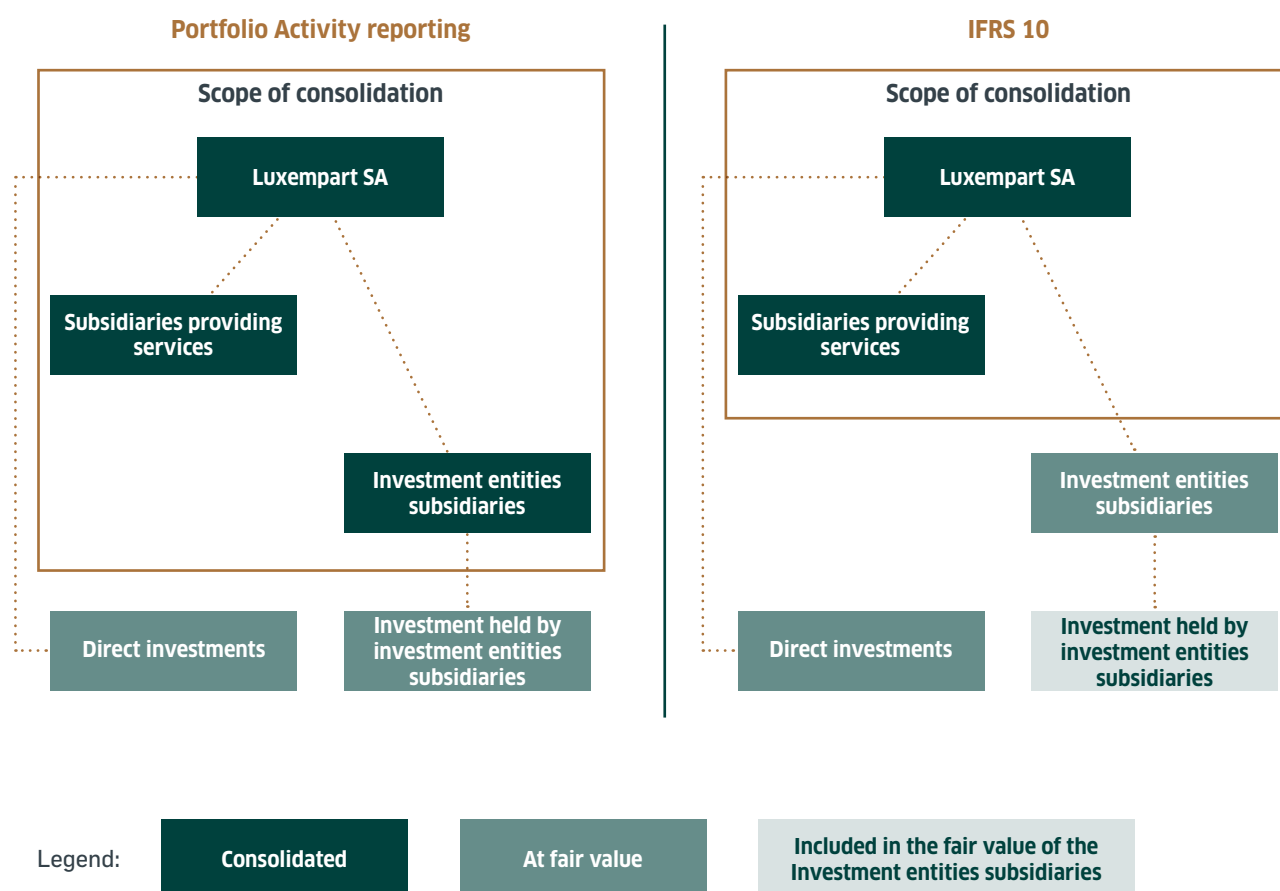
RECONCILIATION BETWEEN IFRS AND THE PORTFOLIO ACTIVITY REPORT

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 Portfolio activity 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.



The tables below present the reconciliation of the IFRS financial indicators and the KPI used by the Management for its Portfolio activity reporting.

PROFIT AND LOSS AS AT 31 DECEMBER 2020

(in € million)	IFRS	Adjustements	Portfolio activity
Dividends received	47	-34	13
Net gains / (losses) on financial assets	120	34	155
Result on ordinary activities and tax	-11	-	-11
Profit for the period	157	-	157

The differences between the two reportings are mainly explained:

- by the dividends and distributions received by Luxempart Capital Partners SICAR, that are recognised in "Net gains / (losses) on financial assets" in the financial statements, and
- the proceeds received from the exit of Mehler Vario System, which are considered as a dividend under IFRS.

NET ASSETS AS AT 31 DECEMBER 2020

(in € million)	IFRS	Adjustements	Portfolio activity
Financial assets at fair value through profit and loss	1,600	-33	1,566
Cash	124	35	159
<i>Cash and cash equivalents</i>	39	120	159
<i>Bank deposit</i>	85	-85	-
Bank borrowing	-19	-	-19
Other assets and liabilities	-3	-1	-4
Total equity / Net asset value	1,702	-	1,702

The Group Executive Committee manages the cash of the Group as being composed of the sum of the cash accounts and bank deposits of Luxempart and all its subsidiaries, whereas "Cash and cash equivalents" under IFRS are only composed of the current accounts of Luxempart and its subsidiaries that provide investment-related services (management companies).

CASH FLOWS IN 2020

(in € million)	IFRS	Adjustements	Portfolio activity
Cash at 31/12/2019	51	133	184
Investments	-169	57	-112
Divestments	149	-	149
Other cash movements	8	-70	-62
Cash at 31/12/2020	39	120	159

The investments are higher under IFRS because Luxempart Capital Partners called more cash than the amount it needed to finance its own investments. Moreover, the IFRS investments comprise the cash invested in the trading portfolio that is not considered as an "investment" in the Portfolio activity.

The divestments amount is lower under IFRS than in the Portfolio activity reporting because, (i) the outflow relating to the sale of Mehler Vario System is recognised as a dividend under IFRS and, (ii) the non-consolidated subsidiaries distributed more cash to Luxempart than the value of the exits performed.

The other cash movements adjustments comprise mainly two impacts:

- the cash flow from the exit of Mehler Vario System, recognised as a dividend under IFRS whereas as a divestment in Portfolio activity;
- the investments and divestments of the trading portfolio.

PORTFOLIO



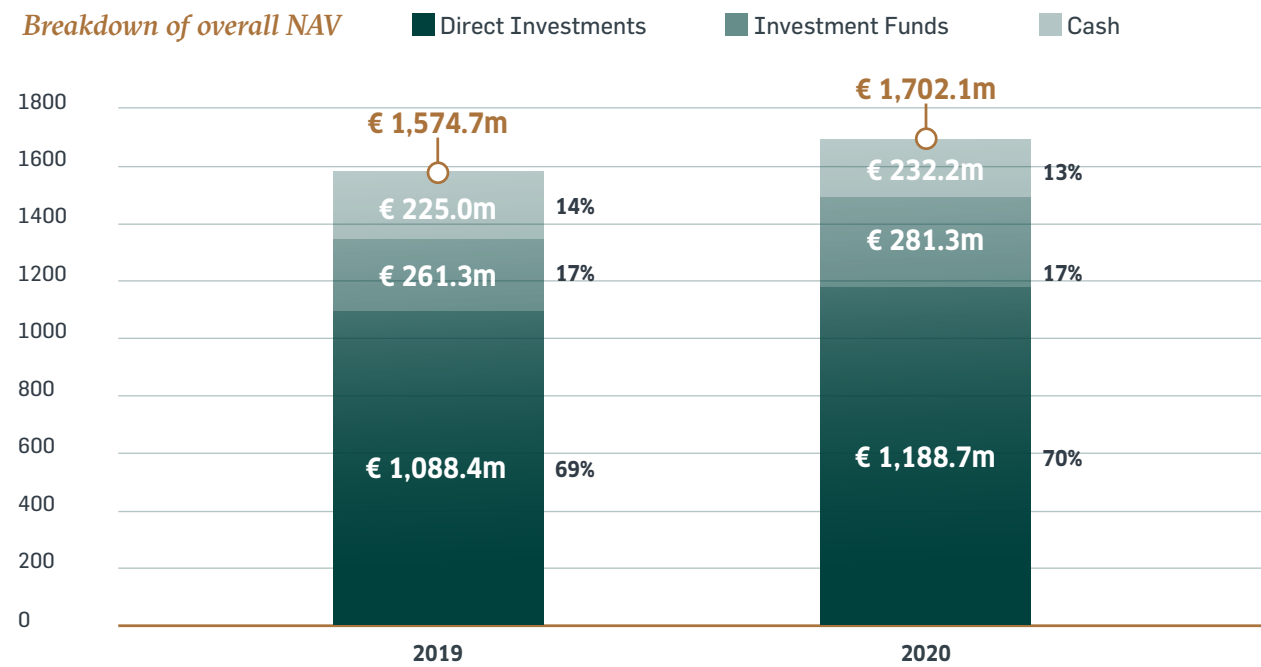
Jo Santino

"These last 20 years, Luxempart evolved, changed and grew. Solid foundations were built based on competences, strong values but above all: people. I am proud to see that the team has the ambitions to continue to shape Luxempart for its future and its success".

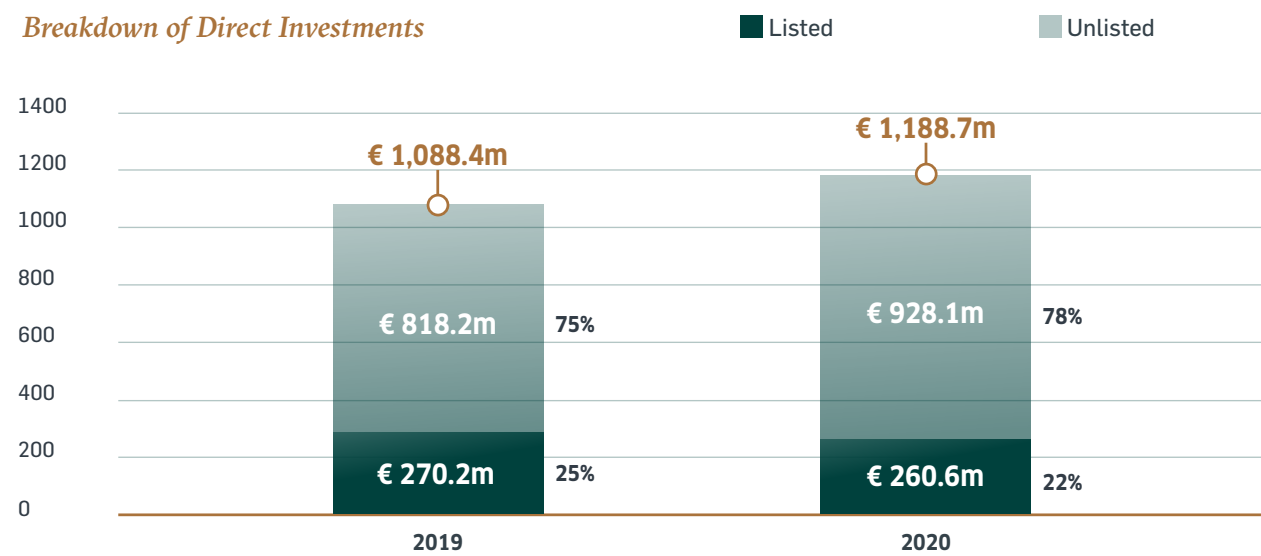
DIRECT INVESTMENTS

PORTFOLIO AT A GLANCE

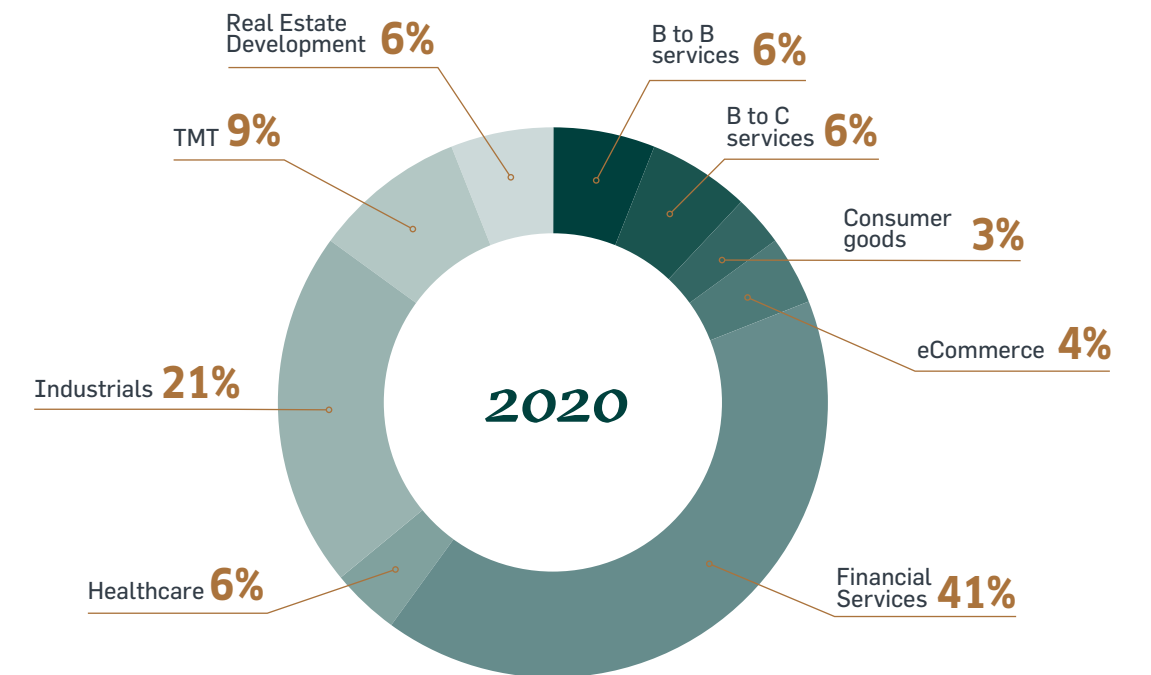
Breakdown of overall NAV



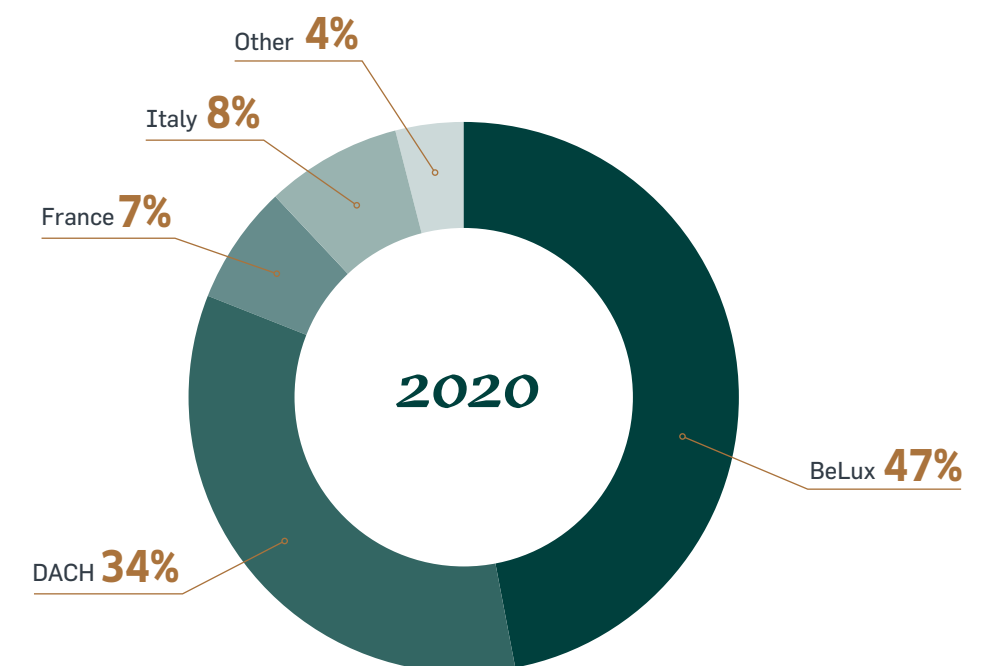
Breakdown of Direct Investments



Breakdown of NAV Direct Investments



Breakdown of Direct Investments by geography



ASSMANN

50.0 % Percentage of interest

2019 Investment Year



Registered Office
Lüdenscheid, Germany



Website
www.assmann.com



Business Sector
IT, Technology Hardware
& Equipment



Assmann Group is a leading supplier of server, network and peripheral infrastructure products and solutions based in Germany.

INVESTMENT THESIS

Assmann Group is a Germany-based manufacturer and distributor of data network products with a direct component sourcing know-how in Asia and a Pan-European distribution infrastructure.

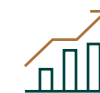
Its key strengths include:

- Attractive target addressable market with high single digit growth rates and high barriers to entry;
- Omni-channel distribution mainly through indirect sales (85%) which allow 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 digitalization 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 M&A when possible.

+9.4%
Gross profit margin growth

+27.9%
Online business growth



2020 PERFORMANCE AND OUTLOOK

- Assmann has outperformed its pre Covid-19 budget with € 70m of sales while further improving its healthy EBIT-DA margins in FY20
- Assmann expects to grow in line with the market at a high single-digit sales growth rate while investing part of its profitability in further strengthening its geographical footprint, product offering, distribution capabilities as well as technological platform.



LUXEMPART VIEW

- We have invested in a company that has shown strong resilience in 2020, which confirms our investment thesis. It underlines the fact that the company's products are in high demand due to the growing trend in digitalisation, which required growing investments in network infrastructure, including the last mile.
- We believe Assmann Group to be well-positioned for future growth and, thanks to our very cooperative governance structure, we are prepared to support it wherever needed, including by providing additional capital.



STEPHAN ASSMANN, CEO, 2ND GENERATION FAMILY SHAREHOLDER

"My relationship with Luxempart can best be summarized as a partnership of equals. Their supportive, hands-on approach fits well with the "Mittelstand" mindset of Assmann Group and their long-term orientation provides family businesses the required flexibility to devise and implement a strategy to reach the next level".



13.6% Percentage of interest

2006-2020 Investment Year

 Registered Office
La Hulpe, Belgium

 Website
www.atenor.eu

 Business Sector
Real estate development

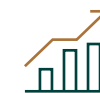
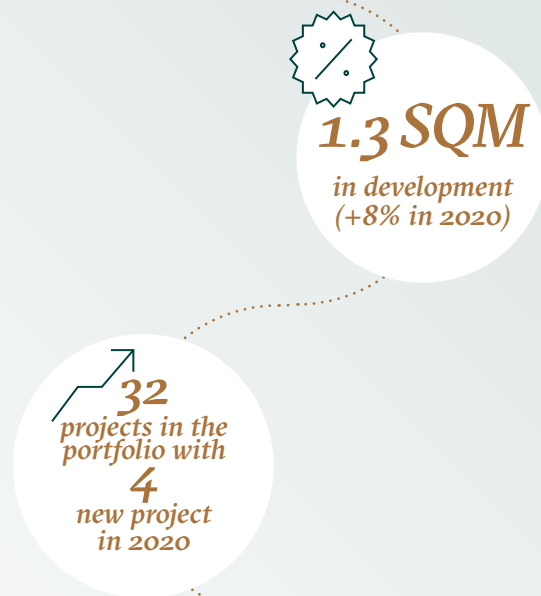


Atenor is a property developer mainly in the office building sector, and more marginally in the residential sector, with a portfolio of 32 projects accounting for ca. 1,300,000 sqm currently under development. The company has successfully expanded and diversified its geographic exposure outside of Belgium with projects in European cities that offer attractive economic fundamentals and high growth potential. Atenor is active in the entire real estate development value chain.

INVESTMENT THESIS

Atenor is well positioned in European office real-estate development to take advantage of the underlying trend, with market demand increasingly shifting to assets requiring much higher technical, environmental and quality standards.

Atenor's risk profile has improved over the years owing to: (i) the internationalisation strategy leading to higher diversification (32 projects currently in the portfolio at various stages of the real-estate development cycle), (ii) the exposure to countries offering stronger growth prospects and shorter pre-building phases; and (iii) a well-recognised know-how in terms of selecting projects, planning, project management, marketing, and urban planning concepts.



2020 PERFORMANCE

Atenor ended the 2020 financial year with a net consolidated result of € 24.1m (driven by the major transactions: The One in Brussels, Vaci Greens E in Budapest, Buzzcity in Luxembourg and rental incomes generated by the HBC project in Bucharest), compared to € 37.8m in 2019. The Board of Directors will propose a gross dividend of € 2.42 per share to the General Meeting, an increase of close to 5% compared to the previous year.



LUXEMPART PERSPECTIVE

- The Covid-19 crisis will continue to weigh on the real estate sector in 2021. Office leases seem to be declining and permit issuance slower. Nevertheless, fears of further of office space reduction due to the development of distance-working schemes are mitigated by recent trends and surveys showing that team collaboration suffers from lack of physical contact. The potential evolution of office space and use will also generate opportunities for Atenor.
- By implementing a European growth strategy, both in the office and residential market, targeting both the public sector and private actors, Atenor's business model has shown resilience.



STÉPHAN SONNEVILLE, CEO

"Since 2006, when Luxempart joined Atenor's stable base, the Board of Directors has been able to benefit from Luxempart's experience as a professional shareholder in various businesses and sectors. The representatives of Luxempart, through their listening skills and their synthetic approach, were able to provide nuanced and judicious assessments of Atenor's projects and strategic developments, always in a consensual and highly professional network".



60.0% Percentage of interest

2015 Investment Year

 Registered Office Vienna, Austria

 edupro-group.com

 Business Sector Education



EduPRO is a leading education group active in Austria and Germany in the apprentice training, qualification programs, career guidance and corporate training.


INVESTMENT THESIS

EduPRO is active in a market that benefits from very sound fundamental growth perspectives. In a fast-changing environment, vocational training is more and more important to adapt a country's workforce to challenges created by digitalisation and the development of the tertiary sector.

EduPRO has a leading position in Austria and a very experienced management.

Shared objective of shareholders is to allow the company to consolidate its position in Austria, expand its activities in Germany, improve profitability and build a regional champion.

 **+34%**
SALES

 **+92%**
EBITDA



2020 PERFORMANCE

Despite Covid, EduPRO expects to significantly outperform its budget for the current financial year (ending in April 2021) mainly because it could adapt to sanitary restrictions by fostering its digital offers.

The political support to increase the public spending for training and reintegration solutions in light of the current crisis is strong and eduPRO is one of the preferred service providers in that field.



REINHARD WEIDINGER, GESCHÄFTSFÜHRER

"Luxempart has been the majority owner of eduPRO Group GmbH since 2015.

In practice, however, Luxempart is much more of a partner in the further development of the education group, whereby Luxempart's investment know-how meets the educational know-how of the respective local management. The cooperation is characterised by great mutual respect and appreciation and is designed as a long-term partnership. The economic success proves the consistent work of the operational management and the strategic support of the majority owner. We look forward to successfully continuing this cooperation with our owner over the next few years and to significantly develop the education group".



LUXEMPART PERSPECTIVE

The company is well positioned to further build on the positive trend of the education sector. EduPRO's business model requires a long-term perspective and benefits from a stable shareholder such as Luxempart. The potential to further expand in both core markets is given through organic growth and well-selected add on acquisitions.

enoplastic

Sparflex

18.6% Percentage of interest

2020 Investment Year



Registered Office
Bodio Lomnago, Italy



Website
enoplastic.com
sparflex.com



Business Sector
Wine closures



Born from the combination of the Italian Enoplastic and the French Sparflex, Enoflex is the global leader in the B2B manufacturing of high-end wine and spirits closure solutions. The company stands for Italian creativity and French quality in the wine closure industry with continuous research for more and more customised design and eco-friendly products. Its product offering includes a wide range of solutions, such as capsules for sparkling and still wine, wire hoods, screw caps, synthetic corks and seals, all designed and customised for each client. Employing c. 1,000 people, Enoflex has local facilities in Italy, France, the US, Spain, Australia and New Zealand.

INVESTMENT THESIS

The combination of Enoplastic with French market leader Sparflex has given birth to the undisputed global #1 player in wine closures with c. € 176 m sales and physical presence in all main wine producing regions across the globe.

This investment is a unique opportunity to get access to two pure primary deal situations with significant operational improvements expected in the combined entity.

The lead financial investor Cobepa alongside Management have laid the groundwork for an ambitious integration plan enabling to progressively shift from historical family-run businesses to a professionally managed business with structured and rigorous processes.

EUR 176m
Sales in FY20:
-4.3%
compared
to FY19

29.3%
gross margin in
FY20: **+1.3%**
compared
to FY19



2020 PERFORMANCE

Following a strong performance in Q1-2020, the Covid-19 pandemic has affected the company as from April 2020.

Despite this Covid crisis, the company proved resilient with top line and EBITDA decreasing by only 4%, as a consequence of complete closure of Horeca sales channel especially affecting French champagne and Spanish cava clients. The wine market remained broadly flat as consumption shifted from Horeca to retail channels.



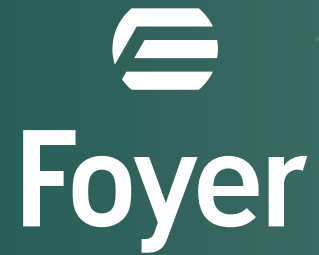
LUXEMPART PERSPECTIVE

Potential industrial and commercial synergies are significant and first results are expected to be achieved as early as 2021 following the combination of both entities in spring 2020.



MICHELE MOGLIA, CEO

"Selecting the right business partner is at least as difficult as defining the right strategy. The reason being that they are both part of a common project. With Luxempart we found a perfect balance between challenge, support and the long term view our project needs to fully show all its great potential."



32% *Percentage of interest*

1998 *Investment Year*



*Registered Office
Leudelange, Luxembourg*



*Website
foyer.lu*



*Business Sector
Insurance &
wealth management*



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

INVESTMENT THESIS

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

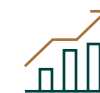
Foyer's strengths include:

- Family shareholder structure and strong local anchorage;
- Strong brand;
- Outstanding service quality;
- Broad agent network;
- Dynamic management of its asset portfolio while maintaining high levels of shareholder funds.

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

+8%
*Life insurance
AuM*

+50%
*Clients having
activated their digital
client space*



2020 PERFORMANCE

- Although 2020 net results were below the previous year, Foyer business overall showed resilience during the Covid-19 crisis.
- Foyer expects to resume its growth trajectory in 2021 while remaining prudent with respect to lingering economic risks linked to Covid-19.



LUXEMPART PERSPECTIVE

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 Foyer Finance S.A.



2015 Investment Year



Registered Office
Paris, France



marlink.com



Business Sector
TMT



Marlink is a service provider in the global satellite communication industry focused on packaging and distributing 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.

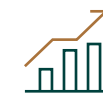
INVESTMENT THESIS

We co-invested in Marlink alongside Apax on the following key features of the value creation roadmap:

- Accelerating adoption of VSAT within the industry
- Switch in revenue mix to deliver higher margins
- Growing market driven by volume growth and price increase
- Ability of Marlink to further optimize margins and expand its market position
- Fragmented market with good buy-&-build opportunities (share and asset deals)
- Strong upside from land division
- Room to further expand into value-added services

**VSAT
installed base
>6,000 Vessels
+13% yoy**

**All segments
show EBITDA
growth
in 2020**



2020 PERFORMANCE

2020 was impacted by consecutive lockdowns across the globe and in locations where Marlink is active. The covid pandemic has reduced the company's ability to proceed with planned installations. Sales and new installation were negatively impacted or delayed.

Nevertheless, Marlink has pursued its trading efforts raising its backlog to historical records. Due to the increasing share of subscription-based contracts, revenues remained resilient across a large part of its subscriber base. Thanks to good cost control measures taken rapidly and to Marlink's teams commitment the company is showing positive EBITDA growth in all its 4 operating segments.

Over the year, the management continued to expand its integrated offering of reliable broadband communications and value added digital & IT services for its maritime and enterprise customers.

In December 2020, Marlink signed the acquisition of 100% of ITC Global a leading Energy and Mining Enterprise satcom provider.



LUXEMPART PERSPECTIVE

Marlink has a strong backlog both in its maritime and land segments. 2021 should see the restart of standard installation pace for Marlink's technical teams. The company is continuously improving its digital offer and all segments should contribute to the company's growth



BERTRAND PIVIN, APAX PARTNERS

"I have known Jo Santino and his team at Luxempart for over 15 years. They have consistently contributed to the growth and value creation of Marlink and other investments of ours, and have always acted in an independent but particularly friendly and cooperative manner".

MIRATO

15.8% Percentage of interest

2013 Investment Year



Registered Office
Landiona, Italy



Website
mirato.it



Business Sector
Consumer goods



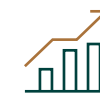
Mirato is an Italian producer and distributor of toiletry products. The company has a coverage of all market segments but strongly focused on the mass-market through proprietary strong local brands and private labels.

INVESTMENT THESIS

- Strong market share providing defensive position in Italy
- Organic growth fueled by private label trends
- Good cash conversion and deleveraging abilities
- Strong buy-&-build opportunities (share and asset deals)
- Internationalization of the company with accelerating organic growth in developing countries

Sales and EBITDA at the level of 2019

Strong cash generation in 2020



2020 PERFORMANCE

During the first months of confinement related to the covid-19 crisis and in line with the government directives, Mirato was allowed to continue its activity.

In such context, Mirato 2020 financials were only partially impacted by Covid-19 both on sales and profitability level and show an improved net financial position. In 2020, Mirato recorded consolidated net sales in line with 2019 at EUR 167m but with a slightly different mix as the private label segment performed very well due to detergent and soap sales offsetting a decrease in the consumption of branded body-care and face-care products.

Besides, Mirato saw an increase of its sales in China. Despite extraordinary costs related to Covid-19, Mirato was able to deliver a stable EBITDA compared to last year.

Mirato has a strong balance sheet allowing it to seize good add-on opportunities and to further invest outside of Italy.



LUXEMPART PERSPECTIVE

Luxempart will continue to support the company in organic and external growth opportunities. Besides its strong position in Italy, the company will continue to develop its international reach.



FABIO RAVANELLI, CEO

"The partnership between Luxempart and Mirato started in 2013 and, since its beginning, it was based on a long-term perspective. It is still a fruitful cooperation, and loyalty, transparency and respect for each other's roles have always been key words for our relationship. But, as people matter at least as much as institutions, I want to point out the relevant role that Luxempart and the Bravo teams played in our partnership, with their balanced, positive and constructive attitude".



10.0 % Percentage of interest
on a stand-alone basis, 21.7% through AIC ⁽¹⁾

2017 Investment Year

 Registered Office
Munich, Germany

 Website
schaltbaugroup.com

 Business Sector
Transportation technology




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

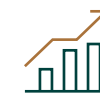
INVESTMENT THESIS

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 digitalisation 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.

 **+2.1%**
Group sales ⁽²⁾

 **4.3%**
EBIT margin



2020 PERFORMANCE

Schaltbau made further progress on its group-wide restructuring in 2020 and is now at the take-off point for the next growth phase.

Achievements in 2020 included the progress on its operational excellence and efficiency improvement programs and the renewal of its management board with the recruitment of a new CEO and CFO.

Although FY2020 figures were in part influenced by COVID-19, sales growth remained stable and margins showed substantial improvements, reaching c. € 502m sales (+2.1% YoY on a like-for-like basis, i.e. excl. divested entities) and € 21.7m EBIT (4.3% EBIT margin, vs. 3.7% in 2019).



LUXEMPART PERSPECTIVE

Following the successful completion of its restructuring as well as a strategy review, Schaltbau has recently announced the plan to issue mandatory convertible bonds in the amount of EUR 60 million, in particular to finance the planned new production plant in Velden (near Munich), allowing the Company to expand into new markets in the New Energy, New Industry and E-Mobility sectors, to finance possible acquisitions in-line with Schaltbau's planned profitable growth strategy and to further improve its balance sheet structure. By participating in this convertible bonds issue, we are very pleased to support Schaltbau and its new leadership team on the Group's further growth path.



JÜRGEN BRANDES, CEO

"The management of Schaltbau Holding AG and Luxempart as a core investor maintain a very open, constructive and responsible dialogue. We jointly pursue the goal of sustainable value development for the group. Only recently, the AiC massively supported the measures to increase the equity ratio of Schaltbau Holding AG, thus enabling the company to expand its technological competence for safety and availability to the fast-growing field of direct current technologies".

^{1/} as of latest voting rights notification (22.12.2020), joint shareholding of the Acting-in-Concert composed of Luxempart, Zimmermann family and Elrena GmbH
^{2/} like-for-like, excluding divested entities Alte and Sepsa



5.01% Percentage of interest ⁽¹⁾

2020 Investment Year



Registered Office
Heidelberg, Germany



Website:
snpgroup.com



Business Sector
IT Software & Services



SNP Schneider-Neureither & Partner SE is a leading German software-based consulting firm specialised in the transformation of business ERP related IT landscapes.

INVESTMENT THESIS

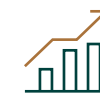
SNP is a growing provider of an automated IT migration software and related consulting services for selective data transformation. The company strongly benefits from:

- Dynamically growing end markets, driven by accelerators such as the SAP S/4HANA migration wave, ongoing M&A, activity and the rise of cloudification
- Technology leadership in ERP migration software, as the software solution enables the implementation of ERP migration projects in a fraction of time and cost
- Strong potential to further enhance the high margin, in part recurring, software business, as the company has existing partnerships with global leaders in cloud / SAP S/4HANA migration and the order generation pipeline appears to be well filled
- Despite a strong technology leadership, the company is still concentrating sales on DACH region, whilst being able to serve customers globally; internationalisation is expected to intensify significantly over the coming years

+15.2%
Software sales



order entry with partners
32% of group order intake



2020 PERFORMANCE

FY2020 is seen as a transition year due to substantial growth investments made, in particular in the recruitment of new employees. In addition, the business was in part impacted by Covid-19, so that a few contracts were pushed from Q4 2020 into 2021.

Hence, revenues are expected to come out more or less flat vs. prior year (-1.5% YoY), with EBIT reaching € 1m (margin at c. 0.7%, vs. 4.7% in 2019). However, substantial progress has been made on the further development of the company in 2020. Multiple new partner contracts have been announced (e.g., Fujitsu, Wipro, Microsoft, etc.) and order entry remains solid, giving confidence for 2021 and beyond.

2020 saw the sudden death of Andreas Schneider-Neureither, the Group's founder and CEO. Operations were taken over seamlessly and we are very confident that the existing management will be able to further develop the group in the future.



LUXEMPART PERSPECTIVE

We believe SNP is today very well positioned to capture its future growth potential. Thanks to its unique value proposition and leadership position in the market for selective data transformation software and driven by dynamically evolving end markets, we see significant potential for further sales and margin enhancement. Through the further reinforcement of our position, we aim to become a shareholder for the long term and accompany SNP on its promising growth path.



MICHAEL EBERHARDT, CEO

"SNP has made significant progress in its development from an IT consulting company to a transformation software and services group over the past 12 months. The investment by Luxempart is just another confirmation for us that we are fully on track with the implementation of our growth strategy. We are convinced that, building on the strengths of SNP and with continued support by Luxempart, SNP will be able to further move forward on its growth path to become a globally leading data transformation company".

1/ as of latest voting rights notification (15.01.2021)
2/ las of 9M 2020

technotrans

12.3 % Percentage of interest
on a stand-alone basis, 25.1% through AIC⁽¹⁾

2016 Investment Year



Registered Office
Sassenberg, Germany



Website:
technotrans.de



Business Sector
Industrial thermal
management equipment



Technotrans is an internationally leading technology and service company specialised on applications in the field of thermal management.

INVESTMENT THESIS

Technotrans is a manufacturer of applications in liquid technology focused on cooling, filtration and spraying of liquids. The company strongly benefits from:

- Technology leadership position in attractive niche markets, supported by technologically superior and economically efficient products and a global sales and service network
- An attractive, asset-light business model, with a substantial share of high-margin services sales
- Attractive addressable markets with long-term, sustainable growth potential for the newer end markets, driven by megatrends such as digitalisation, short innovation cycles and structural changes, and a strong market position in the print market
- Substantial potential for sustainable additional value creation through an increasing focus on fast-growing non-print applications and the implementation of further integration and efficiency enhancement measures

^{1/} as of latest voting rights notification (14.05.2020)

4.9%
EBIT
margin

-8.4% yoy
Group sales



2020 PERFORMANCE

Technotrans was in part impacted by Covid-19 and by other one-offs in FY2020, although to a lesser extent than initially anticipated.

While the print and laser/machine tool segments faced COVID-related revenue decline, sales growth was solid in the plastics processing market as well as in the company's growth markets but overall group sales could not reach FY2019 levels (-8.4% YoY).

Adjusted for one-time effects (in particular costs for structural measures such as personnel reduction), FY EBIT margin came out above the prior year (4.9%, vs. 4.7% in FY2019).

In December 2020, Technotrans announced its "Future Ready 2025" strategy. The presented new strategy focuses on the realisation of group-wide synergies, the strengthening of Technotrans as one brand and the implementation of process efficiencies between group entities in a first phase (2021-2022) and on accelerated growth through the expansion into new geographies and technologies in a second stage (2023-2025).



LUXEMPART PERSPECTIVE

The leadership position in attractive niche markets and the proven innovation strength of Technotrans, with ESG criteria forming an integral part of its strategy, set a strong foundation for further growth in our view. We are very pleased to partner up with the management of the company on its growth path, and are convinced that, building on the strengths of its group companies, Technotrans should be able to expand both at an international level and into new growth markets, thereby generating substantial long-term value for its stakeholders.



MICHAEL FINGER, CEO

"Technotrans achieved a respectable performance in the 2020 financial year despite the difficult underlying conditions. With our new strategy «Future Ready 2025», we have laid the strategic foundation for profitable growth in the coming years. Together with Luxempart and other long-term oriented shareholders, who represent an important basis for the company's past and future development, we are confident that technotrans is well positioned for its long term growth path".



3.6% Percentage of interest

2017 Investment Year

 Registered Office
Munich, Germany

 Website:
zooplus.de

 Business Sector
Online retailing



Zooplus is the European leader in online retailing for pet supplies with an established presence across 30 European countries.

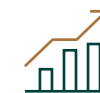
INVESTMENT THESIS

Zooplus as a European leader in the pet food and accessories market with €1.8bn of revenues and strong double-digit growth rates, strongly benefits from:

- Large and growing market supported by mega trends (humanisation of pets, shift towards e-commerce);
- Online market leadership in 30 European countries;
- Wide range of products ranging from well-known international, local and private label food brands to accessories;
- Attractive price positioning on the basis of lean and efficient operations;
- Efficient pan-European logistic structure with proprietary centres;
- Annual revenue growth rates of c. 15% with an increasing profitability and strong cash-flow generation.

 **18%**
Revenue growth

 **>5x**
Ebitda growth



2020 PERFORMANCE

Zooplus has strongly bounced back after a disappointing financial performance in 2019 and despite Covid-19 with sales growth of 18% and an EBITDA margin of 3.5% supported by overall stronger operational performance;

Zooplus management remains cautious in view of Covid-19 induced economic weaknesses impacting consumer spending and currently guides to similar sales growth and EBITDA margins in 2021.



LUXEMPART VIEW

We have invested in Zooplus not only because of the attractiveness of the (online) pet food market but also because of the sound business model and strong management team. Our confidence has clearly paid off as Zooplus is today the undisputed European online pet supplies retailer. We believe that the growth story is however far from over as online conversion in Europe is still lagging behind the US, leaving Zooplus ample room to grow and enhance its profitability through economies of scale.



DR CORNELIUS PATT, CEO

"We are pleased to count Luxempart, an experienced and long-term oriented investor, in our shareholder base for now more than 4 years. Their partnership approach and European mindset fit very well with zooplus and this has resulted in an extraordinarily trustful collaboration".

Portfolio lines 10-20M

ascom

 Sector: TMT

 www.ascom.com


**KAUFMAN
& BROAD**

 Sector: Real estate development

 www.kaufmanbroad.fr


QUIP

 Sector: B to B Services

 www.quip.de

RATTAY GROUP

 Sector: Industrials

 www.rattay.de

ASCOM

Shareholding: 4.1%

ASCOM is a Swiss ICT provider, with hardware, middleware and software for healthcare (c. 68% of sales, hospitals, nursing homes, etc) and enterprise (32% 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 matters.

Full-year 2020 results in-line with expectations. Sales +3.6% (at constant currency) to CHF 281m. Healthcare (two-thirds of sales) +9.1% with additional demand from Covid-related emergency projects in North America, Australia and Europe, compensating for some project delays and postponements in other areas. EBITDA margin increased to 8.9% (2019: 0.3%). Significant progress on cost savings, organisational changes, working capital improvements, and re-financing. The share price increased 25% YoY.

KAUFMAN & BROAD

Shareholding: 2.4%

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

During the first Covid-19 lock-down, most of the Group's construction sites were totally or partially shut down but the Group has seen activity at its construction sites pick up in the second half of 2020. Furthermore, the Group had no difficulty selling its housing products with a take-up period that has continued to decrease in 2020 (3.8 months on average). The main limiting factor to revenue growth is not demand but the lack of building permits, which have been delayed by municipal elections.

Total Group revenues reached EUR 1,163.1m in FY20, down 21% compared to FY19 with a current operating income standing at EUR 80.1m. The financial structure of the Group remains very solid with a year-end net cash surplus of EUR 62.5m and financing capacity of EUR 465.2m (including undrawn credit lines).

Luxempart has entirely sold its stake in Kaufman & Broad in early 2021 with a capital gain.

QUIP GROUP

Shareholding: 51%

Quip Group provides temporary staffing and industrial services across various industries and is headquartered in Aachen, Germany. Quip Group generates sales of c. EUR 150m across two business lines:

- Quip AG which provides temporary staffing and industrial services to a wide range of clients mainly in North Rhine-Westphalia;
- Talbot Services GmbH which is a leading independent provider of maintenance, repair and operations (MRO) services and solutions for passenger rail cars as well as industrial assembly services.

Covid-19 and the resulting economic downturn has strongly impacted Quip Group in 2020 as temporary staffing is one of the first industries touched by downcycles. However, Quip Group has fared comparatively well due to prudent liquidity management and low leverage and is prepared to bounce back strongly once the economy recovers notably also on the back of the strong order backlog of Talbot Services GmbH.

RATTAY

Shareholding: 39.9%

Rattay is a leading supplier and development partner for metal hoses and compensators (with own technology patents) for various non-automotive related industries with annual sales in excess of EUR 30m. Products are exported worldwide. The group has subsidiaries in Austria, Denmark, France, Hungary, the Czech Republic and UK, as well as sales offices and agents overseas.

Rattay was affected by the Covid pandemic through decreasing orders of its customers, however, expecting a catch-up after a normalisation of the situation.

Portfolio lines 10-20M

RIMED

 Sector: Healthcare

 www.rimed.ch



 Sector: TMT

 www.suss.com



 Sector: Industrials

 www.tcmgroup.dk



 Sector: Healthcare

 www.wds.net

RIMED

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 and generates sales in excess of EUR 40m.

Covid had a limited impact on the group's profitability.

SÜSS MICROTEC

Shareholding: ca. 8% on standalone basis, 15.0% through AiC¹

SÜSS MICROTEC is a leading supplier of system and process solutions for selected semi-conductor (mainly back-end) 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 includes 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 homogenising.

- Strong preliminary 2020 results.
- Sales +17.8% to € 252m driven by high demand for semiconductor devices.
- EBITDA margin expected to increase significantly to ca. 11.5% (2019: 2%) due to high sales growth and resulting good capacity utilisation.
- The share price increased 58% YoY.

TCM

Shareholding: 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 independent franchise stores and dealers, principally in Denmark (ca. 90% of sales), and a growing number of stores in Norway. TCM's three well-regarded brands, Svane, Tvis and Nettoline, cover most price-points in the market. TCM's 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 principally in Norway, with also opportunities in Sweden.

- Sales +1.8% to DKK 1,025m with the core Danish kitchen market resilient despite macro uncertainty caused by the Covid pandemic.
- EBITDA margin reduced to 15.7% (2019: 17.3%) due to the impact of sales campaigns and higher share of revenue from third-party products.
- The share price increased 10% YoY.

WDS GROUP

Shareholding: 44%

WDS is a German professional care service consultant, trainer and certifier. Its services are performed by its own nursing personnel and paid by the Health Insurance Companies. WDS educates and trains relatives of patients on actual care taking, care products and overall professional care services.

With roughly € 10m in total sales the company was able to keep its business stable in 2020 and also implemented Corona quick testing as a new field of business.

^{1/} as of latest voting rights notification (30.03.2021), joint shareholding of the Acting-in-Concert composed of Luxempart and Teslin Capital Management

Portfolio lines 10-20M



 Sector: *Industrials*

 aeb-group.com



 Sector: *TMT*

 ihstowers.com



 Sector: *Healthcare*

 vivaltohome.com

AEB

Shareholding: 6.3%

AEB (Agenzia Enologica Bresciana) is one of the leaders in oenology and biotechnologies applied in wine making and beer production processes. AEB enables winemakers and brewers around the world to improve natural processes. Indeed, the company sells mainly wine ingredients to its clients allowing to better master and enhance the vinification phase. Beyond wine ingredients, AEB has also established strong positioning in beer ingredients, and in detergents for the beverages and food industry. AEB operates on a global scale and was affected by the sanitary crisis in 2020. Sales slightly declined but profitability was improved.

IHS

Shareholding: 0.3%

With 28,700 towers under management, IHS is one of the largest independent owners, operators and developers of shared telecommunications infrastructure in the world. The company's operations were little impacted by the pandemic during 2020. IHS was able to deliver a solid growth of sales and margins during this year.

Besides, the company announced in 2020 that it is exploring a potential initial public offering in the United States. The timing, number of shares to be offered and price range of the proposed offering have not yet been determined.

VIVALTO

Shareholding: 12%

Vivalto is a nursing home operator in Belgium with more than 30 facilities across the country and about 3,000 beds. It offers living spaces to independent, dependent and demented seniors. The group is active in the development, acquisition, management and operation of elderly care centres and service flats in Brussels, Flanders and Wallonia. Like in all other healthcare activities implying physical contacts with patients, the company has been hit by the Covid-19, which impacted its occupancy rate and made its employees face unprecedented situations. Despite the pandemic and thanks to all employees' devotion, Vivalto was able to finish the year 2020 close to its budget and to increase its beds under management.

INVESTMENT FUNDS

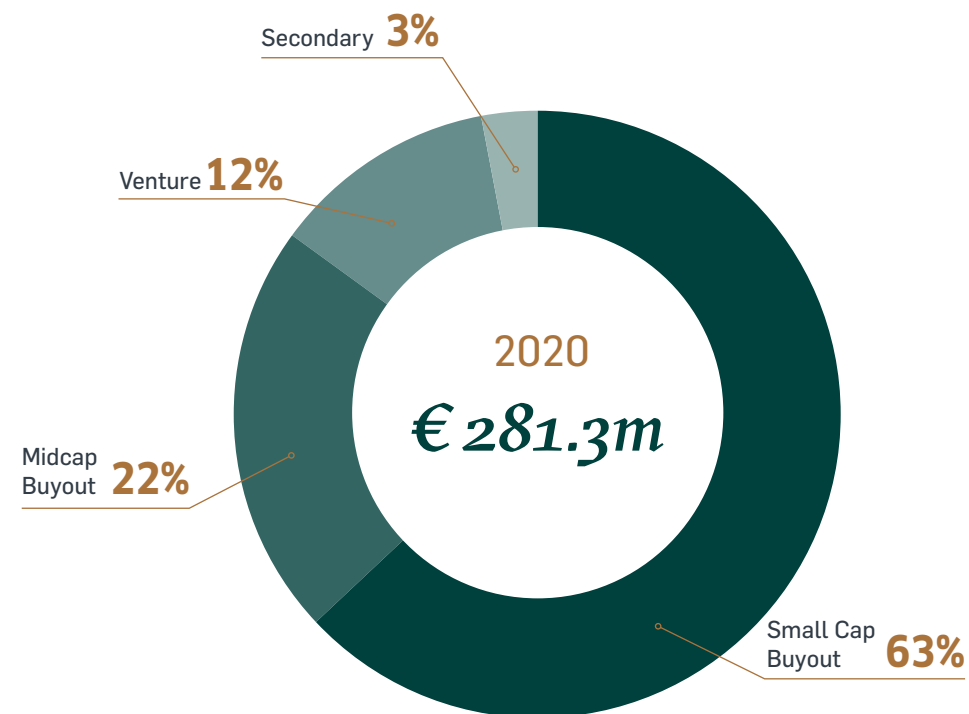
In 2020, Luxempart has reviewed its strategy in its Investments Fund activity. The objectives are to double the size of this investment pillar over the next 5 years and to diversify the portfolio both in terms of geography (both in North America and Asia) and strategy (increase exposure to venture and growth strategies). This rebalancing of the portfolio will take several years but might be accelerated by promising exits in our existing small and mid-cap buyout funds.

The performance of our buyout funds has been impacted by the Covid 19 crisis in a moderate manner and we believe that the underlying portfolio companies can recover quickly in the coming months and generate good returns in the future.

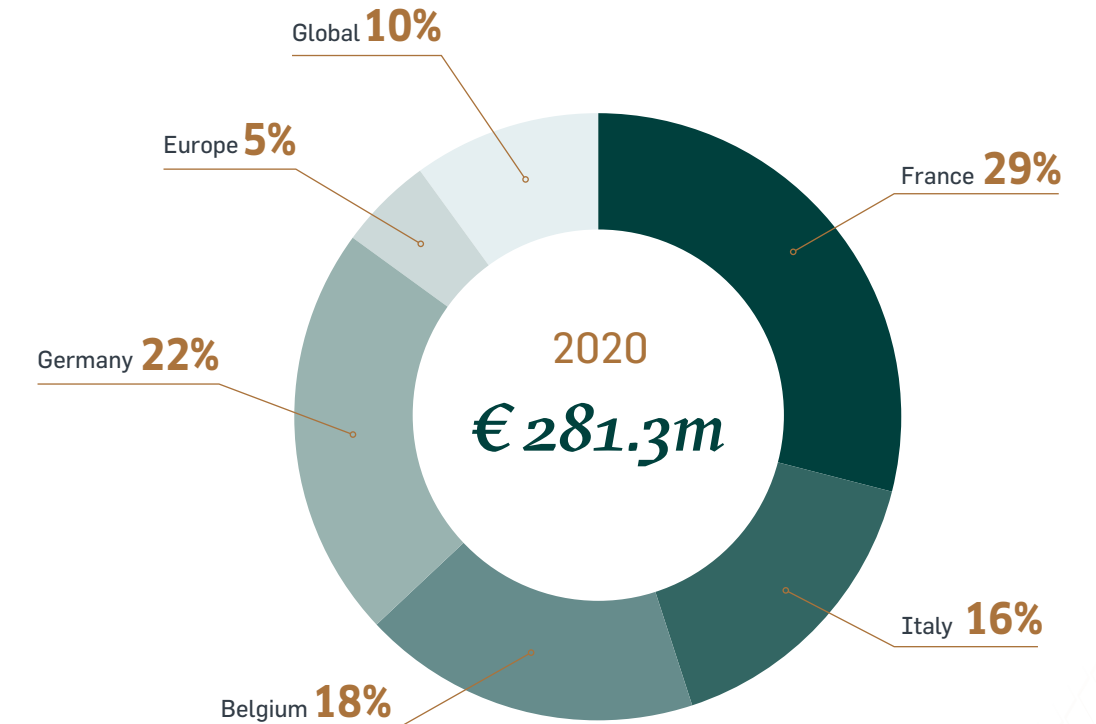
Historically, our investment fund activity was centred on four long term relationships where Luxempart was a key sponsor for teams in Belgium, Germany, France and Italy. However, the investment strategies of these teams have been more and more in overlap with our Direct Investment activity and Luxempart has made several co-investments alongside these partners.

The quality of the teams in three of these funds, their performance and track-record, their strategy and development perspectives have led us to continue to support them in the future through our existing commitments. We expect them to remain a cornerstone of a more diversified portfolio.

NAV Breakdown of Investment Funds by strategy



NAV Breakdown of Investment Funds by geography





2014 year of first relationship



Registered Office
Paris, France



www.ekkio.fr



Small cap buy-out



2014 year of first relationship



Registered Office
Munich, Germany



www.armira.de



Mid cap buy-out



Ekkio Capital is a French investment team that specialises in taking mostly majority interests in growing SME's. Ekkio Capital manages today four small cap private equity funds.

INVESTMENT STRATEGY

Ekkio Capital has been investing in French growth SME's for more than 15 years and has developed significant sector expertise in Tourism & Leisure, Healthcare, and TIC (Test, Inspection & Certification). Moreover, Ekkio's teams are close to their portfolio companies and :

- actively support entrepreneurs with their projects, e.g. internationalisation, industrial investments, and external growth, and
- provide an extensive network of senior company managers who can offer their expertise.

Ekkio generally takes equity tickets of €5 million to €15 million (and larger amounts via syndication).

2020 PERFORMANCE

The funds managed by Ekkio Capital have been affected differently by the current Covid 19 crisis. Ekkio Capital III, which is more exposed to the tourism and B2C services sectors, has been hit harder by the successive lockdowns and administrative closures. Despite the latter, the overall NAV of this fund shows an increase compared to 2019. For Ekkio Capital IV, only one line suffered from this crisis. The Ekkio team, together with the management of the portfolio companies, successfully took the appropriate measures to respond to this unprecedented situation.

LUXEMPART PERSPECTIVES

Ekkio has been actively working on its portfolio companies since March 2020 and has also strengthened its deal flow. Several add-ons have been made and a few exits are under preparation, which may provide Luxempart with distributions in 2021.



Armira is a German investment team that specialises in taking direct equity interests in mid-sized companies, primarily in Germany and occasionally in Switzerland and Austria with a medium to long-term view.

INVESTMENT STRATEGY

Armira has a strong network among the German "Mittelstand" companies and differentiates itself with :

- family and entrepreneurial shareholder base
- focus on primary deals with entrepreneurs
- strong network of former managers and industry experts who can assist portfolio companies as operating partners and/or as board members to support value-creation.

2020 PERFORMANCE

Armira's first portfolio has overall performed well during 2020 except for one specific line which suffered from the current environment. Luxempart received a first distribution following the very successful exit by Armira of the company F24. The manager has been successfully raising its second fund in 2020 and will achieve the final closing in line with its expectations in early 2021.

LUXEMPART PERSPECTIVES

Armira has a good pipeline of attractive investment opportunities and has already signed one new investment in Q1 2021.

BRAVO CAPITAL PARTNERS



Italy

2015 year of first relationship



Registered Office
Milan, Italy



-



Small cap buy-out



Luxempart has been sponsoring the Bravo Invest team since 2012 and the first portfolio has performed well. In light of its new strategy for Investment Funds, Luxempart will remain a cornerstone investor in Bravo's next fund and will help the team to successfully complete its fund raising. The Bravo team benefits from a strong network among Northern Italian SMEs and has a hands-on approach with entrepreneurs and managers.

INVESTMENT STRATEGY

The team invests in Northern Italy and focuses on:

- majority and, occasionally, minority investments in growing SMEs
- attractive sectors such as "made in Italy" manufacturers catering to luxury brands
- investment tickets of €5 million to €15 million (higher amounts via syndication)

2020 PERFORMANCE

After two successful exits in 2019, the remaining two portfolio companies reacted differently to the Covid19 crisis: one being slightly affected by a delay in order intake, the other performing very well with sales and profitability increasing. The team continued to increase its deal flow and was able to close one add-on acquisition and to realise a new investment at attractive terms.

LUXEMPART PERSPECTIVES

Bravo is currently working on a potential new investment that would close the investment period of the first portfolio. Priority for 2021 is to complete the first closing of the new fund.

STATEMENT OF GOVERNANCE



John Penning

"Family entrepreneurship and long-term shareholder engagement have been key to Luxempart's success. I am committed to build on these strong foundations and I am confident that our organisation is well positioned to seize attractive opportunities in the future."

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STATEMENT OF CORPORATE GOVERNANCE

The publication of information on corporate governance is organised in two documents :

- The corporate governance charter, published on the website of Luxempart
- The statement on corporate governance included 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, chair, 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. They were last amended in April 2019.

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

SHAREHOLDERS

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

	Shares issued	Voting rights
Foyer Finance	50.4%	47.8%
Sofina Group	6.1%	6.8%
Stable shareholders	16.6%	18.6%
Public and institutional investors	23.9%	26.8%
Treasury shares	3.0%	-
Total	100%	100%

The liquidity agreement with Banque Degroof was terminated end of 2019. Luxempart considers to conclude a new liquidity agreement with a first-class bank.

THE BOARD OF DIRECTORS

Luxempart's Board of Directors consists of 13 members, including eight independent Directors who fully fulfil the independence criteria foreseen in the Luxembourg Stock Exchange's Corporate governance code.

ROLE

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

The Board of Directors is a collegiate body that has the powers to take any decisions and take any measures that are necessary or useful for the achievement of the Company's corporate purpose, except for the powers exclusively reserved to 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 13 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 Mr. 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 2021 General Meeting of Shareholders. Luxempart's Board of Directors consisted of 13 members as at 31 December 2020:

- 3 Executive Directors, including representatives of shareholders;
- 10 Non-executive Directors, including 8 Independent Directors.

TERMS OF OFFICE EXPIRING IN 2021

The composition of the Board of Directors has been supervised since 2007 by a Nomination and Remuneration Committee to ensure a balance between Independent Directors and Shareholding Directors. The size (13 members) is considered to be sufficient and the distribution of tasks is quite broad (investment bankers, entrepreneurs, legal experts, investment professionals, human resources and compensation). The Board of Directors is composed of ten men and three women of different nationalities (LU, DE, FR, BE, UK). 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 Mrs Detaille, Mrs Jahr and of Messrs Jacquot Schwertzer, Grégoire Chertok and Olaf Kordes. expire in 2021.

ACTIVITY REPORT

Issues discussed

The main issues for discussion and/or a decision by the Board of Directors in 2020 were the following:

- Review of the annual financial statements and of the consolidated financial statements for the 2019 financial year, as well as of the 2019 interim report, and approval of the related press releases;
- Preparation of the Ordinary General Meeting of 27 April 2020;
- 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;
- 2021 Budget;
- Investment of the cash position;
- Governance
- Recruitments
- Compliance.

Frequency of the meetings and attendance

The Board of Directors met seven times during the preceding financial year.

The Directors' average attendance rate at the Board of Directors' in 2020 was 95%, 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 major 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 2020:

- Via an annual flat-rate allowance, on a pro rata basis, where applicable. The total amount of the annual gross flatrate allowances allocated to all of the Directors was €639,600 (incl. tax).
- 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 € 247,575 (incl. tax).

SELF-ASSESSMENT

The Board of Directors conducted its last self-assessment on 13 March 2017. The next self-assessment will be carried out in 2021 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 Board of Directors is currently assisted by two specialised committees:

- The Audit, Compliance, and Risk Committee
- The Nomination and Remuneration Committee

DIRECTORS

The Board of Directors is composed of the following members:



FRANCOIS TESCH

- Executive Chairman of the Board of Directors (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 an 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 Capital at Work Foyer Group SA. François Tesch is the Managing Director of Foyer Finance SA and Director of Luxunion SA.



JACQUOT SCHWERTZER

- Vice-Chairman (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 between 2001 and 2020



JOHN PENNING

- Managing Director (first term of office: 28 April 2014; his current term expires in 2022)
- Born in 1972

John Penning holds 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, John Penning cofounded in 2009 à ajouter avant Saphir Capital Partners SA, a corporate finance and private equity consultancy firm based in Luxembourg and London. He is currently a director in the several companies, in particular: Foyer Finance S.A. and Luxaviation Holding Company SA.

John has been a Managing Director of Luxempart as from 27 April 2020.



OLAF KORDES

- Managing Director (first term of office: 27 April 2020).
- Born in 1971

Olaf Kordes holds a degree from HEC Paris. He started his career at Arthur Andersen before joining the pan-European private equity fund Alpha.

For more than 20 years, he contributed to investing 5 successive vehicles in mid-sized transactions in France, Germany, Switzerland and the Benelux.

Besides his role as Managing Director of Luxempart, he holds a non-executive directorship at Foyer SA.

Olaf has been a Managing Director of Luxempart as from 27 April 2020.



KAY ASHTON

- Non-executive and independent Director (first term of office: 27 April 2020)
- Born in 1965

Kay read Natural Sciences at Jesus College, Cambridge University.

After graduating, she joined the London office of PwC where she trained as a Chartered Accountant. In 1989 Kay began her career in private equity with NatWest Ventures (now Bridgepoint).

In 1992 she moved to Silverfleet Capital, a leading European private equity firm, becoming a partner in 1996. Kay was responsible for some of the firm's most successful investments in a variety of sectors including leisure and business services. She also served as deputy chairwoman of the investment committee for 14 years.

In 2020 she retired from Silverfleet but continues to work for the firm as a consultant and is a non-Executive Director of Sigma Components, a Silverfleet portfolio company.

DIRECTORS



GREGOIRE CHERTOK

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

Gregoire 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.

Gregoire Chertok is a member of the Group Executive Committee of Rothschild & Co.

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 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 (first term of office: 30 April 2012; her current term expires in 2021)
- Business Executive (ALIPA Group)
- Chairwoman of FEDIL
- Born in 1957

Holder of a degree in political science, Michèle Detaille started 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, Michèle Detaille 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 and Chair in 2019.

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



FRANK DONCK

- Non executive (first term of office: 27 April 2020)
- Born in 1965

Frank holds a Master's Degree in Law from the University of Ghent (Belgium) and a Master in Financial Management from the Vlerick Business School.

He started his career as investment manager for Investco NV (later, KBC Private Equity NV) where he was leading larger investments and M&A processes. Since 1998 he has been the managing director of the family-owned investment company 3D investors NV.

Frank Donck has more than 30 years of experience as a professional investor and is active as either chairman or director of various listed and non-listed companies. He currently serves as chairman of Atenor Group NV, as non-executive director of KBC Group NV and as independent director of Barco NV and of Elia Group NV. Frank Donck was previously chairman of Telenet Group Holding NV, Telecolumbus AG and Zenitel NV.

He is also vice-chairman of the Vlerick Business School and a member of Belgium's Corporate Governance Commission.



PIERRE DRION

- Non-Executive and Independent Director (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, Pierre 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 specialises in investments in biotechnologies, and other, non-listed companies.



JACQUES ELVINGER

- Non-Executive and Independent Director (first term of office: 27 April 2015; his current term expires in 2023). Chairman of the Nomination and Remuneration Committee.
- Born in 1958

Jacques Elvinger 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) in the field of investment funds.

He is also a member of the Board of Directors of the Association Luxembourgeoise des Fonds d'Investissement.

DIRECTORS



FRANÇOIS GILLET

- Non-Executive Director (first 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) and has an International Directors Programme Certificate in Corporate Governance from INSEAD
- joined Sofina en 1988
- Member of the Board of Directors of Colruyt Group, Hillebrand and Groupe Petit Forestier



MADELEINE JAHR

- Non-executive and Independent Director (first 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 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



JÜRGEN VANSELOW

- Non-Executive and Independent Director (first term of office: 24 April 2017; his current term of office expires in 2023)
- Born in 1960

Jürgen Vanselow earned a master's degree in management from 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.

He then joined Egon Zehnder International in 1995. 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

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.

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 2020 was € 42,125 (incl. tax).

COMPOSITION

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

ACTIVITY REPORT

Issues discussed

- Review of the 2019 annual results and 2020 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
- 2021 Budget
- The Statutory Auditor's independence
- Risk management
- Management of conflicts of interest
- Related parties transactions
- Auditor rotation
- Group structure

Frequency of the meetings

The Audit, Compliance and Risk Committee met four times in 2020.

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.

REMUNERATION

The gross total amount of the attendance fees allocated to all of the non-executive members of the Nomination and Remuneration Committee in 2020 was € 56,975 (incl. tax).

COMPOSITION

- Mr. Jacques Elvinger, Chairman of the Committee, Non-Executive Director
- Mr. Pierre Drion, Non-Executive and Independent Director
- Mr. Jürgen Vanselow, Non-Executive and Independent Director
- Mr. Alain Huberty, CFO of Luxempart SA, acts as the Secretary of the Committee.

The Managing Director and the Executive Chairman are also invited to assist the meetings on specific topics.

ACTIVITY REPORT

Issues discussed

- Review of the remuneration policy
- Annual remuneration report
- Proposal of executive remuneration increases
- Executive bonus payments
- Stock option plan
- Search of a new Executive committee member/ Managing Director
- Human resources organisation chart
- Significant HR topics
- Profile of and search of an HR Manager

Frequency of the meetings

The Nomination and Remuneration Committee met five times during the 2020 financial year.

GROUP EXECUTIVE COMMITTEE

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

The Managing Directors and 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 opportunities and propose divestments
- Any investment or disposal decision of up to € 25,000,000
- Proposals to the Board of Directors for investments or disposals exceeding € 25,000,000
- Decision on deals exceeding € 25,000,000 with the prior agreement of the Executive Chairman, in accordance with Luxempart's emergency procedures
- Managing and coordinating the human resources

COMPOSITION

The Group Executive Committee consists of the following members:

- Mr. Jacquot Schwertzer, Managing Director (until April 2020)
- Mr. Olaf Kordes, Managing Director (since May 2020)
- Mr. John Penning, Managing Director (since May 2020)
- Mr. Alain Huberty, Member
- Mr. Jo Santino, Member.

ACTIVITY REPORT

Issues discussed

The Group Executive Committee wtreated to the following points during the 2020 financial year:

- Regularly monitoring of portfolio companies
- Value creation of portfolio companies
- Sourcing and executing new deals
- Portfolio exits
- Discussing and adapting the Luxempart Group's strategy
- Reorienting the strategy of the Investment Fund activity
- Management of human resources and organisation chart
- 2021 Budget
- Preparing the financial reports
- Cash management
- Preparing the meetings of the Group's Boards of Directors
- Preparing the General Meetings of the Group companies
- Relations with the supervisory authorities
- Validation of important contracts
- Compliance
- Risk management
- Communication

Frequency of the meetings

The Group Executive Committee meets every week.



Left to right: John Penning - Managing Director / Olaf Kordes - Managing Director / François Tesch - Executive Chairman / Alain Huberty - Member / Jo Santino - Member

REMUNERATION REPORT

The remuneration policy of Luxempart (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 recently in 2019. The full remuneration policy is part of the Governance Chart. The present report describes the remunerations paid in 2020 and how they are in line with the performance achieved by the Company.

PRELIMINARY REMARKS

During 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 variable remuneration 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 for different team members 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
- Individual non-financial performance bonus schemes are reduced and replaced by mainly financial performance bonus schemes
- A clear organization chart is communicated to team members in order to outline team hierarchy, team collaboration and team career evolution

Considering these changes as from 2020, the Remuneration Report 2020 will be transitional and partially refers to amounts and schemes that will disappear progressively.

REMUNERATION

Members of the Board of Directors ("MOB")

The MOB are paid a fixed annual allowance of € 45,000 and € 70,000 for the Chairman. In order to incentivize attendance, an attendance fee of € 2,500 (€5,000 for the Chairman) is paid for each meeting per member present.

The applicable VAT for 2020 is also paid by the Company. The MOB 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. The total amount paid to the MOB amounts to € 985,675 for 2020.

Managing Directors

The 2 Managing Directors were paid in total (gross amount) € 564,800 as a fixed remuneration (part of the amount being paid as management fee for one of the Managing Directors). John Penning was also paid a gross Board fee of € 62,500 for 2020.

The 2 Managing Directors benefit from a Long-Term Incentive Plan ("LTIP"). They were attributed Performance Units Cohort 2017-2020 ("PU 17-20") which measure the outperformance of Luxempart's NAV (dividends paid out reintegrated) over the Cohort period 2017-2020 compared to the performance of the MSCI Europe Mid Cap net return over said period.

Due to an outperformance over the Cohort period, the PU 17-20 were partially vested and will entitle to a cash bonus payment for both Managing Directors in April 2021.

The management fees paid to Jacquot Schwertzer during 2020 of € 620,445 include € 515,880 of variable remuneration (based on the increase of the NAV per share over 2019). Jacquot Schwertzer was also paid a gross Board fee of € 85,000 for 2020.

The Managing Directors are 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 the said vesting period. In 2020, stock options were attributed in April (referring to 2020) and in December (referring to 2019) because of a change in the Attribution rules as from 2021. As from 2021 options will only be granted in December.

The following number of options were attributed:

	05. 2019 (€52.50)*	04. 2020 (€47.7)	12. 2020 (€46)
John Penning	8,625	22,000	22,000
Olaf Kordes	-	-	22,000

*The options can be exercised over a six-year period and for the first time four years after attribution.

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.

Each Managing Director has a monthly car leasing budget of € 1,200 or a car allowance of the same amount. Fuel costs for professional trips are also paid by the Company.

The Managing Directors didn't receive any other benefits in 2020.

Summary Managing Directors 2020

Amounts in € 000	2019	2020
Gross fixed salary	n/a	564,8
Variable remuneration/ LTIP	n/a	n/a
Pension plan (fixed contribution)	n/a	37,7
Benefits in kind	n/a	19,8

Remarks:

- Comparison with 2019 and Variable remuneration paid in 2020 does not apply as John Penning and Olaf Kordes were named Managing Directors in 2020
- Olaf Kordes' management contract started on March 15th, 2020.

Other members of the Executive Committee

The 2 other members of the Executive Committee have a remuneration composed of:

- A fixed yearly gross salary of around € 300,000 per year;
- An LTIP (the same as for the Managing Directors)
- The attribution of stock options
- Contribution to a pension plan
- A monthly car leasing budget of € 1,200 or a car allowance of the same amount

The summary of the remuneration of the 2 other members of the Executive Committee is as follows:

Amounts in € 000	2019	2020
Gross fixed salary	556,1	609,3
Variable remuneration/ LTIP	170,7	681,2
Pension plan (fixed contribution)	67	67,2
Benefits in kind	12,3	12,3

The following number of options were granted:

	05.2019 (€52.50)	04.2020 (€47.7)	12.2020 (€46)
Alain Huberty	12,000	22,000	22,000
Jo Santino (*)	6,000	13,000	13,000

Jo Santino has less stock options because he has carried interest shares in Indufin Capital Partners SICAR and Bravo Capital Partners RAIF. No payments were made under these schemes in 2020

Executive Chairman François Tesch and Vice-Chairman Jacquot Schwertzer

The Executive Chairman's remuneration can be summarized as follows:

Amounts in € 000	2019	2020
Gross fixed salary	293,9	403,9
Variable remuneration/ LTIP	167,2	407,8
Benefits in kind	28,3	28,3
Board fee (gross)	117	122,9

The Executive Chairman has transferred his Board fees to Foyer Finance.

The Vice-Chairman's gross remuneration was as follows:

Amounts in € 000	2019	2020
Board fees	70,2	85
Management fees	375,5	620,4

Both Executive Chairman and Vice-Chairman were granted stock options as follows:

	05.2019 (€ 52.50)	4.2020 (€ 47.7)	12. 2020 (€ 46)
Executive Chairman	12,500	11,000	5,500
Vice-Chairman	14,000	7,000	5,500

Exercise of options

The number of options exercised by the members of the Executive Committee and Executive Chairman in 2019 and 2020 was as follows:

	2019	Strike price	2020	Strike price €
Jacquot Schwertzer	6,398	31.20	8,000	33.99
François Tesch	4,750	21.20	5,750	23,99
John Penning	-		-	
Alain Huberty	-		-	
Jo Santino	-		-	

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. Twelve statements were published in 2020.

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
- 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, exceptional, 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 TARGETS, 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 25 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, 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 mitigated 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 on a regular basis.

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.

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, and the management reports 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 for each Board of Directors' meeting and issues tangible recommendations to the Board of Directors 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.

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. Three women sit on the Board at this time.

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). Controversial 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.

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 10,434,240 shares in the Company, or 50.4% 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 and different staff members. 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 ten 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, the authorised capital amounts to € 90 million. This authorisation will expire on 24 April 2022.

There is no agreement to which Luxempart may be 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.

CORPORATE SOCIAL RESPONSIBILITY INFORMATION

In 2020, the Board of Directors and the Group Executive Committee have decided to implement a more structured way to consider Environmental, Social and Governance factors ("ESG" factors) in the operations and strategy of Luxempart. In this context, Luxempart has designated a team and will hire a consultant to help the Group to develop and implement an ESG strategy.

Being an investment entity, Luxempart considers its Corporate Social Responsibility at two levels: at its corporate level and at its portfolio level. At the corporate level, Luxempart has already put in place some sustainable measures, described hereafter. On the portfolio level, one of the priorities of the ESG project will be to assess the potential impact of sustainability risks on our investments and their valuation. The Group will also develop a clear and transparent way to report non-financial information relating to ESG.

Environmental aspects

Different environmental protection initiatives have been taken to:

- Reduce waste: easily available waste recycling system, less paper consumption by increasing digital solutions, replacement of plastic cups and water bottles by glass cups and water fountains
- Reduce carbon footprint: chargers for electric vehicles available, office rented in a recent building that meets the latest norms and standards, home office developed for employees, replacement of a great part of business travel by video conference system, car policy
- Promote a healthy ecosystem: free fruits for the employees, increasing part of local and organic food served at the canteen

Social aspects

Luxempart aims to be a model employer. In this view, concrete measures have been taken to improve social cohesion in the Company, such as:

- Increasing the health and well-being of the team: kitchen, fitness club, free fruits and beverages, healthy meals at reduced price, ergonomic workplace, hospitalisation insurance paid for the employees and their family, performant IT infrastructure and tools enabling work from home
- Focus on talent development: focus on HR competences, increasing training opportunities

Governance aspects

Luxempart is a long-term investor with an entrepreneurial mindset. The fundamental values of the Group are based on its family background. In this sense, Luxempart aims at developing real and profound partnerships with its portfolio companies. Having no exit pressure enables the Group to privilege sustainable value creation with investment horizons well beyond traditional private equity funds.

CONSOLIDATED FINANCIAL STATEMENTS



Alain Huberty

"I am proud to present solid financial results for 2020 despite adverse economic circumstances. Our team has shown its ability to react quickly and efficiently in a drastic crisis situation and our portfolio has proven to be resilient".

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Luxempart S.A.
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REPORT OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

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, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at December 31, 2020, 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 July 23, 2016 on the audit profession (Law of July 23, 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 July 23, 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 Answers
<p><i>Valuation of unquoted investments and fair value changes impacting the consolidated statement of comprehensive income</i></p> <p>The Group owns a large number of unlisted securities representing 73% of the net asset. These investments are valued according to the fair value principle.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>With the assistance of our valuation experts, we formed an independent assessment of the valuation of a sample of unlisted investments.</p> <p>With respect of the assumptions used in the valuation models, we tested that the financial 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.</p> <p>We verified the arithmetical accuracy of the models prepared by management.</p> <p>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.</p> <p>We ensured the impact of fair value movements are correctly reflected in the consolidated statement of comprehensive income.</p>

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

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

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 July 23, 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 July 23, 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 April 27, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 19 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 December 19, 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, 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

in thousands of €	Notes	31/12/2020	31/12/2019
Investments activities			
Dividends received	6	47,364	19,758
Net gains / (losses) on financial assets	10	120,490	196,094
Profit on investments activities		167,854	215,852
Ordinary activities			
Services / recovery of services		2,433	3,068
Staff costs	5	-6,311	-6,118
Operating expenses	4	-6,362	-5,187
Depreciation and amortisation of non-current assets	9	-923	-101
Depreciation and amortisation of current assets		-544	-
Profit on ordinary activities		-11,707	-8,338
Operating income		156,146	207,514
Financial income	7	1,207	713
Financial expenses	7	-635	-752
Profit before tax		156,718	207,475
Tax current	8	-24	-25
Profit for the year		156,695	207,449
Attributable to the owners of the Company		156,695	207,449
Earnings per share attributable to the owners of the Company			
Weighted average number of shares	15	20,084,332	20,075,026
Earnings per share attributable to the owners of the Company (in €)		7.80	10.33

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

in thousands of €	Notes	31/12/2020	31/12/2019
Consolidated profit for the year		156,695	207,449
Items that could be reclassified subsequently to profit or loss :		-	-
Total comprehensive income		156,695	207,449
Attributable to the owners of the Company		156,695	207,449
Comprehensive income attributable to the owners of the Company			
Weighted average number of shares	15	20,084,332	20,075,026
Comprehensive income per share attributable to the owners of the Company (in €)		7.80	10.33

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

Assets in thousands of €	Notes	31/12/2020	31/12/2019
Non-current assets			
Intangible and tangible fixed assets	9	381	459
Financial assets at fair value through profit and loss	2,3,10	1,599,666	1,458,625
Loans and receivables	11	62	844
Total non-current assets		1,600,109	1,459,929
Current assets			
Loans and receivables	12	5,212	2,129
Bank deposits	13	85,000	80,000
Cash and cash equivalents	13	38,978	51,366
Total current assets		129,190	133,495
Total assets		1,729,299	1,593,423

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

Equity and liabilities in thousands of €	Notes	31/12/2020	31/12/2019
Equity attributable to the owners of the Company			
Capital and share premium	14	66,860	66,860
Reserves	15	1,478,509	1,300,371
Profit for the year attributable to the owners of the Company		156,695	207,449
Total equity attributable to the owners of the Company		1,702,064	1,574,680
Total equity		1,702,064	1,574,680
Non-current liabilities			
Non-current provisions	18	3,308	3,342
Bank borrowing	17	19,169	10,179
Total non-current liabilities		22,477	13,521
Current liabilities			
Trade and other payables	19	4,758	5,222
Total current liabilities		4,758	5,222
Total liabilities		27,235	18,743
Total equity and liabilities		1,729,299	1,593,423

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

in thousands of €	Notes	31/12/2020	31/12/2019
Profit for the year		156,695	207,449
Adjustments for :			
Depreciation and amortisation of non-current assets		124	31
Net gains / (losses) on financial assets	10	-120,490	-196,094
		36,328	11,386
Acquisition of financial assets	10	-169,154	-197,044
Disposal of financial assets	10	148,603	160,522
Net change in loans and receivables		-2,301	1,681
Net change in borrowings and debts		-497	2,613
Bank borrowing	17	8,990	-20,216
Other changes		-	13
Net cash flows from operating activities		21,969	-41,045
Including :			
<i>Taxes paid</i>		-27	-22
<i>Interest paid</i>		-344	-453
<i>Interest received</i>		13	134
Acquisitions / disposals of tangible and intangible assets	9	-46	-140
Net cash flows from investing activities		-46	-140
Transfer from / (to) deposits accounts	13	-5,000	15,000
Disposals / acquisitions of own shares	15	414	-15
Dividends paid	16	-29,725	-28,248
Net cash flows from financing activities		-34,311	-13,263
Net increase/ (decrease) in cash		-12,388	-54,447
Cash at the beginning of the year	13	51,366	105,812
Cash at the end of the year	13	38,978	51,366
Net increase / (decrease) in cash		-12,388	-54,446

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 AND 2020

in thousands of €	Notes	Capital and Share premium	Own shares	Legal Reserve	Other reserves	Profit for the period	Attributable to owners of the Company
Equity at 31/12/2018		74,894	-104,982	5,989	1,403,571	16,009	1,395,481
Dividends paid by the Company	16	-	-	-	-28,248	-	-28,248
Allocation of profit		-	-	-	16,009	-16,009	-
Capital reduction	14, 15	-8,034	87,779	-	-79,745	-	-
Operations on own shares	15	-	-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
Dividends paid by the Company	16	-	-	-	-29,725	-	-29,725
Allocation of profit		-	-	-	207,449	-207,449	-
Legal reserve reduction		-	-	-814	814	-	-
Operations on own shares	15	-	380	-	34	-	414
Comprehensive income for the year		-	-	-	-	156,695	156,695
Equity at 31/12/2020		66,860	-16,838	5,175	1,490,172	156,695	1,702,064

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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 2019 and 31 December 2020 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 24 March 2021, the Board of Directors approved the consolidated financial statements as at 31 December 2020. The consolidated financial statements will be submitted for approval and publication authorisation during the Annual General Meeting to be held on 26 April 2021.

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 2019 and 31 December 2020 are presented before allocation of the Company's profit. The allocation of profit for the year 2020 will be proposed at the Annual General Meeting on 26 April 2021.

SIGNIFICANT MANAGEMENT JUDGMENTS

Qualification as an "investment entity"

Luxempart's management has made significant judgments when determining that Luxempart qualifies as an investment entity. Luxempart has the following characteristics of an investment entity:

- It has more than one investment;
- It has more than one investor;
- Being listed, Luxempart has investors that are not related parties;
- It has ownership in form of equity or similar interests, mostly shares in the portfolio companies.

Luxempart's purpose is to invest its capital solely for returns from capital appreciation and investment income. To meet this objective, Luxempart has built a strategy on two pillars: the direct investments and the investment funds. The direct investments are made with a medium to long-term perspective to ensure to our portfolio companies to enjoy sufficient time to implement their strategy, execute their business plan and develop their potential. Each of our pillars has an exit strategy designed by the Board of Directors, who is composed by a majority of independent members and who will take the decision in the best interest of Luxempart.

Fair valuation

In preparing the financial statements, the application of the accounting principles and methods described hereafter requires Luxempart's management to make assumptions and estimates that may have an impact on 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.

CONSOLIDATION PRINCIPLES

Qualifying as 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 20.

SUBSIDIARIES THAT PROVIDE 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 20.

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 2020, one euro is equal to:

US Dollar	1.2352 USD
Pound Sterling	0.8923 GBP
Swiss Franc	1.0816 CHF
Danish Crown	7.4435 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 their acquisition 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 an 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 at the end of each reporting period.

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

Non-listed financial assets 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 hereafter.

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

Assets categorised as level 3 assets are valued by Luxempart's investment managers on the basis of information received from the portfolio companies' management or by external evaluators. 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 15% and 30%	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 5% and 40%	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 market multiple method	The weighted average cost of capital is between 11% and 12% and the long-term revenue growth rate between 1% and 2%	<ul style="list-style-type: none"> • 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.

CASH AND CASH EQUIVALENTS, BANK DEPOSITS

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.

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 are 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 “**investment funds**” that consists in the acquisition of shares in investment funds mainly active in private equity and venture capital.

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 purpose 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 the 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 2020, had no impact on the Group's financial statements.

- 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 IFRS 3 Business combinations
- Amendments to IFRS 16 Leases Covid-19 Related Rent Concessions

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 2020. The Group has opted not to apply them early.

These standards are:

- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform, Phase II
- IFRS 17 Insurance Contracts; including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to
 - IFRS 13 Business Combinations;
 - IAS 16 Property, Plant and Equipment;
 - IAS 37 Provisions, Contingent Liabilities and Contingent Assets
 - Annual Improvements 2018-2020
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Proposed amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 20 June 2021

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

NOTE 3 - SEGMENT INFORMATION

The following table provides details of segmentation information. The Group considers that a geographical segmentation is not relevant.

Prior period comparable figures have been restated to reflect the new segmentation.

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

31 December 2020

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2020
investments activities				
Dividends received	47,308	55	-	47,364
Net gains / (losses) on financial assets	101,779	21,200	-2,489	120,490
Profit on investments activities	149,088	21,255	-2,489	167,854
Ordinary activities				
Services / recovery of services	-	-	2,433	2,433
Staff costs	-	-	-6,311	-6,311
Operating expenses	-	-	-6,362	-6,362
Depreciation and amortisation of non-current assets	-	-	-923	-923
Depreciation and amortisation of current assets	-	-	-544	-544
Profit on ordinary activities	-	-	-11,707	-11,707
Operating income	149,088	21,255	-14,196	156,146
Financial income	-	-	1,207	1,207
Financial expenses	-	-	-635	-635
Profit before tax	149,088	21,255	-13,625	156,718
Tax current	-	-	-24	-24
Profit for the year	149,088	21,255	-13,648	156,695

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2020
Non-current assets				
Intangible and tangible fixed assets	-	-	381	381
Financial assets at fair value through profit and loss	1,187,615	377,668	34,383	1,599,666
Loans and receivables	62	-	-	62
Total non-current assets	1,187,677	377,668	34,764	1,600,109
Current assets				
Loans and receivables	-	-	5,212	5,212
Bank deposits	-	-	85,000	85,000
Cash and cash equivalents	-	-	38,978	38,978
Total current assets	-	-	129,190	129,190
Total assets	1,187,677	377,668	163,954	1,729,299

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2020
Total equity	-	-	1,702,064	1,702,064
Non-current liabilities				
Non-current provisions	-	-	3,308	3,308
Bank borrowing	19,169	-	-	19,169
Total non-current liabilities	19,169	-	3,308	22,477
Current liabilities				
Trade and other payables	-	-	4,758	4,758
Total current liabilities	-	-	4,758	4,758
Total liabilities	19,169	-	8,066	27,235
Total equity and liabilities	19,169	-	1,710,130	1,729,299

31 December 20219

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2019
investments activities				
Dividends received	19,669	90	-	19,758
Net gains / (losses) on financial assets	148,530	47,258	306	196,094
Profit on investments activities	168,199	47,348	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	168,199	47,348	-8,032	207,514
Financial income	-	-	713	713
Financial expenses	-	-	-752	-752
Profit before tax	168,199	47,348	-8,071	207,475
Tax current	-	-	-25	-25
Profit for the year	168,199	47,348	-8,097	207,449

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2019
Non-current assets				
Intangible and tangible fixed assets	-	-	459	459
Financial assets at fair value through profit and loss	1,091,316	340,182	27,128	1,458,625
Loans and receivables	844	-	-	844
Total non-current assets	1,092,160	340,182	27,587	1,459,929
Current assets				
Loans and receivables	-	-	2,129	2,129
Bank deposits	-	-	80,000	80,000
Cash and cash equivalents	-	-	51,366	51,366
Total current assets	-	-	133,495	133,495
Total assets	1,092,160	340,182	161,081	1,593,423

in thousands of €	Direct investments	Investment funds	Others(*)	31/12/2019
Total equity	-	-	1,574,680	1,574,680
Non-current liabilities				
Non-current provisions	-	-	3,342	3,342
Bank borrowing	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

NOTE 4 - OPERATING EXPENSES

The following table provides details of operating expenses:

in thousands of €	2020	2019
External advisors and other similar fees	3,151	2,173
Taxes other than income tax	583	713
Directors allowances	808	728
Rental expenses	471	471
Insurance premiums	88	105
Administrative expenses and other operating expenses	1 261	997
Total	6,362	5,187

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 €	2020	2019
Remuneration, wages and bonuses	5,793	5,646
Social security contributions	308	260
Supplementary pension plan	210	212
Total	6,311	6,118

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. Luxempart pays 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 these contributions which are recognised in staff costs.

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

Category	2020	2019
Managers	6	6
Support staff	13	10
Total	19	16

Stock option plan for management

In 2009, Luxempart established a stock option plan for members of management. For financial year 2020, the Board of Directors granted 99,000 Luxempart options with an exercise price of € 47.73 per share and 120,100 options with an exercise price of € 46.00 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 2020.

The table below summarises the movements of the year:

	Total
Number of options issued as at 01/01/2020	313,728
Options exercised in 2020	-13,750
Options issued in 2020	219,100
Number of options issued as at 31/12/2020	519,078

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
Tranche 12	2020	47.73	April 2024 - April 2028	49.00
Tranche 13	2020	46.00	January 2025 - January 2029	49.00
Dividend growth				5.00%
Historical volatility of share price				26.69%
Discount rate				-0.35%

As at 31 December 2020, the provision relating to the stock option plan amounts to € 1,061 thousand (2019: € 1,061 thousand) and is recognised in «non-current provisions» in note 18. As at 31 December 2020, 118,328 options can be exercised.

NOTE 6 - DIVIDENDS RECEIVED

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

in thousands of €	2020	2019
Foyer	5,648	10,112
Kaufman & Broad	1,033	1,787
Atenor	1,387	1,321
Mehler	38,530	-
SES	593	4,522
RTL Group	-	625
Other	173	1,392
Total	47,364	19,758

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 2020, they amount to € 1,207 thousand (2019: € 713 thousand). An analysis of the financial risk relating to interest is detailed in note 25.

B. FINANCIAL EXPENSES

in thousands of €	2020	2019
Bank expenses and interest expenses	478	622
Other expenses	158	131
Total	635	752

Bank expenses 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 €	2020	2019
Corporate income tax (IRC)	-	-
Deferred taxes on revaluation of available-for-sale financial assets	-	-
Income tax expenses (b.)	-	-
Wealth tax	24	25
Total	24	25

B. RECONCILIATION OF INCOME TAX EXPENSES TO THE ACCOUNTING PROFIT

in thousands of €	2020	2019
Profit before tax	156,695	207,449
Company's average tax rate	26.76%	24.94%
Theoretical tax expense	41,931	51,738
Restated deferred taxes	-	99
Effect of non-taxable capital gains	-32,131	-48,906
Effect of non-taxable dividends	-12,674	-4,678
Other tax adjustments	2,874	1,747
Total tax expense	-	-

NOTE 9 - INTANGIBLE AND TANGIBLE FIXED ASSETS

The movements in intangible and tangible fixed assets that occurred during financial years 2019 and 2020 are as follows:

Cost	Software	Office and computer equipment	Vehicles	Total
in thousands of €				
as at 31/12/2018	26	403	244	673
Acquisitions and disposals	24	116	-	140
as at 31/12/2019	49	519	244	812
Acquisitions	12	33	-	46
as at 31/12/2020	61	552	244	858

Depreciation	Software	Office and computer equipment	Vehicles	Total
in thousands of €				
as at 31/12/2018	26	129	108	263
Depreciation	-	32	58	90
as at 31/12/2019	26	161	166	353
Depreciation	5	63	56	124
as at 31/12/2020	31	224	222	477

Carrying amount	Software	Office and computer equipment	Vehicles	Total
in thousands of €				
as at 31/12/2019	23	358	78	459
as at 31/12/2020	31	328	22	381

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 2019 and 2020.

in thousands of €	Financial assets held for trading	Financial assets at fair value through profit and loss	Total
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
Acquisitions	-	249,388	249,388
Disposals	-	-228,838	-228,838
Net gains/(losses) on financial assets	-	120,490	120,490
Fair value as at 31/12/2020	-	1,599,666	1,599,666

Financial assets at fair value through profit and loss ("AFVPL") are classified into two segments, direct investments and investment funds. During the 2020 financial year, the Group invested:

• € 201,887 thousand in the direct investments mainly in Enoflex, SNP, Atenor and the listed assets of Luxempart PIPE that was merged into Luxempart.

• € 47,501 thousand in the investment funds activity, mainly in Capital at Work and a new bonds portfolio.

The Group sold a part of its shares in SES, Kaufman & Broad and Zooplus generating a realised gain of € 2,130 thousand. Luxempart PIPE was merged into Luxempart as at 1st January 2020. The assets LPKF, Low & Bonar and Nanogate were sold and generated a realised gain of € 7,937 thousand. These net capital gains realised in 2020 correspond to the value increase since 31 December 2019.

The net gains recognised for 2020 on the Direct investments is € 80,904 thousand (principally on Foyer, Zooplus and Assmann) and € 20,179 thousand on the investment funds.

The carrying amount of the AFVPL 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

in thousands of €	Level1	Level2	Level3	Total
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
Level transfer	-	6,493	-6,493	-
Acquisitions	155,090	-	94,298	249,388
Disposals	-105,132	-83,715	-39,990	-228,838
Net gains/(losses) on financial assets	67,221	-27,810	81,079	120,490
Fair value as at 31/12/2020	352,402	4,560	1,242,704	1,599,666

There was one transfer between levels of fair value in 2020.

Luxempart PIPE was merged into Luxempart, therefore its assets are shown as an acquisition in the level 1.

Level 1 financial assets consist of listed investments, mainly in Zooplus, Atenor, Kaufman & Broad, PIPE assets, and Capital at Work, totalling € 352,402 thousand.

Level 2 financial assets consist of holding companies 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 2020. 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	317,162	352,402	387,643
Impact through profit and loss	-35,240	-	35,240

The Group's sensitivity to the stock markets remained virtually unchanged compared with the previous year. The market risk is detailed in the note 25.

LEVEL 2 FINANCIAL ASSETS RISK ANALYSIS

A range of variation of -10% to +10% was applied to the valuation as at 31 December 2020. This range of variation is relevant and reasonably possible.

in thousands of €	Level 2 for financial assets		
Sensitivity	-10%	0%	+10%
Fair value	3,392	4,560	5,727
Impact through profit and loss	-1,168	-	1,168

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	1,184,746	1,242,704	1,306,100
Impact through profit and loss	-57,958	-	63,396

At 31 December 2020, the valuation methods have not significantly changed since 2019.

NOTE 11 - NON-CURRENT LOANS AND RECEIVABLES

The non-current loans and receivables consist of a loan receivable within more than one year granted to a portfolio company. As at 31 December 2020, it amounts to € 62 thousand (2019: € 844 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 €	2020	2019
Trade receivables	1,092	1,613
Tax receivables	3,816	362
Accrued interest not yet due	237	101
Other receivables	68	53
Total	5,212	2,129

As at 31 December 2020, Luxempart has a claim of € 3,461 thousand against the German tax authorities.

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 - BANK DEPOSITS, CASH AND CASH EQUIVALENTS

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

in thousands of €	2020	2019
Bank deposits	85,000	80,000
Cash and cash equivalents	38,978	51,366
Total	123,978	131,366

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 25.

NOTE 14 - CAPITAL AND SHARE PREMIUM

A. CAPITAL AND SHARE PREMIUM

in thousands of €	2020	2019
Subscribed capital	51,750	51,750
Share premium	15,110	15,110
Total	66,860	66,860

The authorised capital amounts to € 90,000 thousand.

B. CAPITAL MANAGEMENT

As at 31 December 2020, 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 2021 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 17).

NOTE 15 - 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 2020, the legal reserve amounts to € 5,175 thousand (2019: € 5,989 thousand).

B. OTHER RESERVES

in thousands of €	2020	2019
Consolidated reserves	1,480,726	1,302,154
Special reserve	9,446	9,446
Total	1,490,172	1,311,600

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.

Special reserve

As at 31 December 2020, 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.

C. OWN SHARES AND RESERVE FOR OWN SHARES

	Number of shares issued	Number of own shares	Number of outstanding shares
As at 31/12/2018	23,913,594	3,843,420	20,070,174
Capital reduction	-3,213,594	-3,213,594	-
Acquisitions and disposals	-	-6,398	6,398
As at 31/12/2019	20,700,000	623,428	20,076,572
Acquisitions and disposals	-	-13,750	13,750
As at 31/12/2020	20,700,000	609,678	20,090,322

As at 31 December 2020, Luxempart holds 609,678 own shares (2019: 623,428 own shares), with the reserve for own shares amounting to € -16,838 thousand (2019: € -17,218 thousand).

The weighted average number of shares outstanding as at 31 December 2020 is 20,084,332 (2019: 20,075,026).

NOTE 16 - DIVIDENDS PAID

A dividend of € 1.48 gross per share was paid during the first half of 2020 in respect of the 2019 financial year, giving a total dividend of € 29,725,167 (2019: € 1.407 gross per share, giving a total dividend of € 28,247,737).

The consolidated financial statements as at 31 December 2020 do not include the dividend that will be proposed to the Annual General Meeting of 26 April 2021. It was not recognised as a liability in the 2020 financial statements.

The Board of Directors proposes an ordinary dividend of € 1.60 gross per share. The payment terms of the dividend will be communicated during the Annual General Meeting of 26 April 2021.

NOTE 17 - BANK BORROWINGS

As at 31 December 2020, the bank borrowings stand at € 19,169 thousand (2019: € 10,179 thousand) and result from the acquisition of shares in an investment company in CHF. This loan in CHF has been issued in the same currency as the asset in order to hedge any possible currency effects on the profit of the Group. In 2020, the loan in GBP was fully repaid.

These bank borrowings 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 liabilities does not differ significantly from their carrying amount. Management of foreign exchange risk and sensitivity analysis are described in note 25.

NOTE 18 - NON-CURRENT PROVISIONS

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

in thousands of €	2020	2019
Tax provisions	2,221	2,215
Other provisions	1,087	1,127
Total	3,308	3,342

The tax provisions relate to income taxes, municipal business taxes and wealth tax for 2020 and previous years.

The "Other provisions" item includes the € 1,061 thousand provision for stock options (2019: € 1,061 thousand). The characteristics of the stock option plan are detailed in the note 5.

NOTE 19 - CURRENT LIABILITIES

in thousands of €	2020	2019
Tax and social debts	588	424
Trade liabilities	3,982	3,753
Other debts	188	1,045
Total	4,758	5,222

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 20 - 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 31/12/2020	Percentage held in 31/12/2019
Luxempart Invest S.à.r.l	Luxembourg	100%	100%
Luxempart Ireland Limited In liquidation	Dublin	100%	100%
Luxempart Management S.à.r.l	Luxembourg	100%	100%
Bravo Capital S.A.	Luxembourg	80%	80%

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

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.

Subsidiary	Place of incorporation	Percentage held in 31/12/2020	Percentage held in 31/12/2019
Indufin NV	Belgium	40.00%	40.00%
M-Sicherheitsholding GmbH (Mehler)	Germany	30.00%	30.00%
Pescahold S.A.	Luxembourg	100.00%	100.00%
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%	50.00%
Luxempart PIPE S.à.r.l **	Luxembourg	-	100.00%
LuxCo Invest S.à.r.l **	Luxembourg	83.33%	83.33%

Subsidiary	Place of incorporation	Percentage held in 31/12/2020	Percentage held in 31/12/2019
Luxempart Capital Partners SICAR S.A. **	Luxembourg	100.00%	100.00%
<i>Quip Holding GmbH</i>	<i>Germany</i>	<i>51.00%</i>	<i>51.00%</i>
Bravo Capital Partners SCA RAIF**	Luxembourg	100.00%	100.00%
<i>Arbo S.p.a</i>	<i>Italy</i>	<i>40.00%</i>	<i>40.00%</i>
<i>Metalworks S.p.a</i>	<i>Italy</i>	<i>60,00%</i>	<i>60,00%</i>
<i>Bravo Luxury S.à.r.l (Vesta)</i>	<i>Italy</i>	<i>70.00%</i>	-
Luxempart German Invest S.A. **	Luxembourg	100,00%	99,99%
<i>EduPRO GmbH</i>	<i>Austria</i>	<i>60,00%</i>	<i>60,00%</i>
<i>Arwe Mobility Holding</i>	<i>Germany</i>	<i>50.00%</i>	<i>50.00%</i>
<i>Rimed AG</i>	<i>Switzerland</i>	<i>29,30%</i>	<i>29,30%</i>
<i>Rattay Group GmbH</i>	<i>Germany</i>	<i>39.90%</i>	<i>39.90%</i>
<i>WDS GmbH</i>	<i>Germany</i>	<i>44.00%</i>	<i>44.00%</i>
Luxempart German Invest II S.à.r.l **	Luxembourg	100.00%	99.99%
<i>Novotergum GmbH</i>	<i>Germany</i>	<i>43.80%</i>	<i>43.80%</i>
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%
<i>Decoscent S.A. (Baobab)*</i>	<i>Belgium</i>	<i>61.50%</i>	<i>61.50%</i>
<i>Kyotec Group *</i>	<i>Luxembourg</i>	-	<i>32.00%</i>
<i>Axithon S.A. (Axi)*</i>	<i>Belgium</i>	<i>51.59%</i>	<i>51.59%</i>

* 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 21 - MAIN OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

The Group has invested in investment funds through its subsidiary Luxempart Capital Partners SICAR. As at 31 December 2020, € 110,048 thousand remain uncalled.

These funds are mainly Ekkio funds (€ 28,232 thousand), Quadriple Technologies funds (€ 20,454 thousand), FASO (€ 13,340 thousand), Apax (€ 14,625 thousand), Committed Advisors (€ 12,525 thousand), CGS V Feeder (€ 12,000 thousand).

Bravo Capital Partners RAIF has recognised an uncalled capital amounting to € 23,459 thousand to be paid by Luxempart Capital Partners SICAR.

As at 31 December 2020, the commitment for Armira I and Armira II is € 34,198 thousand.

NOTE 22 - DIRECTORS' ALLOWANCES AND EXECUTIVE MANAGEMENT REMUNERATION

in thousands of €	2020	2019
Directors allowances and attendance fees	986	891
Management remuneration	3,743	3,267
Total	4,729	4,158

Directors' allowances and attendance fees as well as executive management remuneration for 2020 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 2021, relating to 2020.

NOTE 23 - 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 audits 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 €	2020	2019
Audit fees relating to the statutory and consolidated accounts	111	107
Total	111	107

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). The remuneration of the *Réviseur d'entreprises agréé* for these subsidiaries is € 92 thousand (2019: € 95 thousand). During the year, the *Réviseur d'entreprises agréé* provided, in addition to the legal audit services, other services (tax advisory, training...) for an amount of € 5 thousand (2019: € 1 thousand).

NOTE 24 - RELATED PARTIES

Income resulting from services provided recognised in the statement of profit or loss exclusively comes from services provided by Luxempart and billed to its subsidiaries and investments.

The Foyer Assurances group rebills, on a quarterly basis, office rental expenses and other related expenses, insurance expenses, and miscellaneous services for a total of € 614 thousand (2019: € 754 thousand).

Two members of Luxempart's Group Executive Committee are not employee of the Group and invoices consulting fees to the Group. The fees amount to € 550 thousand for 2020 (2019: 313 thousand).

Transaction fees paid to Capital at Work, a subsidiary of the Foyer Group, amount to € 20 thousand (2019: € 23 thousand) and are included in "Interest and similar expenses" (note 7).

NOTE 25 - 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 20.8% as at 31 December 2020 of the Net Asset Value (2019: 14.9%).

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

	2020	2019
Investment in listed companies	22.1%	16.1%
Investment in private equity	77.9%	83.9%
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 2020 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 at 31 December 2020.

in thousands of €	2020	2019
Variation of + 50 basis points	638	830
Variation of - 50 basis points	-638	-830

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 loan denominated in the foreign currency (note 17).

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 not a 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 € 62 thousand as at 31 December 2020 (2019: € 844 thousand).

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 2020, there has been no significant change in relation to the credit risk management.

MANAGEMENT OF LIQUIDITY RISK

As at 31 December 2020, 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 17). The liquidity default risk is low.

NOTE 26 – SIGNIFICANT EVENT

The Covid pandemic caused a worldwide crisis since the first quarter of 2020 with strong negative impacts on population and economies. The successive waves with associated restriction measures, the more aggressive virus mutations and the slow roll-out of vaccinations in Europe prolongs the crisis and delays the social and economic recovery.

Our investment and management team responded swiftly and prudently such as to support our portfolio lines and protect our employees and their families. It appears that our companies turned out to be resilient and well prepared for the after Covid world. Indeed, not all sectors have been impacted similarly by the pandemic and the diversity of our portfolio as well as the strength of our main lines allowed us to increase our net asset value despite the economical headwind.

NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

During the first months of 2021, Luxempart closed two further new investments, increased its holdings in several lines and sold some investments.

The operations are the following:

- Investment of € 25,000 thousand in Sogetrel, a French company active in the telecom, IP security and digital solutions market through smart network and services, with a further commitment of ca. € 15 million for follow-on investments.
- Agreed investment of € 25,000 thousand in iM Global Partners, a French worldwide asset management network with stakes in independent asset managers and a strong distribution force providing its clients access to the best asset management strategies.
- In Schaltbau, commitment to subscribe up to 20% of the € 60 million mandatory convertible bond issue such as to hold within the acting in concert group on anchor stake above 20%, Schaltbau being a leading German supplier of systems and electromechanical components in the railway and capital goods industry.
- Agreed sale of our 15% stake in NMC (via Indufin Capital Partners SICAR) realising a 15% IRR.
- Sale of Kaufman & Broad and RTL for € 31,931 thousand.

STATUTORY ANNUAL ACCOUNTS



Olaf Kordes
Managing Director

"I would like to express my warmest thanks to all members of the team for their motivation, dedication and high professionalism that have made 2020 a very successful year."

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REPORT OF THE “RÉVISEUR D’ENTREPRISES AGRÉÉ”

Report on the Audit of the Annual accounts

Basis for opinion

We have audited the annual accounts of Luxempart S.A. (the “Company”), which comprise the balance sheet as at December 31, 2020, 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 December 31, 2020, 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 July 23, 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 July 23, 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 Answers
<p><i>Valuation of unlisted investments and impairment risk</i></p> <p>The Company owns a large number of unlisted securities representing 65% 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>With the assistance of our valuation experts, we formed an independent assessment of the valuation of a sample of unlisted investments.</p> <p>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.</p> <p>We verified the arithmetical accuracy of the models prepared by management.</p> <p>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.</p> <p>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.</p>

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 July 23, 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 July 23, 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 April 27, 2020, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 19 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 December 19, 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

March 25, 2021

BALANCE SHEET AT 31 DECEMBER 2020

Assets

in €	Notes	31/12/2020	31/12/2019
Fixed assets			
Intangible fixed assets	3(b), 4		
Concessions, patents, licences, trademarks, and similar rights and assets		30,774	23,229
Tangible fixed assets	3(b), 4		
Other fixtures and fittings, tools and equipment		350,629	436,099
Financial fixed assets	3(c), (d), 5		
Shares in affiliated undertakings		318,437,612	669,343,925
Participating interests		326,230,245	328,995,245
Investments held as fixed assets		374,773,291	217,839,749
Total fixed assets		1,019,822,551	1,216,638,247
Current assets	3(d), (e), 6		
Trade debtors		1,113,339	1,806,612
<i>becoming due and payable within one year</i>		<i>1,113,339</i>	<i>1,806,612</i>
Amounts owed by affiliated undertakings		50,000	-
<i>becoming due and payable within one year</i>		<i>50,000</i>	<i>-</i>
Other debtors		4,367,400	1,357,618
<i>becoming due and payable within one year</i>		<i>4,305,473</i>	<i>513,271</i>
<i>becoming due and payable after more than one year</i>		<i>61,927</i>	<i>844,347</i>
Investments		16,838,969	17,218,736
<i>Own shares</i>	9	<i>16,838,969</i>	<i>17,218,736</i>
Cash at bank and in hand		123,012,308	127,581,150
Total current assets		145,382,016	147,964,116
Total assets		1,165,204,568	1,364,602,363

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

BALANCE SHEET AT 31 DECEMBER 2020

Liabilities

in €	Notes	31/12/2020	31/12/2019
Capital and reserves	9		
Subscribed capital		51,750,000	51,750,000
Share premium account		66,944,818	66,944,818
Reserves			
Legal reserve	10	5,175,000	5,988,772
Reserve for own shares		16,838,968	17,218,735
Other reserves		907,136,169	924,809,514
<i>Other available reserves</i>		<i>907,136,169</i>	<i>924,809,514</i>
Profit brought forward		-	30,000,000
Temporarily not taxable capital gains	11	15,698,709	15,698,709
Profit / (loss) for the financial year		67,668,433	-19,141,718
Total capital and reserves		1,131,212,096	1,093,268,830
Provisions			
Provisions for taxation		2,221,664	2,252,275
Other provisions		25,403	25,403
Total provisions		2,247,068	2,277,678
Creditors	7, 8		
Amounts owed to credit institutions		19,168,917	10,178,980
<i>becoming due and payable after more than one year</i>		<i>19,168,917</i>	<i>10,178,980</i>
Trade creditors		3,977,366	3,711,648
<i>becoming due and payable within one year</i>		<i>3,977,366</i>	<i>3,711,648</i>
Amounts owed to affiliated undertakings		7,603,123	253,799,000
<i>becoming due and payable after more than one year</i>		<i>7,603,123</i>	<i>253,799,000</i>
Other creditors		995,998	1,366,228
<i>Tax authorities</i>		<i>537,906</i>	<i>166,693</i>
<i>Social security authorities</i>		<i>248,540</i>	<i>144,297</i>
<i>Other creditors</i>		<i>209,552</i>	<i>1,055,238</i>
<i>becoming due and payable within one year</i>		<i>209,552</i>	<i>1,055,238</i>
Total creditors		31,745,405	269,055,857
Total liabilities		1,165,204,568	1,364,602,363

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

in €	Notes	31/12/2020	31/12/2019
Other operating income		1,162,553	1,749,757
Staff costs	12	6,310,819	6,118,457
<i>Wages and salaries</i>		6,002,869	5,858,273
<i>Social security costs</i>		265,061	221,432
<i>relating to pensions</i>		203,805	165,396
<i>other social security costs</i>		61,256	56,036
<i>Other staff costs</i>		42,890	38,752
Value adjustments		923,112	101,473
<i>In respect of tangible and intangible fixed assets</i>	4	123,643	101,473
<i>In respect of current assets</i>	6	799,468	-
Other operating expenses	13	4,639,684	3,958,007
Income from participating interests	16	44,177,674	10,112,476
<i>Other income from participating interests</i>		44,177,674	10,112,476
Income from other investments and loans forming part of the fixed assets	16	46,659,700	10,378,529
<i>Other income</i>		46,659,700	10,378,529
Other interest receivable and similar income		668,787	419,633
<i>Other interest and similar income</i>		668,787	419,633
Value adjustments in respect of financial assets and of investments held as current assets	5,14	11,810,074	30,672,775
Interest payable and similar expenses		770,112	736,420
<i>Other interest and similar expenses</i>		770,112	736,420
Profit after taxation		68,214,914	-18,926,737
Other taxes not shown under items above	15	546,482	214,981
Profit /(loss) for the financial year		67,668,433	-19,141,718

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

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2020

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 FIXED ASSETS

Intangible and tangible fixed 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 FIXED 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 in the table below. The intangible fixed assets of the Company are composed of acquired software. The tangible fixed assets comprise mainly computer equipment, vehicles, furniture and fixtures.

in €	Intangible fixed assets	Tangible fixed assets
Gross value as at 01/01/2020	49,247	752,537
Acquisitions for the year	12,477	33,241
Disposals for the year	-	-
Gross value as at 31/12/2020	61,724	785,778
Cumulative value adjustments as at 01/01/2020	-26,017	-316,439
Value adjustments of the year	-4,933	-118,711
Reversal of value adjustments	-	-
Cumulative value adjustments as at 31/12/2020	-30,950	-435,149
Net book value as at 31/12/2020	30,774	350,629
Net book value as at 31/12/2019	23,229	436,099

NOTE 5 - FINANCIAL FIXED ASSETS

A. MOVEMENTS IN FINANCIAL FIXED ASSETS

The movements in financial fixed assets that occurred during the year can be summarised as follows:

in €	Shares in affiliated undertakings	Participating interests	Investments held as fixed assets
Gross value as at 01/01/2020	688,243,860	329,247,682	294,069,367
Acquisitions for the year	44,116,686	-	205,099,741
Disposals for the year	-386,778,664	-2,765,000	-122,330,701
Gross value as at 31/12/2020	345,581,882	326,482,682	376,838,407
Cumulative value adjustments as at 01/01/2020	-18,899,935	-252,436	-76,229,619
Value adjustments of the year	-9,939,331	-	-1,683,120
Reversals of value adjustments of the year	1,694,995	-	75,847,622
Cumulative value adjustments as at 31/12/2020	-27,144,271	-252,436	-2,065,117
Net book value as at 31/12/2020	318,437,612	326,230,245	374,773,291
Net book value as at 31/12/2019	669,343,925	328,995,245	217,839,749

The item "Shares in affiliated undertakings" amounts to € 318,437,612 as at 31 December 2020 (2019: € 669,343,925). This variation is principally due to:

- A subscription for new shares partially offset by a capital reduction in Luxempart Capital Partners,
- The merger of Luxempart PIPE into Luxempart
- A partial repayment of the share premium from Luxempart Ireland (company in liquidation)
- A value adjustment on Luxempart Invest and Prym.

The item "Participating interests" amounts to € 326,230,245 as at 31 December 2020 (2019: € 328,995,245).

The item "Investments held as fixed assets" amounts to € 374,773,291 as at 31 December 2020 (2019: € 217,839,749). This change is due to:

- Acquisitions for € 205,099,741 (mainly further investments Luxempart PIPE investments due to the merger, acquisition of Enoflex and acquisition of a bond portfolio managed by Deutsche Bank),
- Sale for € 122,330,701 (mainly in Pescanova, Zooplus, Low & Bonar and Capital at Work),
- Reversal of value adjustments for € 75,847,622 (mainly in Pescanova, Zooplus and Low & Bonar).

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 Partner Sicar S.A.	12, Rue Léon Laval L-3372 Leudelange	100.00	468,988,278	51,906,603
Luxempart Ireland Ltd (in liquidation)	1st floor, Riverview House, 21-23 City Quay, Dublin 2 Ireland	100.00	101,645	1,545
Luxempart Invest S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	100.00	17,930,294	-5,722,061
Luxempart Management S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	100.00	31,867	-2,188
Pescahold S.A.	12, Rue Léon Laval L-3372 Leudelange	100.00	12,645	-2,244
Luxco Invest S.à.r.l	12, Rue Léon Laval L-3372 Leudelange	83.33	19,995,986	-250,682
Bravo Capital S.A.	12, Rue Léon Laval L-3372 Leudelange	80.00	-64,717	95,855
Pryco GmbH *	Maria-Theresia-Str. 11, D-81675 München	55.60	11,289,369	-6,427,375
Assmann GmbH *	Auf dem Schüffel, D-58513 Lüdenscheid	50.00	10,418,673	3,085,500
Indufin S.A.	Interleuvenlaan 15 / D1 B-3001 Leuven - Haasrode	40.00	343,016	-71,575
DMB2 GmbH & Co.KG *	Colonnaden 25, D-20354 Hamburg	32.80	21,365,000	9,083,000
M-Sicherheitsholding GmbH *	Maria-Theresia-Str. 11, D-81675 München	30.00	5,910,355	-19,554
Foyer S.A.	12, Rue Léon Laval L-3372 Leudelange	27.94	1,282,587,300	97,633,100
E-Sicherheitsholding GmbH *	Maria-Theresia-Str. 11, D-81675 München	27.60	82,964,297	-18,295
ForAtenor S.A.	92, avenue Reine Astrid B-1310 La Hulpe	25.00	9,844,155	826,966

* Profit or loss 2019

NOTE 6 - DEBTORS

As at 31 December 2020:

- Trade debtors amount to € 1,113,339 (2019: € 1,806,612).
- Amounts owed by affiliated undertakings amount to € 50,000.
- Other debtors becoming due and payable within one year amount to € 4,305,473 (2019: € 513,271) and are made up of tax receivables and social security for € 3,781,217 (2019: € 374,056), and other receivables for € 524,256 (2019: € 139,215). The tax receivables are mainly composed of a tax to be recovered on the Mehler dividend and the other receivables are mainly accrued interest not collected.
- Other debtors becoming due and payable after more than one year amount to € 61,927 (2019: € 844,347). This is the loan towards the investment Nueva Pescanova and a value adjustment has been made on this receivable.

NOTE 7 - CREDITORS

- Trade creditors amount to € 3,977,366 (2019: € 3,711,648).
- Amounts owed to affiliated undertakings total € 7,603,123 (2019: € 253,799,000). The debt toward Luxempart Ireland was fully repaid during the year. The balance is now composed of a loan granted by Luxempart Invest and its accrued interest.
- Tax and social security debts total € 786,446 (2019: € 310,990).
- Other creditors amount to € 209,552 (2019: € 1,055,238).

NOTE 8 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Luxempart contracts borrowings in foreign currencies in order to hedge against the foreign exchange risk on financial fixed assets denominated in foreign currencies.

As at 31 December 2020, amounts owed to credit institutions amount to € 19,168,917 (2019: € 10,178,980). The 2019 balance was composed of a loan in GBP that was repaid following the sale of the investment in Low & Bonar. The remaining balance as at 31 December 2020 is a loan in CHF to hedge the currency risk in relation to financial fixed assets that has come from the merger of Luxempart PIPE.

These borrowings will be repaid within a period of between one and five years and are guaranteed by a saving account opened for this purpose.

NOTE 9 - 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 31/12/2019	51,750,000	66,944,818	5,988,772	17,218,736	924,809,513	30,000,000	-19,141,717	15,698,709
Allocation of loss								
Dividends							-29,725,167	
Other reserves					-18,866,884	-30,000,000	48,866,884	
Reserve own shares				-379,767	379,767			
Legal reserve			-813,772		813,772			
2020 profit							67,668,433	
As at 31/12/2020	51,750,000	66,944,818	5,175,000	16,838,967	907,136,170	-	67,668,433	15,698,709

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 € 1,524,195. It represents 2.95% of the subscribed capital in accordance with Article 430-15 of the law of 10 August 1915.

The Ordinary Annual General Meeting of 27 April 2020 decided to distribute a gross ordinary dividend of € 1.48 per share for financial year 2019. This dividend was paid in May 2020.

NOTE 10 - 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.

The Ordinary Annual General Meeting of 27 April 2020 decided to reduce the legal reserve following the capital reduction in 2019.

NOTE 11 - TEMPORARILY NOT TAXABLE CAPITAL GAINS

As at 31 December 2020, this item amounts to € 15,698,709 (2019: € 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 2020, no amount must be reinvested.

NOTE 12 - STAFF COSTS

The average number of employees during financial year 2020 amounted to 19 (2019: 18), represented by the following categories:

Category	Number of people 2020	Number of people 2019
Managers	6	6
Support staff	13	12
Total average of employees	19	18

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

in €	31/12/2020	31/12/2019
Wages and salaries	6,002,869	5,858,273
Social security costs accruing by reference to wages and salaries	265,061	221,432
Other social security contributions	42,890	38,752
Total	6,310,819	6,118,457
Of which pensions	210,000	212,252

Staff costs include a provision for bonus payable in 2021.

NOTE 13 - OTHER OPERATING EXPENSES

During the year, Luxempart paid net fixed compensation of € 524,600 to directors (2019: € 510,650) and a net attendance fee of € 283,575 (2019: € 217,000). These amounts are included in "Other operating expenses"

"Other operating expenses" also include the remuneration of the *Réviseur d'entreprises agréé* for € 110,542 in 2020 (2019: €107,497).

NOTE 14 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS

This item includes:

- Value adjustments on shares in affiliated undertakings. As at 31 December 2020, Luxempart recorded value adjustments of € 9,939,331 (2019: € 16,314,245) mainly on Luxempart Invest (€ 5,722,061) and Prym (€ 4,215,025).
- Value adjustments on the sale of long-term investments. As at 31 December 2020, Luxempart recorded value adjustments of € 1,271,278 (2019: € 14,850,282).

NOTE 15 - 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 2020, the tax expense is broken down as follows:

in €	31/12/2020	31/12/2019
Wealth tax	4,815	4,815
Other taxes	541,667	210,166
Total	546,482	214,981

NOTE 16 - INCOME FROM PARTICIPATING INTERESTS AND FROM OTHER INVESTMENTS

This item consists of:

- Dividends received from Luxempart's financial fixed assets amounting to € 46,770,683 in 2020 (2019: € 15,236,609);
- Capital gains generated on the sale of investments held as fixed assets, net of reversal from previous depreciation, amounting to € 27,499,795 in 2020 (2019: € 1,341,849);
- Reversals of value adjustments on shares in affiliated undertakings for € 1,694,995 in 2020 (2019: € 0);
- Reversals of value adjustments on investments held as fixed assets amounting to € 14,871,901 in 2020, and mainly relating to Zooplus (2019: € 19,144,870).
- As at 31 December 2020, Luxempart didn't realise capital losses generated on the sale of investments held as fixed assets (2019: € 15,142,961).

NOTE 17 - TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties comprises mainly :

- A loan payable to Luxempart Invest for € 7,600,000
- Luxempart rebills Foyer Finance, on a part of Chairman of the Board of Directors salaries for a total of € 326,427 (2019: € 218,838).
- The Foyer Assurances group rebills, on a quarterly basis, office rental expenses and other related expenses, insurance expenses, and miscellaneous services for a total of € 613,843 (2019: € 754,104).
- Two members of Luxempart's Group Executive Committee are not employee of the Group and invoices consulting fees to Luxempart. The fees amount to € 549,691 for 2020 (2019: € 313,289).
- Transaction fees paid to Capital at Work, a subsidiary of the Foyer Group, amount to € 19,809 (2019: € 23,240) and are included in "Interest payable and similar expenses ".

NOTE 18 - OFF BALANCE SHEET COMMITMENTS

Luxempart invested in Armira Holding GmbH and committed to invest € 56,690,000. As at 31 December 2020, € 963,838 still remained to be called.

NOTE 19 - SIGNIFICANT EVENT

The Covid pandemic caused a worldwide crisis since the first quarter of 2020 with strong negative impacts on population and economies. The successive waves with associated restriction measures, the more aggressive virus mutations and the slow roll-out of vaccinations in Europe prolongs the crisis and delays the social and economic recovery.

Our investment and management team responded swiftly and prudently so as to support our portfolio lines and protect our employees and their families. It appears that our companies turned out to be resilient and well prepared for the after Covid world. Indeed, not all sectors have been impacted similarly by the pandemic and the diversity of our portfolio as well as the strength of our main lines allowed us to increase our net asset value despite the economical headwind.

NOTE 20 - POST BALANCE SHEET EVENTS

During the first months of 2021, Luxempart increased its holdings in several lines, invested in two new investments and sold some investments.

The operations are the following:

- Investment of over € 7,000,000 in SNP and Technotrans
- In Schaltbau, commitment to subscribe up to 20% of the € 60 million mandatory convertible bond issue such as to hold within the acting in concert group on anchor stake above 20%, Schaltbau being a leading German supplier of systems and electromechanical components in the railway and capital goods industry.
- Investment in Sogetrel, a French company active in the telecom, IP security and digital solutions market through smart network and services
- Agreed investment of € 25,000,000 in iM Global Partners, a French worldwide asset management network with stakes in independent asset managers and a strong distribution force providing its clients access to the best asset management strategies.
- Sale of the total position in Kaufman & Broad and RTL for € 31,931,844.

LUXEMPART
GROWING TOGETHER

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