Interogo holding

Annual Report 2019

Interogo Holding AG
Consolidated Financial Statements

Interogo Holding AG

Registered as a Aktiengesellschaft (corporation limited by share ownership)
Under Swiss law with a capital of CHF 330‘000‘000
www.interogoholding.com

Registered office	Bahnhofstrasse 15 8808 Pfäffikon SZ Switzerland
Company-ID:	CHE-416.814.967

Consolidated Financial Statements as at 31 December 2019 and independent auditor's report

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Management report

Message from Chairman and CEO

The signs of slowdown in global growth observed last year got confirmed in 2019 with global growth recording its weakest pace since the global financial crisis a decade ago.

Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. Lower appetite for capital expenditures and a decrease in manufacturing activity were two drivers behind the slowdown in economic growth. Low interest rates, low unemployment rates and rising wages however supported the consumer confidence, fueling the demand for non-durable goods and services. Despite this increased uncertainty in economic environment and a more sluggish growth outlook, asset prices continued to rally strongly in 2019, confirming the disconnection with the economic fundamentals observed.

Interogo Holding AG remained committed to its long-term investment strategy. We steadily and carefully deployed capital, investing EUR 475m in tangible assets and EUR 202m in financial assets (net), from EUR 495m and EUR 204m in 2018, respectively.

In this mixed environment of uncertainty and high asset prices, our investment businesses recorded a slowdown in their investment income1, essentially driven by lower pace of divestment activities. The divestments done, delivered good returns. Vastint Group continued to take advantage of favourable market conditions to successfully complete the sale of non-strategic properties; these transactions were of a lower size than in 2018. After a rather active 2018 marked by two large disposals, Nalka Invest completed the sale of one smaller portfolio company, focusing on new acquisitions. Finally, our global private equity portfolio (International) saw a sharp decrease in exit activities from its underlying fund investments. Total investment income amounted to EUR 229m in 2019 from EUR 453m last year.

Gross profit progressed by 40% to reach EUR 322m, mainly explained by the acquisition of OneMed by Nalka Invest in the first quarter of the year. Vastint Group recorded a strong organic growth of 12% in rental income, as new offices and hotels were delivered. Consolidated rental income however decreased by 12% to reach EUR 139m following the disposal of Nordic Modular Group in the last quarter of 2018.

On the back of a strong financial year 2019, Inter IKEA Holding B.V. distributed a dividend of EUR 850m, EUR 350m higher than previous year.

Interogo Holding AG’s net profit of the year contracted by EUR 11m to reach EUR 845m.

In addition to our private equity, real estate and liquid assets investment strategies, we have decided to launch two new strategies: long-term equity and infrastructure. The long-term equity strategy will consist of acquiring significant equity holdings in profitable and sustainable European companies with strong market positions and where we see a positive potential for future performance. The strategy includes listed, soon-to-be listed and private companies. The infrastructure strategy will focus on acquiring holdings in infrastructure companies that provide essential services to society and which are recession resilient and have stable cash-flows.

[1] Investment income from the private and long-term equity investments and the gains realized on the disposal of properties by Vastint

We believe that both strategies are a good fit to our long-term investment approach and a good complement to the existing strategies.

The fear of a cyclical slowdown of late 2019 has been substituted by the fear of recession with the spread of the coronavirus. Increased volatility and uncertainty will very likely continue to affect markets and the economy globally in 2020. At Interogo Holding group, we are very fortunate to have the financial stability and ability to remain committed to our long-term investment strategy and continue to invest in bad times and not only in good times.

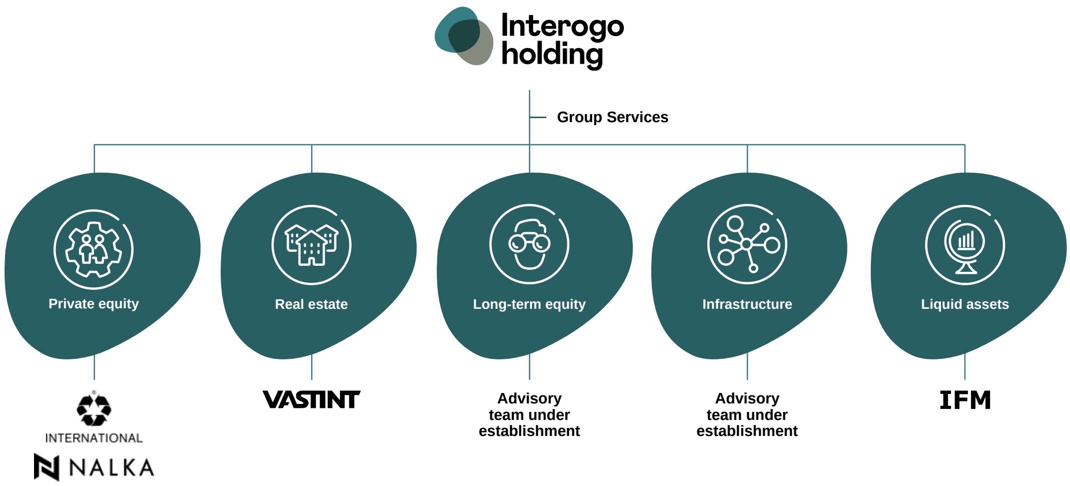
Together with our co-workers, we will continue to be an engaged owner and employer by supporting our businesses in these unsettled times. We remain focused on our mission to create financial stability and long-term value for our shareholder and other stakeholders. More than ever, we believe that patience and diligence are the driving forces in our long-term strategy.

This is Interogo Holding

Interogo Holding group is a foundation-owned international investment business with its parent company in Switzerland. Our purpose is to support our owner, Interogo Foundation, to safeguard the IKEA Concept, which is anchored in the IKEA vision: To create a better everyday life for the many people.

We believe that long-term sustainable competitiveness can only be achieved when businesses create value both for their owners and for other stakeholders, including co-workers, society and the environment.

Interogo Holding's business model is decentralised with each business area having a far-reaching responsibility for its own operations. In 2019 we decided to expand our investment scope to include in total five strategies: private and long-term equities, real estate, infrastructure and liquid assets. Each strategy is managed and supported by dedicated teams.



Interogo Holding AG is also a co-shareholder, contributing capital and loan, in Inter IKEA Holding B.V. Our non-voting-shares gives the right to potential dividends. Interogo Foundation is the controlling shareholder in Inter IKEA Holding B.V.

In addition, Interogo Holding group provides treasury services, including lending and borrowing, for its own subsidiaries and the Inter IKEA Group. These activities are carried out through Interogo Holding AG (Switzerland).

Our investment approach

We focus on sectors and strategies where we can benefit from our long-term business approach, financial strength and commitment to also consider non-financial aspects of investment.

We are a committed owner who always aspire to provide more than capital to our investments. By working in a decentralised manner, we improve our ability to make well-informed decisions while inspiring our many co-workers to continuously improve our businesses. Our five investment strategies include:

Private equity: we invest globally in the private equity market directly and through funds, secondaries and co-investments. The objective is to identify and unlock values by providing capital and active ownership support to management teams.

Our global investments in funds, secondaries and co-investments are supported by International (London and New York) and managed by Inter Fund Management (Luxembourg). Our direct investments in Nordic businesses are advised and managed by Nalka Invest (Stockholm).

Long-term equity: we acquire significant equity holdings in profitable and sustainable European companies that have strong market positions and where we see a positive potential for future performance. The strategy includes listed, soon-to-be listed and private companies. These investments will be supported by an advisory team under establishment (Stockholm).

Real estate: we invest in European real estate markets by focusing on developing and managing assets in the commercial, residential and hotel segments. As both a developer and owner we strive to create long-term values.

The investment activities are performed by our company Vastint Holding B.V. (Amsterdam) and its subsidiaries with activities across Europe.

Infrastructure: we acquire holdings in infrastructure companies that provide essential services to society and which are recession resilient and have stable cash-flows. These investments activities are under establishment.

Liquid assets: we manage a portfolio of listed securities, mainly equities and fixed income. By focusing on liquid positions, we aim to achieve a high degree of flexibility in managing the assets. The investment activities are managed by Inter Fund Management (Luxembourg).

Our entrepreneurial heritage calls on us to never stand still, dare to be different and be open for new ideas.

Sustainability

Our business is guided by our values and our Småland legacy of making the best possible use of the limited resources available. With a long-term perspective on business, we strongly believe that profitability and responsibility go hand in hand.

In our decentralised business model, we believe decisions should be made as close to everyday reality as possible. Consequently, all our companies have far-reaching responsibilities, including the responsibility to ensure sustainable strategy and practices for its specific operation.

For example, a systematic focus on sustainability and responsibility is today fully integrated in the day-to-day operations of our real estate business Vastint. Societal concerns are considered and addressed in project planning, appropriate ways to remediate polluted sites are assessed and implemented, buildings are constructed using efficient solutions and supplies are chosen based on their long-term impact.

All new buildings and refurbishments carried out by Vastint shall have an environmental certification, preferably in accordance with internationally recognised certification systems (such as LEED or BREEAM). During 2019, six Vastint buildings received new LEED Gold or Platinum level certification.

Our other investment businesses (private equity, long-term equity, infrastructure, liquid assets) have to evaluate investments based not only on sound financial criteria, but also on policies developed to weigh in environmental, societal and governance (ESG) factors.

Depending on asset class, investment type and management form, each business develops dynamic frameworks for how to address and approach ESG factors in all stages of the investments, i.e. screening of new investments, during ownership and for divestment.

Corporate Governance

We believe good corporate governance begins with having co-workers who share both our culture and commitment to continuously strengthen our group as a reliable and trustworthy partner. Among other things, this means leading by example and always staying close to reality and our businesses.

We also recognise that governing structures, risk management and internal control are core functions of any business and decisive for our integrity and ability to uphold trust towards our many stakeholders.

The business of Interogo Holding is governed by the general meeting, the Board of Directors, the CEO and the external auditor. At the General Meeting of shareholders, the owner, Interogo Foundation, elects the Board of Directors and, upon proposal by the Board of Directors, the external auditor. The Board of Directors appoints the CEO.

The Board has a central role in Interogo Holding AG's decentralised business model as an asset manager and active owner. Among other things it is responsible for strategy, capital allocation and major issues related to investment activities. It has the ultimate responsibility for the organisation and administration of Interogo Holding AG. The work of the Board is guided by a documented working process.

The Interogo Holding Board consists of six directors

Hans Gydell, Chairman

Søren Hansen (CEO)

Jean-Louis Ouellette

Fredrik Persson

Lennart Sten

Urs Wickihalder

The Board has appointed an Audit Committee whose primary purpose is to provide oversight of the financial reporting process, the audit process, the systems of internal controls and risk management, and compliance with laws and regulations. The Audit Committee reports to the Board of Directors of Interogo Holding AG.

The CEO is responsible for Interogo Holding AG's business operations in accordance with the adopted strategy and instructions set by the Board. The decentralised business model means each business has far-reaching responsibilities for its own operations. The governance and supervision of the businesses are based on governance structures including boards of directors, supervisory boards and investment committees.

Interogo Holding AG is owned by Interogo Foundation in Liechtenstein.

Consolidated Financial Statements 2019

Consolidated Balance Sheet as of December 31, 2019

Assets in EUR 1,000	Notes	31.12.2019	31.12.2018 Restated
Non-current Assets			
Intangible assets	3	554,211	326,306
Leased land and tangible assets	2	2,656,627	2,348,161
Non-current financial assets	5	12,228,825	12,555,177
Other non-current assets		26,279	20,138
Total non-current Assets		**15,465,942**	**15,249,782**
Current Assets			
Inventories	6	169,099	119,542
Trade receivables		143,208	94,508
Other receivables and prepayments		134,729	281,916
Current financial assets	5	3,723,129	3,791,637
Securities	7	3,390,597	1,495,609
Cash and cash equivalent	8	244,730	194,027
Total current Assets		**7,805,492**	**5,977,239**
Total Assets		**23,271,434**	**21,227,021**

Liabilities and Shareholder's Equity in EUR 1,000	Notes	31.12.2019	31.12.2018 Restated
Shareholder's equity			
Share capital		300,000	300,000
Share premium		900,000	900,000
Legal reserve		30,000	30,000
Retained earnings		8,557,896	7,710,153
Currency adjustment		-10,946	-3,416
Non-controlling interests		63,353	39,528
Total shareholder's equity		**9,840,303**	**8,976,265**
Non-current liabilities			
Non-current provisions	9	76,451	73,611
Non-current financial liabilities	10	5,651,823	5,520,546
Other non-current liabilities		5,838	1,081
Total non-current liabilities		**5,734,112**	**5,595,238**
Current liabilities			
Current financial liabilities	10	7,351,412	6,397,702
Trade payables		125,946	80,188
Other current liabilities		87,184	105,208
Accrued liabilities		132,477	72,421
Total current liabilities		**7,697,019**	**6,655,519**
Total liabilities		**13,431,131**	**12,250,757**
Total liabilities and shareholder's equity		**23,271,434**	**21,227,021**

Consolidated Income Statement for the year ending December 31, 2019

Income statement in EUR 1,000	Notes	2019	2018 Restated
Net sales		929,248	625,806
Cost of goods sold		-607,669	-395,503
Gross profit		321,579	230,303
Other operating income	13	401,989	798,840
Operating income		**723,568**	**1,029,143**
Personnel expenses	14	-242,487	-225,468
Depreciation on tangible assets	2	-65,779	-73,132
Amortization of intangible assets	3	-65,328	-52,865
Other operating expenses	16	-280,135	-224,752
Operating result (EBIT)		**69,839**	**452,926**
Financial result	17	798,929	454,461
Profit before tax (EBT)		**868,768**	**907,387**
Income Taxes	18	-34,117	-47,427
Net profit		**834,651**	**859,960**
Attributable to shareholders of the parent company		845,206	855,938
Attributable to non-controlling interests		-10,555	4,022

Consolidated Statement of Cash-Flows for the year ending December 31, 2019

In EUR 1,000	2019	2018 Restated
Net profit	834,651	859,960
Depreciation and amortization	131,107	125,997
Gain on disposal of tangible and financial assets	-181,941	-414,432
Change in provisions	-7,993	2,524
Deferred income taxes	-1,094	30,744
Other non-cash items	67,438	-13,586
Change in net working capital	106,590	-47,825
Cash-flow from operating activities	**948,758**	**543,383**
Investments in tangible assets	-475,005	-491,422
Disposals of tangible assets	201,155	234,941
Investments in intangible assets	-42,869	-
Investments in financial assets net	-64,659	-3,004,389
Acquisition/disposal of Group companies net	-137,405	111,772
Cash-flow from investment activities	**-518,783**	**-3,149,098**
Change in current financial liabilities	998,303	1,993,969
Change in non-current financial liabilities	513,344	878,602
Change in minority shareholders of subsidiaries	5,221	-35,856
Cash-flow from financing activities	**1,516,868**	**2,836,715**
Net foreign exchange impact on cash	-1,152	-
Change in cash and cash equivalents	**1,945,691**	**231,000**
Opening value of cash accounts	**1,689,636**	**1,458,636**
Closing value of cash accounts	**3,635,327**	**1,689,636**

Changes in Shareholders' Equity as of December 31, 2019

In EUR 1,000	Balance 01.01.2018 Restated	Result of the year	Dividends distributed	Change of scope	Change in capital	Currency translation	Balance 31.12.2018 Restated
Share capital	300,000						300,000
Share premium	900,000						900,000
Legal reserve	30,000						30,000
Retained earnings	6,854,453	855,938		-238			7,710,153
Currency adjustment	-6,788					3,372	-3,416
Non-controlling interests	72,812	4,022	-38,915	-877	3,059	-573	39,528
Total Equity	**8,150,477**	**859,960**	**-38,915**	**-1,115**	**3,059**	**2,799**	**8,976,265**

In EUR 1,000	Balance 01.01.2019	Result of the year	Dividends distributed	Change of scope	Change in capital	Currency translation	Balance 31.12.2019
Share capital	300,000						300,000
Share premium	900,000						900,000
Legal reserve	30,000						30,000
Retained earnings	7,710,153	845,206		2,537			8,557,896
Currency adjustment	-3,416					-7,530	-10,946
Non-controlling interests	39,528	-10,555	-5,781	31,601	10,156	-1,596	63,353
Total Equity	**8,976,265**	**834,651**	**-5,781**	**34,138**	**10,156**	**-9,126**	**9,840,303**

The share capital of the Group is composed as follows:

	Number of shares	Nominal value
At December 31, 2019	330,000	CHF 1,000
At December 31, 2020	330,000	CHF 1,000

All issued registered shares are fully paid in and have equal rights in respect to dividend distributions and capital repayment.

Notes to the Consolidated Financial Statements

Basis for the Consolidated Financial Statements

General

Interogo Holding AG (hereafter “Holding”) is a company incorporated in Switzerland for an unlimited period of time (Canton Schwyz trade register CHE-416.814.967). The consolidated financial statements for the year ending December 31, 2019, comprise the Holding, its subsidiaries and its participating interests (hereafter “Group”).

The Group is focussed on performing investments in real estate, listed and non-listed equities, bonds, fund management and treasury management.

The Board of Directors released the consolidated financial statements for publication on May 5, 2020.

Fundamental accounting and assessment methods

Basis of preparation

The consolidated financial statements have been prepared in accordance with the Swiss accounting and reporting recommendations of Swiss GAAP FER according to the principle of “true and fair view”. They are based on the financial statements of the Group prepared for the same reporting period using consistent accounting policies.

The Group reporting currency is the Euro (“EUR”). The period comprises twelve months and ends 31 December.

All figures included in these financial statements and notes to the financial statements are rounded to the nearest EUR 1,000, except where otherwise indicated.

Consolidation policies

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group, directly or indirectly, owns more than half of the voting rights of an entity. The existence and effect of potential voting rights that are currently exercisable or tradable can also determine whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained. They are de-consolidated from the date that control ceases. Subsidiaries are recognised using the purchase method. The consideration encompasses the compensation transferred in exchange for obtaining control over the identifiable assets, liabilities and contingent liabilities of the company acquired. The compensation encompasses cash payments as well as the fair market value of both the transferred assets, the incurred or assumed liabilities and, in addition, the equity instruments as of the trade date that have been issued by the Group. The net assets acquired comprising identifiable assets, liabilities and contingent liabilities, are recognised at their fair value. Goodwill is recognised as of the acquisition date and is measured as the excess of the consideration transferred as described over and above the fair value of the identified net assets. If the Group does not acquire 100% of the shares of a company, the non-controlling interests in equity is to be disclosed separately in equity.

Transactions, balances and gains on transactions between subsidiaries are eliminated. Losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Associates

Associates are companies that are significantly influenced, but not controlled by the Group. This is generally evidenced when the Group owns between 20% and 50% of a company. Investments in associates are accounted for using the equity method. The Group's investment in associates may include goodwill identified on acquisition.

Foreign currency transactions

Transactions in foreign currencies other than the reporting currency are translated at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate effective at that date. Foreign exchange differences, arising from the settlement of foreign currency transactions or on translation of monetary assets and liabilities, are recognized in the income statement.

Foreign subsidiaries

The financial statements of foreign subsidiaries are translated into EUR at year-end exchange rates for Balance Sheet and average exchange rates for Profit & Loss Accounts. The Equity accounts are kept at historical cost. Resulting differences are recorded under currency translation adjustment in equity.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value. Changes in the fair value are recognized immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and time deposits with a residual term to maturity from the balance sheet date of 90 days at the most. They form the basis of the consolidated statement of cash flows.

Securities

Listed securities, portfolios or hedge funds managed by third parties are recorded at stock market prices at the balance sheet date. Unlisted securities are shown in the balance sheet at acquisition cost less any impairment.

Trade receivables / other receivables

Trade receivables and other receivables are valued at par value less impairment, if any. An allowance is set aside if objective indications show that receivables cannot be collected. Allowances are based on individual valuations.

Prepayments

Prepayments are costs relating to a subsequent accounting period that are capitalized as assets until they are actually used (e.g. insurance premiums, rent, interest charges and sundry costs paid in advance, non-consumed costs, maintenance contract fees).

Inventories

Inventories are measured at cost. Discounts are recognised as a reduction in the purchase price. If the book value exceeds the net market value, an impairment loss is recorded on the income statement in the current period (lower of cost or market principle). Net market value is equivalent to the current market price less the usual sales deductions, marketing costs and administrative costs yet to be incurred. Inventories that cannot be sold are written off in full. The costs of inventories are determined by using the first in first out ("FIFO") method.

Inventories include costs incurred in relation to the construction of buildings that are destined to be sold.

Leased land

A leased land is a long term lease agreement in which the tenant rents and uses the land to erect buildings and infrastructures. The tenant owns the temporary or permanent buildings and infrastructures built upon it.

Leased land is depreciated over the lease period, which expires between the years 2020 and 2140.

Tangible assets

Tangible assets are carried at acquisition or manufacturing costs, with depreciation calculated using the straight-line method based on the following estimated useful lives:

	Years
Buildings – Retail	25
Buildings – Other	33
Building installations	15
Leasehold improvements and leased equipment	Lease period
IT equipment	5
Furniture, fixtures and fittings	10

Investment property

Investment properties are carried at historical or manufacturing cost less accumulated depreciation and any impairment. The period of depreciation is calculated according to the category of asset.

Intangible assets

Goodwill

Net assets taken over in an acquisition are to be valued at actual values and any surplus of acquisition cost over the newly valued net assets is to be designated as goodwill (purchase price allocation). Goodwill is amortized over the expected useful life period not exceeding 10 years.

Other intangible assets

Other intangible assets include licenses, patents or other rights. Other intangible assets are amortized over the expected useful life period not exceeding 10 years.

Financial assets

Financial assets include associates, related parties, non-listed investments in funds, co-investments and direct investments, held for the long-term and valued at historical cost less impairment.

Impairment of assets

All assets are reviewed as of each balance sheet date for indications of impairment. If there are indications that an asset may be impaired, the recoverable amount of the asset is determined and the impairment loss is estimated. Should the estimated recoverable amount of the asset, which is equivalent to the higher of net market value and the useful value of the asset, be lower than the asset's book value, an adjustment is made to the income statement to reduce the book value of the asset to the estimated recoverable amount in the same period in which the impairment was discovered. Net market value is the price obtainable between independent third parties less the associated selling expenses. Useful value is based on the estimated future cash flows resulting from the use of the asset, including any possible cash flow at the end of the useful life, discounted using an appropriate long-term interest rate.

Operating Leases

Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

Financial liabilities

Financial liabilities are measured at amortized costs.

Trade and other payables

Trade and other payables are stated at its nominal amount.

Provisions

Provisions are established when a legal or constructive obligation arising from past events exists that will likely result in a cash outflow and this cash outflow can be reliably estimated. The provisions established represent the best possible estimate of the final obligation. Long-term provisions are discounted to their present values, provided that the impact is material. The subdivision into short-term and long-term provisions is based on whether utilisation is assumed to be probable within one year or at a later time.

Possible obligations whose existence requires confirmation by future events, or obligations whose amount cannot be reliably estimated, are disclosed in the notes to the financial statements as contingent liabilities.

Contingent liabilities

Contingent liabilities are assessed according to the probability and scope of future unilateral contributions and costs and are disclosed in the Notes.

Pension benefit obligations

The pension benefit obligations of the Group companies in respect of old age, death and disability comply with the statutory provisions and regulations in the respective countries.

An economic benefit is capitalised provided it will be available to reduce the company's future pension expenses. An economic obligation is recognized as a liability if the conditions for establishing a provision are met. Any unconditionally available employer contribution reserves are recognized as assets. The economic impacts of surpluses or deficits in the pension funds on the Group, as well as a change in any employer contribution reserves, are recognized as profit or loss and reported as personnel expenses in addition to the contributions deferred to the reporting period.

Taxes

Income taxes

Current income taxes are calculated at the prevailing tax rates on the basis of the expected fiscal result for the period as per commercial law and according to the respective tax assessment rules. They are disclosed under other current liabilities.

Deferred taxes

Deferred taxes are taken into account on temporary differences between tax bases and the carrying amounts in the consolidated financial statements and are calculated using the liability method based on effective or expected effective local tax rates. Deferred tax assets are recognized for loss carry-forwards where it is highly probable that they can be offset against future taxable income. The changes in deferred tax assets and liabilities are recognized in the consolidated income statement. Taxes on transactions that are reported in equity are also recognized in equity.

Revenue recognition

Net sales

Sales consists of all sales proceeds attained from the delivery of goods to third parties after deducting discounts, rebates, cash discounts and value-added taxes. Sales proceeds are always included in the income statement as soon as the delivery of the goods has taken place and benefit and risk have been transferred to the buyer.

Rental income

Rental income from the tenants is recognized in the income statement on a straight-line basis over the term of the lease.

Service income

Service income consists of services to third parties after deduction of discounts, rebates and value-added tax. Service proceeds are included in the income statement as soon as the service has been rendered.

Gain or loss on disposal of tangible and financial assets

The gain or loss on disposal of tangible and financial assets is recognised when assets are effectively sold. It consists of the sales proceed, net of any selling expenses, minus the net book value including any impairment previously taken on such assets.

Financial result

Financial income

Financial income comprises dividends, interest income, fair value adjustment gains on current liquid assets, realized foreign currency gains and gains on hedging instruments that are recognized in the income statement.

Interest income is recognized in the income statement as it accrues. Dividend income is recognized when declared by the Board of Directors or at the Annual General Meeting of the shareholders.

Financial expenses

Financial expenses comprise interest expenses, fair value adjustment losses on current liquid assets, realized foreign currency losses and losses on hedging instruments that are recognized in the income statement.

All borrowing costs are recognized in the income statement as it accrues.

Value adjustments result from the compliance of the fair market value principle applied to financial instruments, such as bonds, shares, warrants and options.

Restatement

The Group has acquired various properties in Europe through EUR denominated subsidiaries in the past. Consequently, these properties were valued at the historic EUR cost value. As a significant part of these properties are based in the UK and other non-EUR denominated countries, the Group assessed that the EUR was erroneously used as a functional currency instead of their local currency.

It was therefore decided to restate the financial statement 2018 based on historic cost values in GBP as if the UK properties would have been initially acquired through a GBP denominated subsidiary to reflect the real economic situation. The same principle has also been applied to properties in Norway (NOK) and in Denmark (DKK).

The main financial consequences of the restatement are as follows:

In EUR 1,000	2018 Restated	2018 Originally reported	Correction in TEUR	In %
Income Statement				
Depreciation	-73,132	-73,322	190	-0.3%
Financial result	454,461	460,264	-5,803	-1.3%
Net Profit	**859,960**	**865,562**	**-5,602**	**-0.6%**
Balance Sheet				
Leased land and tangible assets	2,348,161	2,394,890	-46,729	-2.0%
Other receivables	281,916	281,917	-1	-0.0%
Total assets	**21,227,021**	**21,273,753**	**-46,732**	**-0.2%**
Total shareholder’s equity	**8,976,265**	**9,022,993**	**-46,728**	**-0.5%**
Cash flow statement				
Cash-flow from operating activities	543,383	543,099	284	+0.0%
Cash-flow from investment activities	-3,149,098	-3,149,083	-15	-0.0%
Cash-flow from financing activities	2,836,715	2,836,984	-269	-0.0%

Note 1 Consolidation scope

The most significant companies contributing to the Group consolidation as at December 31, 2019 are listed below:

Entities	Country	Interest held in capital / votes	Interest held in capital / votes	Currency	Share capital	Equity contribution
		2019	2018		2019	2019
Interogo Holding AG	CH	Parent	Parent	TCHF	330'000	996,390
Inter Holding Services SA	BE	100%	100%	TEUR	63	-
Vastint Holding BV *	NL	100%	100%	TEUR	45,378	614,067
Vastint Netherlands BV *	NL	100%	100%	TEUR	40,505	3
Vastint Belgium SA	BE	100%	100%	TEUR	16,065	837
Parc Louise SA	BE	100%	100%	TEUR	744	-
Vastint Lithuania UAB	LT	100%	100%	TEUR	28,965	-
Vastint Latvia SIA	LV	100%	100%	TEUR	21,000	-
Vastint Romania SRL	RO	100%	100%	TRON	196,060	21
Vastint UK BV	NL	100%	100%	TEUR	35,800	83,524
Vastint UK Services Ltd	UK	100%	100%	TGBP	30,000	-
Vastint Land BV	NL	100%	100%	TEUR	5,000	-
Vastint Leeds BV	NL	100%	100%	TEUR	-	-
Vastint Cardiff BV	NL	100%	100%	TEUR	-	-
Aurora Vastgoed BV	NL	100%	100%	TEUR	18	68,069
Colgardie S.L.	SP	100%	100%	TEUR	36,703	9,000
Vastint Poland Spzoo	PL	100%	100%	TPLN	177,783	682,120
Vastint Hospitality BV	NL	100%	100%	TEUR	1,000	110,000
Hospitality Equipment BV	NL	100%	100%	TEUR	100	-
Vastint Hospitality UK Services Ltd	UK	100%	100%	TGBP	50	-
Vastint Hospitality Germany Services GmbH	DE	100%	100%	TEUR	25	-
Vastint Hospitality Italy Factory SRL	IT	100%	100%	TEUR	10	470
Vastint Hospitality Italy srl	IT	100%	100%	TEUR	10	670
Vastint Hospitality Poland Spzoo	PL	100%	100%	TPLN	5	-
Vastint Hospitality UK Student Home BV	NL	100%	100%	TGBP	-	-
Inter Fund Management SA	LU	100%	100%	TEUR	1,500	-
Inter Fund Management US Inc.	US	100%	100%	TUSD	250	-
Inter STL SA	LU	100%	100%	TEUR	50,000	20,400
Inter LTH Investments Holding Ltd	CY	100%	100%	TEUR	359	39,490
International Sif Sicav SA *	LU	91.5%	91.5%	TEUR	1,250	638
IH Capital AB	SE	100%	100%	TSEK	50	1,963,351
IH Capital HC1 AB	SE	100%	100%	TSEK	50	1,963,351
Nalka Invest AB *	SE	100%	100%	TSEK	60,000	858,418
OneMed Top Holding AB	SE	69%	-	TSEK	51,980	-
Prototal Holding AB	SE	68%	-	TSEK	220,050	-
Hööks Hästsport AB *	SE	-	81%	-	-	-
MYBW Office Management TopCoAB *	SE	92%	91%	TSEK	704,274	-
Eson Pac International AB *	SE	63%	63%	TSEK	92,861	-
Forsbergs Fritidscenter AB *	SE	51%	51%	TSEK	52,749	-
Cibes Holding AB *	SE	95%	95%	TSEK	24,964	-
Open Air Holding AB *	SE	84%	84%	TSEK	8,075	23,951
Played Top Hold AB *	SE	90%	96%	TSEK	354,285	-

*Companies with subsidiaries in following countries: CH, DK, FI, NO, DE, ES, MT, MU, NL, SE, US, UK.

In 2019, Nalka Invest AB acquired 69% of the shares of OneMed Group and 68% of Prototal Holding AB. The shares of Hööks Hästsport AB were sold in 2019.

Note 2 Leased land and tangible assets

In EUR 1,000	Land undeveloped	Land & building	Leasehold improve-ments	Other assets & equipment	Assets under construction	Total
At cost						
As at January 1, 2018	**395,204**	**1,632,018**	**92,271**	**212,852**	**325,515**	**2,657,860**
Additions	39,143	126,345	15,950	21,865	288,119	491,422
Disposals	-	-107,938	-4,534	-9,767	-	-122,239
Transfers	-	99,030	-25	280	-94,850	4,435
Scope change	-	-34,940	-125	-211,267	-487	-246,819
Translation adjustment	-2,315	-6,066	22	1,016	-1,904	-9,247
As at December 31, 2018	**432,032**	**1,708,449**	**103,559**	**14,979**	**516,393**	**2,775,412**
Additions	49,108	78,712	30,816	792	315,577	475,005
Disposals		-159,861	-35,688	-1,776	-2,165	-199,490
Transfers	-169	330,299	-1,350	4,344	-357,270	-24,146
Scope change	-	23,843	2,439	289	915	27,486
Translation adjustment	10,713	13,789	-5	53	10,639	35,189
As at December 31, 2019	**491,684**	**1,995,231**	**99,771**	**18,681**	**484,089**	**3,089,456**
Accumulated depreciation						
As at January 1, 2018	**-**	**-355,847**	**-43,709**	**-143,343**	**-**	**-542,899**
Additions	-	-51,209	-8,808	-13,117	-	-73,134
Disposals	-	16,262	3,839	7,494	-	27,595
Impairment	-	-	-	-	-	-
Transfers	-	491	9	61	-	561
Scope change	-	20,487	89	139,514	-	160,090
Translation adjustment	-	1,084	-27	-521	-	536
As at December 31, 2018		**-368,732**	**-48,607**	**-9,912**	**-**	**-427,251**
Additions	-	-57,269	-7,115	-1,394	-	-65,778
Disposals	-	52,705	16,328	822	-	69,855
Impairment	-	-	-	-	-	-
Transfers	-	105	2,097	108	-	2,310
Scope change	-	-12,368	-164	-207	-	-12,739
Translation adjustment	-	818	-26	-18	-	774
As at December 31, 2019	**-**	**-384,741**	**-37,487**	**-10,601**	**-**	**-432,829**
Net book value						
- as at January 1, 2018	**395,204**	**1,276,171**	**48,562**	**69,509**	**325,515**	**2,114,961**
- as at December 31, 2018	**432,032**	**1,339,717**	**54,952**	**5,067**	**516,393**	**2,348,161**
- as at December 31, 2019	**491,684**	**1,610,490**	**62,284**	**8,080**	**484,089**	**2,656,627**

Additions to tangible assets mainly relates to the Vastint Group (real estate). The geographical split for real estate development expenditures (residential, hotels, offices) is summarised as follows: UK 41%, PL 22%, RO 9%, DE 6%, LA 5%, BE 4%, LI 3%, FR 3%, NL 3% and others.

Note 3 Intangible assets

In EUR 1,000	Goodwill	Licenses and other intangibles	Total
At cost			
As at January 1, 2018	**495,917**	**75,465**	**571,382**
Additions	-	8,966	8,966
Scope change	-113,999	1,515	-112,484
Transfers	-12,322	5,779	-6,543
Translation adjustment	-12,586	-2,486	-15,072
As at December 31, 2018	**357,010**	**89,239**	**446,249**
Additions	28,759	14,110	42,869
Scope change	243,641	27,255	270,896
Transfers	290	-32	258
Translation adjustment	-16,121	-3,005	-19,126
As at December 31, 2019	**613,579**	**127,567**	**741,146**
Accumulated depreciation			
As at January 1, 2018	**-107,480**	**-18,162**	**-125,642**
Additions	-44,426	-8,439	-52,865
Scope change	49,903	183	50,086
Transfers	7,371	-1,740	-5,631
Translation adjustment	1,969	878	2,847
As at December 31, 2018	**-92,663**	**-27,280**	**-119,943**
Additions	-53,107	-12,221	-65,328
Scope change	12,527	-16,705	-4,178
Transfers	-290	-	-290
Translation adjustment	1,708	1,096	2,804
As at December 31, 2019	**-131,825**	**-55,110**	**-186,935**
Net book value			
- as at January 1, 2018	**388,437**	**57,303**	**445,740**
- as at December 31, 2018	**264,347**	**61,959**	**326,306**
- as at December 31, 2019	**481,754**	**72,457**	**554,211**

Intangible assets are mainly composed of goodwill on subsidiaries belonging to the Nalka Invest AB group. In 2019, the Goodwill increased due to the acquisition of OneMed Group and Prototal Holding AB.

Note 4 Foreign currencies

	Balance sheet year-end rates		Income statement average rates	
	31.12.2019	31.12.2018	2019	2018
US Dollar (USD)	0.8922	0.8734	0.8944	0.8495
British Pound (GBP)	1.1703	1.1132	1.1436	1.1292
Danish Krona (DKK)	0.1338	0.1340	0.1339	0.1342
Norwegian Krona (NOK)	0.1012	0.1008	0.1016	0.1039
Swedish Krona (SEK)	0.0954	0.0983	0.0944	0.0971

Note 5 Current and non-current financial assets

In EUR 1,000	31.12.2019	31.12.2018
Non-listed investments	5,930,791	5,817,048
Listed investments	270,097	210,953
Non-current loans receivable	6,027,937	6,527,176
Total non-current financial assets	**12,228,825**	**12,555,177**
Current loans receivables	3,697,783	3,791,637
Other current financial assets	25,346	-
Total current financial assets	**3,723,129**	**3,791,637**

Non-listed investments includes the participation held in Inter IKEA Holding BV and interests in investment funds and minority stakes in non-listed companies. The participation in Inter IKEA Holding BV amounts to EUR 4,096m. The caption Listed investments relate to the “long-term Equity” investment strategy.

Note 6 Inventories

In EUR 1,000	31.12.2019	31.12.2018
Raw material and consumables	17,903	15,626
Inventory in progress	1,190	1,011
Finished goods and goods for resale	117,060	89,182
Assets held for sale	32,946	13,723
Total	**169,099**	**119,542**

Assets held for sale are related to real estate hold by Vastint and include apartments build for sale and office buildings and land plots which are planned to be sold in 2020. Other inventories are highly diversified as industrial, wholesale and retail goods.

Note 7 Securities

Securities are composed of publicly traded bonds, money market funds and other debt instruments.

Note 8 Cash and cash equivalents

In EUR 1,000	31.12.2019	31.12.2018
Cash at bank and in hand	164,446	113,799
Short-term deposits	80,284	80,228
Total	**244,730**	**194,027**

Note 9 Provisions

In EUR 1,000	Provisions for employment commitment	Deferred tax liability	Other provisions	Total
As at January 1, 2018	10,172	36,884	4,690	51,746
Creation	3,476	26,707	-	30,183
Utilization	-	-	-952	-952
Scope change	-	-5,154	-1,635	-6,789
Transfers	-	131	-	131
Translation adjustment	-7	-587	-114	-708
As at December 31, 2018	**13,641**	**57,981**	**1,989**	**73,611**
Creation	24	-	-	24
Utilization	-	-971	-8,017	-8,988
Scope change	-	1,792	11,380	13,172
Transfers	-	-	-	-
Translation adjustment	-4	-895	-469	-1,368
As at December 31, 2019	**13,661**	**57,907**	**4,883**	**76,451**

The provision for employment commitment is a potential liability related to past pension obligations, for pension programs no longer in force within the Group.

Note 10 Current and non-current financial liabilities

The current and non-current financial liabilities comprise loans owed to related parties and credit institutions with the following maturity:

In EUR 1,000	31.12.2019	31.12.2018
More than one year	5,651,823	5,520,546
Less than one year	7,351,412	6,397,702
Total	**13,003,235**	**11,918,248**

The majority of current and non-current loans are granted by related parties (see Note 11).

Note 11 Transactions with related parties

Balance sheet In EUR 1,000	31.12.2019	31.12.2018
Non-current financial assets	10,075,698	10,573,836
Other receivables and prepayments	41	2,083
Current financial assets	3,697,258	3,737,116
Assets	**13,772,997**	**14,313,035**
Non-current financial liabilities	5,400,000	5,400,000
Current financial liabilities	7,290,324	6,362,458
Liabilities	**12,690,324**	**11,762,458**

Income statement In EUR 1,000	2019	2018
Other operating revenues	9,397	10,636
Service expenses	-315	-146
Dividend income	850,000	500,000
Interest income	354,779	370,071
Interest expense	-336,401	-346,647

Related parties include Interogo Foundation, the ultimate owner, and its subsidiaries who are not part of the Interogo Holding AG consolidation scope. Any rendering of services and lending to and from related parties are entered at market conditions.

Note 12 Sales

Sales are composed of diversified activities such as industrial, wholesale and retail goods of portfolio companies of Nalka Invest AB. The increase compared to previous year is primarily related to the acquisition of OneMed Group.

Note 13 Other operating income

In EUR 1,000	2019	2018
Rental income	138,911	158,523
Service income	27,727	82,096
Investment income	154,870	409,624
Gain on sales of tangible assets	73,979	142,951
Other	6,502	5,646
Total	**401,989**	**798,840**

Rental income includes the rental income of leased properties owned by Vastint. In previous year, rental income also included income from the rental of modular constructions owned by a Nalka portfolio company. Service income relates to fund management and maintenance activities. Investment income relates to net realised gains, interest income and dividend income from actively managed non-listed investments and net realised gains on disposal of participations.

Note 14 Personnel expenses

In EUR 1,000	2019	2018
Wages and salaries	179,611	166,055
Social security expenses	37,533	39,025
Pension expenses	15,495	10,861
Other	9,848	9,527
Total	**242,487**	**225,468**

Note 15 Employee pensions

The Group provides post-employment benefits to its employees, in the form of defined contribution pension plans, in most countries where it operates and in line with country legislation.

Note 16 Other operating expenses

In EUR 1,000	2019	2018
Consultancy, advisory and investment fees	81,443	71,814
Impairment on non-current financial assets	11,908	42,885
Impairment on current assets	54,386	-
Property maintenance, repairs and utilities	34,932	32,378
Marketing and communication	13,139	11,823
Loss on disposal of tangible assets	741	50
Other operating expenses	83,586	65,802
Total	**280,135**	**224,752**

Note 17 Financial result

In EUR 1,000	2019	2018
Dividend income	850,000	500,000
Net foreign exchange gains or losses	2,516	-4,751
Fair value adjustments on securities	2,637	-
Interest income and expenses	-55,149	-40,487
Other financial income and expenses	-1,075	-301
Total	**798,929**	**454,461**

Note 18 Income taxes

In EUR 1,000	2019	2018
Current income taxes	35,323	17,090
Deferred income taxes	-1,206	30,337
Total	**34,117**	**47,427**

Group companies recognized a deferred tax asset of EUR 13.2m (2018: EUR 6m) which arises from tax losses carried forward and temporary tax differences. The average rate to calculate the deferred tax assets and liabilities was 21.0% (2018: 20.9%). The tax losses carried forward not recognised amount to EUR 58m (2018: EUR 56m).

Note 19 Contingent liabilities

Group companies have issued guarantees towards third parties for a total amount of EUR 4.9m (2018: 0.7m). The Group also has commitments into conditional land purchase agreements for EUR 20.8m (2018: EUR 17.2 million).

The Company has foreign exchange contracts and interest rate swaps outstanding as of December 31, 2019. These contracts were entered into in order to hedge the intercompany and related party loans. The Company has unrealised gains on swaps and forwards on foreign exchange transactions for a total amount of EUR 25.3 million (2018: EUR 34.9 million) and unrealised losses amounting to EUR 11.2 million (2018: EUR 9.8 million). The nominal value of foreign exchange transactions amounts to EUR 3,008 million. (2018: EUR 2,839 million). The nominal value of the interest rate swaps amounts to EUR 55 million (2018: EUR 82m).

Note 20 Contractual obligations

Future leasing obligations amount to EUR 215.9m (2018: EUR 159.5m) from land leases and other rental arrangements.

Note 21 Subsequent events

The Corona virus outbreak is concerning and Interogo Holding AG is monitoring the situation very closely. The first priority has been to ensure the safety and well-being of our people and to ensure business continuity.

Given the uncertainties and ongoing developments, the quantitative impact of the COVID-19 outbreak on Interogo Holding AG Group’s businesses and investments going forward cannot be accurately and reliably estimated at the date of this report.

The Board of Directors is of the opinion that, as of the date of this report, there has been no event which require additional disclosure in or adjustments to the amounts recognized in these audited consolidated financial statements.

Independent Auditor's Report

EY
Building a better working world

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To the General Meeting of

Interogo Holding AG, Freienbach

Zurich, 5 May 2020

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Interogo Holding AG, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash-flows, changes in shareholders' equity and notes to the consolidated financial statements, for the year ended 31 December 2019.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance Swiss GAAP FER and with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter (Qualified Signature)
Licensed audit expert
(Auditor in charge)

Pascal Solèr (Qualified Signature)
Licensed audit expert

Enclosure

- Consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of cash-flows, changes in shareholders' equity and notes to the consolidated financial statements)

Interogo holding

Interogo Holding AG

For further information, please visit the Interogo Holding AG website, www.interogoholding.com