CEVA LOGISTICS

Annual Report 2020

Consolidated Accounts – Full Audited version is available on the CMA CGM Investor Relations website

Consolidated Financial Statements 2020
Table of Contents

Cautionary statement: This document contains forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which the Group (as defined below) operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated. Note: There may be small differences due to rounding between this report and other second quarter 2020 investor materials.

Consolidated Income Statement

$ millions	Note	2020 Before specific items and SBC	2020 Specific items and SBC[1]	2020 Total	2019 Before specific items and SBC	2019 Specific items and SBC[1]	2019 Total
							YEARS ENDED 31 DECEMBER
Revenue	6	**7,416**	**-**	**7,416**	**7,124**	**-**	**7,124**
Work contracted out		(3,863)	-	(3,863)	(3,579)	-	(3,579)
Personnel expenses	8	(2,231)	2	(2,230)	(2,213)	(24)	(2,237)
Other operating expenses		(709)	-	(709)	(796)	(18)	(814)
Operating expenses excluding depreciation, amortization and impairment		**(6,803)**	**2**	**(6,802)**	**(6,588)**	**(42)**	**(6,630)**
EBITDA[2]		**613**	**2**	**614**	**536**	**(42)**	**494**
Depreciation property, plant and equipment	13	(58)	-	(58)	(60)	-	(60)
Depreciation right-of-use assets	14	(390)	-	(390)	(379)	-	(379)
Amortization and impairment	12	(31)	-	(31)	(24)	-	(24)
Operating income		**134**	**2**	**135**	**73**	**(42)**	**31**
Finance income	9	20	-	20	15	-	15
Finance expense	9	(169)	(51)	(220)	(181)	(19)	(200)
Foreign exchange gain/(loss)	9	(10)	(14)	(24)	2	-	2
Net finance income / (expense)		**(159)**	**(65)**	**(224)**	**(164)**	**(19)**	**(183)**
Share of profit from joint venture	17	9	-	9	17	-	17
Profit/(Loss) before income taxes		**(16)**	**(63)**	**(79)**	**(74)**	**(61)**	**(135)**
Income tax income/(expense)	10	3	-	3	(35)	4	(31)
Profit/(Loss) for the period		**(13)**	**(63)**	**(76)**	**(109)**	**(57)**	**(166)**
Attributable to:							
Non-controlling interests				(1)			-
Equity holders of the Company				(75)			(166)

[1] Refer to Note 7 for details on specific items and non-cash share-based compensation costs (SBC).
[2] EBITDA as presented, excludes net finance income/(expense), income tax income/(expense), depreciation, amortization and share of profit from joint ventures.

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

Consolidated Statement of Comprehensive Income

$ millions	Note	2020 Before specific items and SBC	2020 Specific items and SBC[1]	2020 Total	2019 Before specific items and SBC	2019 Specific items and SBC[1]	2019 Total
Profit/(Loss) for the period		**(13)**	**(63)**	**(76)**	(109)	(57)	(166)
Items that will not be reclassified to Profit and Loss:							
Remeasurements of retirement benefit obligations		(6)	-	(6)	(9)	-	(9)
Tax effects of items in OCI		1	-	1	1	-	1
Items that may be reclassified subsequently to Profit and Loss:							
Net investment hedges		4	-	4	4	-	4
Cash flow hedges		(6)	36	30	(15)	-	(15)
Currency translation adjustment		(6)	(11)	(17)	7	-	7
Total comprehensive income/(loss) for the period, net of income tax		**(25)**	**(38)**	**(64)**	**(121)**	**(57)**	**(178)**
Attributable to:							
Non-controlling interests				(1)			-
Equity holders of the Company				(63)			(178)
Total comprehensive profit/(loss) for the period				**(64)**			**(178)**

YEARS ENDED 31 DECEMBER

[1] Refer to Note 7 for details on specific items and non-cash share-based compensation costs (SBC).

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

Consolidated Balance Sheet

$ millions	Note	AS AT 31 DECEMBER 2020	AS AT 31 DECEMBER 2019
ASSETS			
Non-current assets			
Intangible assets and Goodwill	12	1 464	1 390
Property, plant and equipment	13	206	173
Right-of-use assets	14	1 168	1 200
Investments in joint ventures	17	109	100
Deferred income tax assets	10	136	104
Prepayments		35	38
Other non-current assets		55	65
Total non-current assets		**3 173**	**3 070**
Current assets			
Inventory		4	5
Trade and other receivables	15	1 418	1 142
Prepayments		54	51
Contract assets	6	139	149
Income tax receivable		16	17
Derivative financial instruments	5	1	9
Other current assets		2	-
Cash and cash equivalents	16	463	684
Total current assets		**2 097**	**2 057**
TOTAL ASSETS		**5 269**	**5 127**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	18	538	175
Share premium		1 352	1 230
Acquisition reserve	11	(93)	(93)
Other reserves		2 301	2 293
Accumulated deficit		(3 461)	(3 386)
Attributable to equity holders of the Company		**637**	**219**
Non-controlling interests		4	1
Total Group equity		**641**	**220**
LIABILITIES			
Non-current liabilities			
Borrowings	19	1 150	1 410
Lease liability	14	880	891
Deferred income tax liabilities	10	19	13
Retirement benefit obligations	20	117	109
Provisions	21	67	71
Other non-current liabilities		47	24
Total non-current liabilities		**2 280**	**2 518**
Current liabilities			
Borrowings	19	16	357
Lease liability	14	355	361
Provisions	21	86	98
Trade and other payables	22	1 767	1 477
Contract liabilities	6	50	37
Income tax payable		28	31
Derivative financial instruments	5	46	28
Total current liabilities		**2 348**	**2 389**
TOTAL EQUITY AND LIABILITIES		**5 269**	**5 127**

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

Consolidated Statement of Cash Flows

$ millions	Note	YEAR ENDED 31 DECEMBER 2020	YEAR ENDED 31 DECEMBER 2019
Profit/(Loss) for the period		**(76)**	**(166)**
Adjustments for:			
-Depreciation, amortization and impairment		92	84
-Depreciation right-of-use assets		390	379
-Loss / (Gains) on disposals of property and equipment and subsidiaries		1	(1)
-Share of (Income) / Loss from associates and joint ventures		(9)	(17)
-Finance income and expense		195	185
-Income tax		(3)	31
-Share based compensation costs		-	5
-Other income and expense		32	-
-Other non cash items		-	(2)
Changes in provisions		(19)	(37)
Changes in working capital		39	123
Changes in non-current assets and liabilities		51	33
Net cash (used for) / from operating activities before interest and tax paid		693	616
Interest cost paid on lease liabilities	14	(51)	(48)
Interest cost paid		(88)	(108)
Other financing cost paid		(49)	(21)
Net income taxes paid		(34)	(38)
Net cash (used for) / from operating activities		**470**	**401**
Business combinations, net of cash acquired/divested	11	(15)	18
Acquisition of other investments		(16)	-
Capital expenditure		(120)	(103)
Proceeds from sale of property, plant and equipment		3	4
Cash flow resulting from other financial assets		2	-
Dividends received from associates and joint ventures		11	13
Interest received		11	12
Net cash (used for) / from investing activities		**(124)**	**(56)**
Proceeds from capital increase	18	486	198
Repayments of borrowings	19	(1,426)	(976)
Repayments of lease liabilities		(374)	(346)
Proceeds from borrowings, net of issuance costs	19	760	1,116
Other cash flow from financing activities		(12)	-
Net cash (used for) / from financing activities		**(567)**	**(8)**
Change in cash, cash equivalents and overdrafts		(221)	337
Cash, cash equivalents and overdrafts at beginning of period *		677	346
Foreign exchange impact on cash, cash equivalents and overdrafts		2	(6)
Cash, cash equivalents and overdrafts at end of period *		**459**	**677**
Cash, cash equivalents at end of period (excluding overdrafts)		**463**	**684**

* Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The Group has introduced a new presentation of the Cash Flow Statement in the Financial Statements for the year ended 31 December 2020. The following changes have been introduced compared to the presentation of the comparable period (comparative period figures have been represented accordingly):

- Changes in provisions includes both non-current and current provisions. Changes in current provision were included in the changes of working capital in the comparable period Financial Statements and amounted to US$5 million.
- Cash and cash equivalent now include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts amounted to US$4 million for year ended 31 December 2020 (2019: US$7

million). Cash flow from financing activities for the comparative period now amounts to -US$8 million (previously -US$23 million) as proceeds of borrowings (US$1 million) and repayments of borrowings (-US$16 million) previously included in cash flow from financing activities now are presented as change in cash, cash equivalents and overdrafts.

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

Consolidated Statement of Changes in Equity

$ millions	Share capital	Share Premium	Acquisition reserve	Hedge reserve	Currency translation reserve	Other reserves	Accumulated deficit	Attributable to equity holders of the Company	Non-controlling interest	Total Group equity
Balance as at 1 January 2019	**6**	**1 159**	**-**	**(14)**	**(562)**	**2 895**	**(3 240)**	**244**	**1**	**245**
Loss for the period	-	-	-	-	-	-	(166)	(166)	-	(166)
Currency translation adjustment	-	-	-	-	7	-	-	7	-	7
Net investment hedges	-	-	-	-	4	-	-	4	-	4
Cash flow hedges	-	-	-	(15)	-	-	-	(15)	-	(15)
Remeasurement of retirement benefit obligations	-	-	-	-	-	(9)	-	(9)	-	(9)
Tax effects of items in OCI	-	-	-	-	-	1	-	1	-	1
Other comprehensive income for the period	**-**	**-**	**-**	**(15)**	**11**	**(8)**	**-**	**(12)**	**-**	**(12)**
Total comprehensive income for the period	**-**	**-**	**-**	**(15)**	**11**	**(8)**	**(166)**	**(178)**	**-**	**(178)**
Capital increase[1]	169	29	-	-	-	-	-	198	-	198
Equity-settled share based compensation	-	42	-	-	-	(37)	-	5	-	5
Business combination under common control[2]	-	-	(93)	-	-	23	20	(50)	-	(50)
Balance at 31 December 2019	**175**	**1 230**	**(93)**	**(29)**	**(551)**	**2 873**	**(3 386)**	**219**	**1**	**220**
Balance as at 1 January 2020	**175**	**1 230**	**(93)**	**(29)**	**(551)**	**2 873**	**(3 386)**	**219**	**1**	**220**
Loss for the period	-	-	-	-	-	-	(75)	(75)	(1)	(76)
Currency translation adjustment	-	-	-	-	(16)	-	-	(16)	(1)	(17)
Net investment hedges	-	-	-	-	4	-	-	4	-	4
Cash flow hedges	-	-	-	30	-	-	-	30	-	30
Remeasurement of retirement benefit obligations	-	-	-	-	-	(6)	-	(6)	-	(6)
Tax effects of items in OCI	-	-	-	-	-	1	-	1	-	1
Other comprehensive income for the period	**-**	**-**	**-**	**30**	**(12)**	**(5)**	**-**	**13**	**(1)**	**12**
Total comprehensive income for the period	**-**	**-**	**-**	**30**	**(12)**	**(5)**	**(75)**	**(62)**	**(2)**	**(64)**
Capital increase[1]	363	122	-	-	-	-	-	485	0	485
Movements in non-controlling interest	-	-	-	-	-	(5)	-	(5)	5	(0)
Balance at 31 December 2020	**538**	**1 352**	**(93)**	**1**	**(563)**	**2 863**	**(3 461)**	**637**	**4**	**641**

[1] Refer to note 18 for details on the share capital.
[2] Refer to note 11 for details on the business combination.

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

Notes to the Condensed Consolidated Financial statements

1. General information

CEVA Logistics AG (the 'Company') was established as a holding company on 21 February 2018 in Switzerland. The address of its registered office is Suurstoffi 39, 6343 Rotkreuz, Switzerland.

CEVA Logistics AG and its subsidiaries (collectively, the 'Group' or 'CEVA') design, implement and operate complete end-to-end Freight Management and Contract Logistics solutions for multinational and small and medium sized companies on a local, regional and global level.

On 28 January 2019, CMA CGM announced the Public Tender Offer and published its prospectus relating to its offer to purchase CEVA's Shares. The offer price was CHF 30 per share. On 24 April 2019, following the closure of the additional offer period of the Public Tender Offer, CMA CGM announced that they had purchased additional shares of CEVA on the market. After the settlement of the Public Tender Offer and taking into account the additional shares CMA CGM subsequently purchased in the market, CMA CGM held more than 99% of the share capital and voting rights of CEVA. With the purpose of acquiring 100% of the issued CEVA shares, CMA CGM S.A. submitted an application for the cancellation of the remaining CEVA shares in accordance with Art. 137 of the Financial Market Infrastructure Act (FMIA) with the Supreme Courts of the Canton of Zug on 7 May 2019.

By decision dated 12 September, the High Court Canton of Zug cancelled all public held registered shares of CEVA Logistics AG with a par value of CHF 0.10 each based on article 137 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. The decision became effective on 18 September 2019. The settlement and payment of the compensation to the remaining minority shareholders of CEVA took place on or around 14 October 2019.

On 27 September 2019, SIX Exchange Regulation approved the delisting of the registered shares of CEVA Logistics AG from SIX Swiss Exchange as of 10 October 2019. The last trading day of the registered shares of CEVA Logistics AG was 9 October 2019.

On 2 May 2019 CEVA completed the acquisition of CMA CGM Logistics ('CC Log'). This affects the consolidated financial statements of CEVA for 2019. Information on the acquisition of CC Log, the acquisition accounting under IFRS and the impact on the financial information included in these financial statements is included in Note 11 'Business combinations'.

In 2020, CEVA has acquired several entities, and the details are disclosed in Note 11 'Business combinations'.

These Group Consolidated Financial Statements were authorized and approved by the CEVA Board of Directors on 12 March 2021.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.01 Basis of Preparation

General information

The consolidated financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRIC interpretations and complies with Swiss law.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Company management considers whether it is appropriate to prepare the financial statements under the going concern principle. CEVA prepares annual budgets, multi-year forecasts and regularly supplements the budgets with forecasts during the year. In addition, the Company makes an assessment of the amount of facilities available to it, including commitments to repay debt. After reviewing this information in conjunction with CEVA's available facilities, the continued support from its parent CMA CGM and its commitments to debt repayments, Company management has concluded that the Group has adequate resources for the foreseeable future.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 'Critical accounting estimates and judgments'.

Presentation of financial information

The Group's consolidated income statements separately identify operating results before specific items and Share Based Compensation ('SBC'). Specific items and SBC are those that in management's judgment are exceptional by virtue of their size, nature or incidence and therefore are separately disclosed on the face of the consolidated income statement. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. This is consistent with the way that financial performance is measured by management and reported to the Board of Directors and assists in providing a meaningful analysis of the operating results of the Group. Management believes that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance. Furthermore, the Group considers a columnar presentation to be appropriate, as it improves the clarity of the presentation and is consistent with the way that financial performance is measured by management and reported to the Board of Directors. Specific items may not be comparable to similarly titled measures used by other companies. Items that have been considered to be specific items include costs incurred in the realization of our cost containment programs, other significant non-recurring charges or credits, the profits or losses realized on certain non-recurring transactions, impairment of intangible assets and transaction costs related to significant corporate activity. It also excludes SBC which are non-cash accounting charges for share based compensation arrangements. Specific items for the current and prior year are disclosed in Note 7.

EBITDA before specific items and SBC refers to earnings before interest, tax, depreciation, amortization, specific items and SBC ('EBITDA before specific items and SBC'). It is a key financial measure used by management to assess operational performance.

Adjusted EBITDA ('Adjusted EBITDA') is another key financial measure used by management to assess operational performance. Adjusted EBITDA is composed of the Group's consolidated EBITDA before specific items and SBC and of the Group's share of the EBITDA before specific items of the Anji-CEVA joint venture.

Neither EBITDA before specific items and SBC nor Adjusted EBITDA is a measurement of performance or liquidity under IFRS and should not be considered as a substitute for profit / (loss) for the year, operating profit, net income or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of CEVA's performance. Because not all companies calculate EBITDA before specific items and SBC or Adjusted EBITDA identically, the presentations of EBITDA before specific items and SBC, and Adjusted EBITDA in this Annual Report may not be comparable to other similarly titled measures of other companies.

New and amended standards adopted by the Group

A number of new standards are effective from 1 January 2020 to 31 December 2020 but do not have a material effect on the Group's financial statements.
Newly effective EU endorsed standards for 01 January 2020 to 31 December 2020 are the following:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16).

New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.02 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

The Group applies IFRS 11 for all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangement (Anji-CEVA) and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.03 Revenue from contract with customers

Revenue recognition

The group derives revenue from the transfer of services mainly over time in four major product lines, Contract Logistics, Air Freight Management, Ocean Freight Management and other Freight Management services ('Other FM') which includes Ground, Brokerage and value-added services.

The Group recognizes revenue when (or as) performance obligations are satisfied by transferring promised goods or services to the customer, which generally is dictated by the type of service CEVA is providing in agreement with the customer.

<u>Contract logistics services</u>

CEVA provides a range of logistics services such as distribution, pick and pack, materials management services, international insurance services, global project management services and trade facilitation services. The revenue performance obligation is satisfied over time based on the service delivered measured by either actual costs or output provided depending on the terms and conditions in the contracts. Costs are recorded or accrued to match revenue recognition.

<u>Air and Ocean Freight Management – indirect carrier</u>

As an indirect carrier, CEVA obtains shipments from its customers, consolidates shipments bound for a particular destination, determines the routing, selects the direct carrier and tenders each consolidated lot as a single shipment to the direct carrier for transportation to a distribution point. CEVA issues a Bill of Lading to customers as the contract of carriage. CEVA has complete discretion in selecting the means, route and procedures to be followed in handling, transportation and delivery of freight. CEVA is the direct point of contact for service fulfillment. The progress towards complete satisfaction of each performance obligation is measured based on the progress of each shipment during its time of travel, and thus met on an over time basis. The share of travel time not falling into a given reporting period is deferred to next period.

Other FM – Value added services
CEVA provides services at either origin or destination to clear shipments through customs, helping customers by preparing required documentation, calculating and providing for payment of duties and other taxes on behalf of the customers as well as arranging for any required inspections by governmental agencies and arranging for delivery or providing additional services such as warehousing, transportation, storage and document handling. The performance obligation is satisfied at the point in time once the service has been completed, as the performance obligation is either met or not met.

Cargo agent (direct freight services) revenue as included in the Air and Ocean Freight Management business lines.
As an authorized cargo sales agent of most airlines and ocean shipping lines, CEVA also arranges for transportation of individual shipments and receives a commission from the airline or ocean shipping line for arranging the shipments or earns net revenue for the excess of amounts billed to the customer over amounts paid to the direct carrier. The contract of carriage is between the customer and the direct carrier and the direct carrier is the primary obligor from the perspective of the customer. When acting in this capacity, CEVA does not consolidate shipments or have responsibility for shipments once they have been tendered to the carrier, therefore the CEVA performance obligation is satisfied at the point in time once an agreement on the shipment between the customer and the carrier is reached. The revenue respective to agent revenue is recognized as either Ocean or Air.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

Contract assets and liabilities
The Group presents contract assets and contract liabilities separately. Contract assets includes the accrued income of the Contract Logistics business. Accrued income represents goods delivered and services rendered which have not fully been processed and invoiced. This is short term in nature and is recognized as revenue in current year. Contract liabilities mainly includes deferred revenue related to shipments in the Air and Ocean Freight Management business invoiced in advance which are not fully completed per period end. The contract liabilities are recognized as revenue once the shipments are completed, usually within one month following the period end.

Revenue is recognized net of trade discounts, service level credits, credit notes and taxes levied on sales when the service is rendered based on the contract with the customer. The variable consideration in the contracts is included in the transaction price and recognized as revenue, when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved.

2.04 Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars ('US$'), which is the Group's presentation currency. All values are rounded to the nearest million except where otherwise indicated.

The Company is deemed to be a 'stock corporation' with no operating activities and mainly carries out financing activities. Financing activities are mainly US$ denominated. The functional currency of the Company is therefore identified as US$.

Transactions and balances
Foreign currency transactions in the Group's entities are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss of the entity concerned.

Group companies

The results and financial position of all Group entities that have a functional currency different from the US$ are translated into US$ as follows:

a) assets and liabilities for each Consolidated balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each Consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the rate at the dates of the transactions); and

c) all resulting exchange differences are recognized in other comprehensive income.

The currency in the Argentina operation is subject to a hyperinflationary economy. The impact for the Group is not material.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the cumulative translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is disposed of or sold, exchange differences that were previously recorded in other comprehensive income are reclassified to profit and loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate of exchange. Exchange differences arising are recognized in other comprehensive income.

2.05 Work contracted out

Work contracted out represents the cost of third-party transport providers that CEVA utilizes to provide services to its customers.

2.06 Other operating expenses

Other operating expenses include cost of materials, rental and lease payments associated with leases of low value assets and short-term leases that are recognized as an expense on a straight-line basis over the lease term. The other operating expenses also include maintenance and repair charges, professional fees and other miscellaneous expenses.

2.07 Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Extension or termination options
Some property leases contain extension and/or termination options exercisable by the Group. Where practicable, the Group seeks to include extension and/or termination options in new leases to provide operational flexibility. The extension and/or termination options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension and/or termination options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

2.08 Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, gains on the purchase of financial liabilities and gains on derivatives that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss.

Finance expenses comprise interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, losses on hedging instruments that are recognized in profit or loss, bank charges and bank guarantee fees. Borrowing costs on qualifying assets are capitalized. All other borrowing costs are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are presented on a net basis.

2.09 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and joint venture entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax liabilities are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realized.

Deferred income tax is not provided on the unremitted earnings of subsidiaries and joint ventures where the timing of the reversal of the remitting temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where the remittance would not give rise to incremental tax liabilities or is not taxable.

2.10 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets and is carried at cost less accumulated impairment losses.

Goodwill impairment tests are undertaken annually or more frequently if events or changes in circumstances ("triggering events") indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less cost of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination. Goodwill is monitored at an operating segment level.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the contractual customer relationships over their estimated useful lives of between 10 and 20 years.

Other intangibles

Other intangible assets mainly comprise computer software, licenses and brand names.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when it can be demonstrated how the software product will generate probable future economic benefits; there are adequate technical, financial and other resources to complete the development and to use the software product and the expenditure attributable to the software product during its development can be reliably measured. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Computer software development costs recognized as assets are amortized over their estimated useful lives, on average three years.

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of three to five years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, which do not exceed three years.

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Other intangible assets are amortized on a straight-line basis over their estimated useful lives of three to 20 years.

2.11 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the cost of that equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful economic lives (or period of finance lease, if shorter), as follows:

- Buildings 10-50 years
- Plant and equipment 2-10 years
- Other 3-10 years

The assets' estimated residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually or earlier in response to a triggering event for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

2.13 Financial assets

Recognition and measurement

Trade receivables and regular purchases and sales of financial assets are recognized when they originate or when the Group becomes party to the contractual provision of the instrument. A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Loans, trade and other receivables are carried at amortized cost using the effective interest method.

Classification and subsequent remeasurement

On initial recognition, a financial asset is classified at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Gains or losses arising from changes in the fair value of the FVTPL category are presented in the Consolidated income statement within 'net financial expense' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the Consolidated income statement when the Group's right to receive payments is established.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes FVTPL by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on average bad debt expense and the average trade receivable positions over a period of the last five years before 1 January 2019. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within the operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

In a non-recourse factoring arrangement, when the Group has transferred substantially all the risks and rewards of ownership of the receivables, the trade receivables are derecognized in their entirety. In a factoring of receivables with recourse the Group recognizes the factoring arrangement as a financing transaction, that is, a liability is recognized at FVTPL.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

2.15 Acquisitions

CEVA applies IFRS 3 for acquisitions. For acquisitions or transfers under common control, IFRS 3 does not apply, therefore CEVA uses pooling of interest or carry-over method of accounting. The acquired assets and liabilities are recorded at their existing carrying value at the closing date of the transaction. No goodwill is recorded and the difference between the acquirer's cost of investment and the acquiree's equity is presented as a separate reserve within equity on consolidation.

Business combinations are accounted for in accordance with acquisition methods prescribed by IFRS 3 "Business combinations".

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.
All costs related to Business combinations are recognized as operating expenses.

Goodwill valuation
Goodwill is measured as the difference between:

- the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest (NCI, see below), and (iii) in a business combination achieved in stages (see below), the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assume.

If the difference above is negative, the resulting gain is a bargain purchase in profit or loss, which may arise in circumstances such as a forced seller acting under compulsion. However, before any bargain purchase gain is recognized in profit or loss, the acquirer is required to undertake a review to ensure the identification of assets and liabilities is complete, and that measurements appropriately reflect consideration of all available information.
Non-controlling interests represent the portion of income and net assets (of the Group or of one of its subsidiaries) attributable to interests held by third parties.
Adjustments are recognized as goodwill revisions, if they are a result of new information obtained on facts and circumstances that existed on the date of acquisition occurring within twelve months of the acquisition date.

Goodwill arising from the acquisition of subsidiaries is presented separately on the balance sheet. Goodwill of a associated company or joint venture is included in the Group's share of investments in associates or joint ventures. Upon the disposal of a subsidiary, associate or joint venture, the value of goodwill attributable to the entity is considered in determining the capital gain or loss.

2.16 Share Capital

Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity net of any tax effects.

2.17 Financial liabilities

Recognition and measurement
Debt securities issued are initially recognized when they are originated, all other financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Trade payables are recognized initially at fair value.

Classification and subsequent remeasurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Borrowings and other financial liabilities are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Trade payables subsequently measured at amortized cost using the effective interest method. Interest expense, and foreign exchange gains and losses are recognized in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until a draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Derecognition

The Group derecognizes a financial liability when it is redeemed or otherwise extinguished, that is when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. If the new terms are not substantially different the transaction is regarded as a modification. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

If a portion of a financial liability is purchased, the previous carrying amount of the financial liability is allocated between the portion that continues to be recognized and the portion that is derecognized based on the relative fair values of those respective portions on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognized and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed for the part derecognized are recognized in profit or loss.

IFRIC 19 requires a gain or loss to be recognized in the income statement when a financial liability is settled through the issuance of the Company's own equity instruments. It clarifies that the new equity instruments are treated as consideration paid for the extinguishment of a financial liability. The amount of the gain or loss recognized is therefore the difference between the carrying value of the financial liability (or part of a financial liability) extinguished and the fair value of the equity instruments issued. The equity instruments issued are recognized and measured initially at fair value at the date the financial liability was extinguished. The difference between the carrying value of the debt extinguished and fair value of equity issued is booked in the income statement as a gain/loss in specific items.

Transaction costs are also likely to be incurred when the Company extinguishes a liability in exchange for equity instruments. IFRIC 19 considers a 'debt for equity swap' to be a liability extinguishment in accordance with IFRS 9 When an extinguishment of a liability occurs in this way any costs or fees incurred are recognized as part of the gain or loss on extinguishment.

The fair value of the non-current interest-bearing debt has been presented using the available market price at the balance sheet date or otherwise using the face value. The senior bank debt's fair value has been presented using its face value, as it is a private floating rate facility, and the fair value of current debt has been presented using its carrying value given its short-term nature.

2.18 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period in accordance with IFRS 9. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or

- hedges of a net investment in a foreign operation (net investment hedges).

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group holds derivative financial instruments to hedge its interest rate risk exposures and foreign exchange currency risk.
At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

Where all relevant criteria are met, hedge accounting is applied to eliminate or significantly reduce the accounting mismatch between the hedging instrument and the hedged item. Derivative financial instruments are initially recognized and subsequently carried at fair value. All changes in fair value are recorded through other comprehensive income and accumulated in the foreign currency reserve in equity. Attributable transaction costs are recognized in the income statement when incurred. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other operating expenses.

Net investment hedges
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and presented in the currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other operating expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

2.19 Employee benefits

Pension obligations
The Group operates a number of defined contribution and defined benefit pension schemes.

(a) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as a personnel expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by the yield at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

All actuarial remeasurements arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income. Interest expense on the pension obligation and interest income on the return on assets are recognized as a net amount in finance income and expense.

Other long term employee benefits
Other long term employee obligations include long-service, sabbatical or jubilee leave and, deferred compensation not payable within 12 months after the end of the period. The expected costs of these benefits are accrued over the

period of employment using the same accounting methodology as used for defined benefit pension plans except for actuarial gains and losses, which are recorded in profit and loss. These obligations are valued annually by independent, qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it has demonstrably committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or provided termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Share based compensation

The Company has adopted a long-term incentive plan (the '2013 Long Term Incentive Plan') pursuant to which equity awards may be issued to managers, directors, employees or consultants of the Company and its subsidiaries. Awards issuable under the 2013 Long Term Incentive Plan include nonqualified share options, rights to purchase common shares of the Company, restricted share units and other awards settleable in or based upon common shares or cash.

Due to the change of control transaction, all shares were vested or cancelled in 2019. Thus, there are no options outstanding. The total share-based compensation expenses incurred in 2020 are nil.

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.20 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions for insurance represent an estimate, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported at the balance sheet date on certain risks retained by the Group.

3. Critical accounting estimates and judgments

The preparation of financial statements in accordance with generally accepted accounting principles under IFRS requires the Group to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Reference is made to Note 2.07 on leases regarding the assessment of whether the Group is reasonably certain or not to exercise extension or termination options under lease contracts.

The accounting estimates will, by definition, rarely equal the related actual results. Actual results may differ significantly from these estimates, the effect of which is recognized in the period in which the facts that give rise to the revision become known. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Estimated impairment of goodwill

The Group tests annually, or earlier in response to a triggering event, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Notes 2.10 'Intangible assets' and 2.12 'Impairment of non-financial assets'. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. Refer to Note 12 'Intangible assets' for the key assumptions used for the value-in-use calculations.

3.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets resulting from tax loss carryforward are recognized to the extent that it is probable that future taxable profits will be available before the unused tax losses will expire.

3.3 Retirement benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Defined benefit schemes are reappraised annually by independent actuaries based upon actuarial assumptions. Significant judgment is required in determining these actuarial assumptions. Refer to Note 20 'Retirement benefit obligations' for the principal assumptions used.

3.4 Provisions and contingent liabilities

Legal proceedings covering a range of matters pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against CEVA often raise difficult and complex factual and legal issues. These are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, CEVA consults with legal counsel and certain other experts on matters related to litigation.

CEVA recognizes a provision when it is determined that an adverse outcome is probable, and the amount of the loss can be reliably estimated. This includes onerous contracts and self-insurance provisions. In the event that an adverse outcome is possible, and an estimate is not determinable, the matter is disclosed. Refer to Note 24 'Contingencies' for further information regarding contingent liabilities.

4. Impact from Covid-19

On January 30, 2020, the World Health Organization (WHO) declared that the outbreak of the novel coronavirus observed in China and called COVID-19 met the criteria for a Public Health Emergency of International Concern. Later, on March 11, 2020, the WHO declared the COVID-19 outbreak a global pandemic. In response to this global pandemic, many countries have decided to implement lock-down measures. In this context, the Group has monitored the situation on a daily basis to ensure the safety of its staff and also business continuity.

The closing of factories in China occurred at a period of somewhat seasonally reduced activity due to the traditional Chinese New Year holidays. However, the lockdown extended beyond these holidays with volumes out of China covering gradually from early March. In the meantime, lock-down measures were announced in various geographies, including the US and Europe, as the virus spread. This has materially impacted consumption, as well as short term trade and macro-economic prospects. Subsequently, lock down measures have been eased in certain geographies, leading to a rebound of economic prospects to a certain degree, especially on those countries benefiting from fiscal and governmental support measures. More recently a second wave of contaminations was observed a number of geographies. The sanitary situation has resulted in a shift of reweighting of retail consumption in favor of goods rather than services, notably thanks to the accelerated development of e-commerce. Consequently, the demand for the transportation and handling of goods recovered quickly from the trough levels observed in April to reach higher level in the second half of 2020 compared to the second half of 2019, hence leading the Group to operate at full capacity. Future business prospects remain highly uncertain in the current environment and may vary significantly from region to region, depending among other on the virus spread, sanitary containment measures and subsequent wave of the virus in some regions including degree of coercion of lock down measures, availability and progress of the vaccination as well as government incentives to support their respective economies.

In this context, management has focused on and will continue to protect profitability (adapting resources to the level of activity for logistics), cash flows and liquidity.

As far as CEVA Logistics is concerned, although logistics volumes were lower than last year, the financial impact on COVID-19 during the year 2020 has been counterbalanced by associated business opportunity upsides, renegotiations with key suppliers and strong focus on adaptation of variable costs. Such trends currently continue to prevail. However, the full length and impact of the COVID-19 crisis remains difficult to predict. Ultimate business impact will depend on the pace at which economies resume globally and on the various government measures to support that recovery as well as strategies adopted by other competitors regarding deployment of capacity. The longer term effects will also depend on the delivery and efficiency of virus vaccines and / or reach of new outbreaks (See note 12 regarding the assessment of the recoverable amounts of assets as at December 31, 2020 resulting in no impairment issue due to current pace of the Group's activities).

5. Financial risk management

Financial risk factors

The Group's operating activities expose it to a variety of financial risks, such as market risk (including foreign currency exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's financial risk management is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The following analysis provides quantitative information regarding CEVA's exposure to the financial risks described above. There are certain limitations inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously. In addition, the analysis is unable to reflect the complex market reactions that normally would arise from the market shifts assumed.

(a) Market risk

Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the US$, the Group's reporting currency.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

CEVA has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The main exchange rates are shown below:

	2020		2019	
	Year end closing	Average	Year end closing	Average
British pound	0.7314	0.7791	0.7542	0.7839
Euro	0.8188	0.8770	0.8921	0.8934
Chinese yuan	6.5250	6.8995	6.9618	6.9077

A five percent strengthening of the following functional currencies against the reporting currency (US$) at 31 December 2020 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

$ millions	2020		2019	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
British pound	1	5	1	-
Euro	(3)	(26)	(6)	1
Chinese yuan	1	2	-	9

A five percent weakening of the above currencies against the US$ at 31 December 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that unexpected interest rate changes negatively affect the Group's results, cash flows and equity.

The table below shows the interest rate profile of the Group's interest-bearing financial instruments including the effects of cash flow hedges as of 31 December 2020 and 2019 (refer to Note 19 'Borrowings' for further details):

$ millions	2020	2019
Fixed rate instruments:		
Bank and Related Party Borrowings	584	536
Variable rate instruments:		
Bank and Related Party Borrowings	582	1,231
Total	**1,166**	**1,767**

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

$ millions		2020	2019
	Change in interest rate	Effect on profit before tax	Effect on profit before tax
Euro (denominated)	+100 bps	(2)	5
Euro (denominated)	-100 bps	-	(3)
US dollar (denominated)	+100 bps	(3)	4
US dollar (denominated)	-100 bps	1	(4)

Commodity risk

As a supply chain company, CEVA is exposed to the risk of an increase in the price of fuel. The Group typically has an ability to pass on fuel price increases to customers and has therefore not entered into any contract to hedge any specific commodity risk.

Derivative financial instruments

Where all relevant criteria are met, hedge accounting is applied to eliminate or significantly reduce the accounting mismatch between the hedging instrument and the hedged item. As of 31 December 2020, the Group has the following derivative financial instruments:

$ millions	2020	2019
Current assets		
Cross Currency interest rate swap - net investment hedge	-	9
Others	1	-
Current liabilties		
Interest rate swaps - cash flow hedges	38	28
Cross Currency interest rate swap - net investment hedge	7	-

Fair value estimation

The net fair value of the derivative financial instruments at 31 December 2020 is US$45 million liability (2019: US$19 million liability) and was determined based on a level 2 valuation method. As at 31 December 2020 there were interest derivative contracts with a notional amount of US$104 million (2019: US$695 million).

(b) Credit risk

The collectability of accounts receivable is assessed on a monthly basis using the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. Refer to Note 2.13 'Financial assets' for the details of the method used.

$ millions	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Sub Total
At 31 December 2020					
Expected loss rate	0.8%	3.0%	3.8%	21.7%	1.3%
Gross carying amount - trade receivables	**1,112**	**33**	**26**	**23**	**1,194**
Loss allowance	**9**	**1**	**1**	**5**	**16**

$ millions	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Sub Total
At 31 December 2019					
Expected loss rate	1.0%	0.0%	0.0%	44.4%	1.3%
Gross carying amount - trade receivables	940	21	16	9	986
Loss allowance	**9**	**-**	**-**	**4**	**13**

The group has a provision for trade receivables subject to legal proceeding of US$20 million (2019: US$11 million) covering a gross trade receivable balance of US$20 million (2019: US$11 million).

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The Group is focusing strongly on the cash generating capacity of its businesses and acknowledges the importance of strong credit control which is monitored through periodic detailed analysis of overdue trade receivable balances.

Credit risk arises from credit exposures to customers as well as the risk that counterparties fail to meet their contractual payment obligations through insolvency or default.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

$ millions	2020	2019
Derivative financial instruments	-	-
Loans and receivables	1,473	1,207
Cash and cash equivalents	463	684

(c) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient headroom (cash and cash equivalents plus central credit facilities described in Note 19 'Borrowings') available to meet both CEVA's day-to-day operating requirements and debt servicing obligations (interest and debt repayment). As is typical of global, integrated companies such as CEVA, cash is often held in various jurisdictions in which the Group operates and may not be immediately available to Group Treasury. Group Treasury mitigates liquidity risk by seeking to ensure that CEVA has adequate funding at its disposal at all times and by facilitating access to the money markets and capital markets. This includes relationship management with all financial stakeholders, such as banks, rating agencies and debt investor. See Note 19 'Borrowings' for more information regarding the external financing structure.

As at 31 December 2020, the Company had US$463 million (2019: US$684 million) in cash on its Consolidated balance sheet. In addition to this cash, the Company has access to US$858 million (2019: US$797 million) of credit facilities held centrally, of which US$677 million (2019: US$775 million) was drawn. Total headroom at 31 December 2020 was therefore US$644 million (2019: US$706 million). The headroom is adjusted for US$1 million (2019: US$1 million) of cash collateral for guarantees. For more details with regards to the cash collateral please refer to Note 23 'Commitments'.

The table below analyzes the amounts of interest-bearing borrowings and trade and other payables into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date:

$ millions					2020
	Loan notes	**Bank borrowings**	**Interest on total borrowings**	**Trade payables and accrued liabilities**	**Related party borrowings**
Less than 1 year	-	1	36	1,470	0
1-3 years	-	476	56	-	-
3-5 years	-	216	16	-	469
Thereafter	-	4	1	-	-
Total	**-**	**697**	**109**	**1,470**	**469**

$ millions					2019
	Loan notes	**Bank borrowings**	**Interest on total borrowings**	**Trade payables and accrued liabilities**	**Related party borrowings**
Less than 1 year	-	244	74	1,272	107
1-3 years	-	174	136	-	-
3-5 years	-	1,188	116	-	80
Thereafter	-	-	51	-	-
Total	**-**	**1,606**	**377**	**1,272**	**187**

The current weighted average maturity is 2.8 years (2019: 3.9 years).

Capital management

The Group's objectives when managing capital, which comprises its paid-in capital and borrowings, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The structure of the Company's debt and facilities is a combination of long-term debt and medium term facilities which are available to support shorter term liquidity requirements. The Company also entered into hedging transactions in November 2018 to hedge its variable debt exposure but has unwound some transactions as the associated debt has been repaid. As a result, approximately 50% of CEVA's interest rates are now fixed (excluding leasing). See Note 19 'Borrowings' for more information regarding maturities.

The gearing ratios at 31 December 2020 and 2019 were as follows:

$ millions	2020	2019
Total borrowings (note 19)	1,166	1,767
Cash and cash equivalents (note 16)	463	684
Net debt	**703**	**1,083**
Total equity attributable to shareholders	637	219
Total capital	**1,340**	**1,302**
Gearing ratio	52.5%	83.2%

6. Revenue

Disaggregation of revenue from contracts with customers

The disaggregation of revenue results from contracts with customers for the year ended 31 December 2020 are as follows:

$ millions	YEAR ENDED 31 DECEMBER 2020					
	Freight Management					
	Air	Ocean	Other	Total Freight Management	Contract Logistics	Total
Revenue from external customers	1,779	1,183	1,078	4,040	3,376	7,416

The disaggregation of revenue results from contracts with customers for the year ended 31 December 2019 are as follows:

$ millions	YEAR ENDED 31 DECEMBER 2019					
	Freight Management					
	Air	Ocean	Other	Total Freight Management	Contract Logistics	Total
Revenue from external customers	1,288	1,048	1,205	3,541	3,583	7,124

Assets and liabilities related to contracts with customers

In accordance with the impairment requirements in IFRS 9, the group assessed the potential recognition of a loss allowance for contract assets. Based on this assessment the Group concluded that this is immaterial.

All contract liabilities are short term in nature, the closing balances of contractual liabilities at the end of the year are recognized as income in the following year.
The contract assets are also short term in nature and the closing balances of the contract assets result from the income recognized in the period.

7. Specific items and SBC

The following table provides a detailed split on the specific items and SBC:

$ millions	2020	2019
Personnel expenses	(2)	24
Other operating expenses	-	18
Items affecting EBITDA	**(2)**	**42**
Finance expenses	65	19
Total (income)/expense before income taxes	**63**	**61**
Tax expense	-	(4)
Total (income)/expense	**63**	**57**

The following table provides a detailed split on the specific items and SBC:

$ millions	2020	2019
Restructuring and transformation	(1)	20
Litigation and legacy tax	-	2
Advisor cost	-	13
Subtotal specific items excluding IPO	**(1)**	**35**
IPO and refinancing related operating costs	-	1
Share based compensation (non-cash)	-	5
Items affecting EBITDA	**(1)**	**42**
Finance expenses	65	19
Total (income)/expense before income taxes	**63**	**61**
Tax expense	-	(4)
Total (income)/expense	**63**	**57**

Restructuring and transformation

The main component of restructuring and transformation costs are those associated with the 2019 relocation process of CEVA central functions from the Netherlands and Switzerland to Marseilles, as well as restructuring and integration costs.

Advisor cost

Advisor cost for 2019 related to fees incurred for external advice in relation to strategic projects. In addition, the 2019 advisor costs also related to the CMA CGM Public Tender Offer on CEVA and transaction costs.

Share based compensation

Non-cash share-based compensation costs are recognized in a similar manner as specific items. These are primarily related to the issuance of shares in CEVA Holdings LLC (predecessor entity to CEVA Logistics AG following legal merger) and grant of equity awards to certain members of management under the 2013 Long-Term Incentive Plan in July 2016. Additionally, a one-time grant was awarded to certain members of management in anticipation of the IPO in 2018. These costs are included within personnel expenses. As a result of the accelerating vesting of awards due to the change in control US$5 million was expensed in 2019 (2020: nil). At 31 December 2019, all outstanding options were fully vested, or cancelled. No change in 2020.

Finance expenses

Finance expenses in 2020 include the following items:

- the amortized debt issuance costs related to the Term Loan B repayment (US$12.5 million),
- the reversal of the hedging reserve related to the IRS linked to the Term Loan B (US$36 million),
- the reversal of the effective part of the CCIRS linked to the Term Loan B (US$9 million),
- and the amortized debt issuance costs related to the Senior Bridge Facility repayment (US$7 million).

Finance expenses in 2019 include the accelerated write-off of capitalized debt issuance costs (US$15 million) and other expenses incurred in relation to the new debt following the Change of Control (see Note 19 'Borrowings').

8. Personnel expenses

$ millions	2020	2019
Wages and salaries	1,914	1,917
Social security charges	253	262
Pension costs - defined benefit plans (Note 20)	8	3
Pension costs - defined contribution plans	55	50
Share options granted to Managers and employees	-	5
Total personnel expenses	**2,230**	**2,237**

Average number of people employed

The average number of persons (including executive management) employed by the Group during the year was as follows:

	2020	2019
Freight Management	8,925	8,590
Contract Logistics	35,653	34,607
Total	**44,578**	**43,197**

9. Finance income and expense

$ millions	2020	2019
Interest income	20	15
Finance income	**20**	**15**
Interest expense on bank borrowings	(86)	(117)
Interest on lease liabilities	(54)	(48)
Net interest on retirement benefit obligations	(2)	(2)
Other financial expense	(78)	(33)
Finance expense	**(220)**	**(200)**
Net foreign exchange gains/losses	**(24)**	**2**
Net finance expense	**(224)**	**(183)**

Other financial expense includes the amortization of debt issuance costs of US$22 million (2019: US$22 million).

10. Taxation

$ millions	2020	2019
Current tax expense	26	25
Deferred tax income	(29)	6
Income tax (income) / expense	**(3)**	**31**

Income tax expense recognized for the year in other comprehensive income relating to retirement benefit obligations is US$0 million (2019: US$1 million).

The contributing factors for the difference between the theoretical tax rate and the expected tax rate are as follows:

	2020		2019	
(Loss) before income taxes	**(79)**		(135)	
Tax at the domestic rate of 11.91% (2019: 14.35%)	(9)		(19)	
Effect of different tax rates	(5)		(16)	
Tax effect of non-deductible expenses	5		7	
Tax effect of interest limitations	6		24	
Deferred tax assets not recognized on tax losses and temporary differences	(14)		20	
Changes in respect to prior years	-		3	
Current and deferred impact of withholding taxes	6		6	
Increase in deferred tax liability for undistributed profits	2		6	
Impact of tax rate changes	(8)		-	
Other tax effects	14		-	
Actual tax expense	**(3)**	**3.8%**	31	(23.2)%

Switzerland levies a direct federal income tax at a flat rate of 8.5% (2019: 8.5%) on taxable profit. The income tax rate on profit before tax decreased to 11.91% (2019: 14.35%).

The tax rate for the United Kingdom remains at 19% for income earned for year 2020.

Other changes include a decrease of tax rate in Colombia at 32% (2019: 33%) for income earned in 2020 and then will decrease to 31% for 2021; 30% for 2022 and onwards.
For France, from 1st January 2020: the rate of 28% applies on the first US$0.6 million of taxable profit. The portion exceeding this threshold is taxed at 28% (28.92% incl. 3.3% surtax) if the revenue of the company is below US$300 million, or 31% (32.02% incl. 3.3% surtax) if the revenue is equal or above US$300 million.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes relate to the same fiscal authority. The amounts recognized are as follows:

$ millions	2020	2019
Before offsets:		
Deferred income tax assets	(152)	(119)
Deferred income tax liabilities	35	28
Net deferred income tax assets	**(117)**	**(91)**
After offsets:		
Deferred income tax assets	(136)	(104)
Deferred income tax liabilities	19	13
Net deferred income tax assets	**(117)**	**(91)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

$ millions	Losses carried forward	Retirement benefit obligations and other provisions	Property, plant and equipment	Credits	Other	Total
Balance at 1 January 2019	**70**	**11**	**15**	**2**	**19**	**117**
Items recognized in other comprehensive income	-	1	-	-	-	1
Income statement effect	(2)	(4)	-	(2)	9	1
Deferred income tax assets at 31 December 2019 / at 1 January 2020	**68**	**8**	**15**	**-**	**28**	**119**
Items recognized in other comprehensive income	-	-	-	-	-	-
Prior year adjustments	(1)	-	-	-	-	(1)
Income statement effect	13	4	14	-	3	34
Deferred income tax assets at 31 December 2020	**80**	**12**	**29**	**-**	**31**	**152**

The Group has unused tax losses of US$1.137 million (2019: US$900 million) available for offset against future taxable profits for which no deferred tax asset has been recognized because the entities concerned reported losses in either the current or prior year. Tax losses amounting to US$553 million (2019: US$295 million) will not expire. Within one to three years, US$28 million (2019: US$28 million) of tax losses will expire. The remainder of tax losses, amounting to US$556 million (2019: US$577 million) will expire in 4 to 20 years.

The Company recognized deferred tax assets of US$11 million in 2020 (2019: nil) for which utilization is dependent on future taxable profits whilst the related entities have incurred losses in either the current or preceding years.

Deferred income tax liabilities:

$ millions	Property, plant and equipment	Intangibles	Subsidiaries and joint ventures	Other	Total
Balance at 1 January 2019	**1**	**3**	**6**	**8**	**18**
Newly acquired subsidiaries	3	-	-	-	3
Income statement effect	-	(2)	5	4	7
Deferred income tax liabilities at 31 December 2019 / at 1 January 2020	**4**	**1**	**11**	**12**	**28**
Newly acquired subsidiaries	2	-	-	-	2
Income statement effect	-	-	4	1	5
Deferred income tax liabilities at 31 December 2020	**6**	**1**	**15**	**13**	**35**

The Company did not recognize deferred tax liabilities on temporary differences associated with undistributed earnings of subsidiaries for an aggregate amount of US$142 million (2019: US$127 million), because the Company is in a position to control the timing of the reversal of the temporary difference, and it is probable that such differences will not reverse in the foreseeable future.

11. Business combinations

Overview of transactions in 2020
On July 3, 2020, CEVA has acquired 70% of AMI Worldwide Limited (“AMI”). The purchase price was US$9.5 million. An Escrow account of US$1 million, which was initially set up, has been finally released in favor of CEVA.
On December 28, 2020, CEVA has acquired the 30% remaining shares of AMI Worldwide Limited. The purchase price was US$5.4 million.
AMI Worldwide Ltd offers end-to-end logistics solutions in freight forwarding. It is present in twelve countries mainly in East and Southern Africa and has more than seventy-five offices worldwide.
The estimated annual Revenue is US$85 million.

Accounting at the acquisition date
The acquired AMI legal entities under control of CEVA Logistics AG have been consolidated in Q3 2020.
The difference between the consideration paid and the net identified assets of the acquirees has been recognized in goodwill (US$20 million). The purchase price allocation is provisional and will be updated within the next six months.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

$ millions	2 JULY 2020
ASSETS	
Non-current assets	
Goodwill	0
Other Intangible assets	0
Property, plant and equipment	19
Right-of-Use assets	3
Deferred income tax assets	0
Other non-current assets	7
Total non-current assets	**29**
Current assets	
Trade and other receivables	11
Cash and cash equivalents	5
Other assets	3
Total current assets	**19**
TOTAL ASSETS	**48**
TOTAL EQUITY	**(3)**
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	2
Financial Leases	2
Other non-current liabilities	21
Total non-current liabilities	**25**
Current liabilities	
Bank Borrowings	0
Financial Leases - current	1
Trade and other payables	11
Other current liabilities	10
Contract liabilities	1
Accrued current liabilities	3
Total current liabilities	**26**
TOTAL LIABILITIES	**51**
TOTAL EQUITY AND LIABILITIES	**48**

Overview of transaction in 2019

On 2 May 2019, CEVA acquired all issued and outstanding ordinary shares in the capital of CMA CGM Logistics ('CC Log') for a total consideration of US$105 million. The actual consideration adjusted for debt and cash was US$107 million. The payment was treated as an interest-bearing loan from the shareholder due 29 February 2020. The acquisition of CC Log is part of a restructuring done by CMA CGM in the context of the integration of CEVA into CMA CGM in order to combine the two freight businesses into one. As CC Log and CEVA are both ultimately controlled by CMA CGM both before and after the combination, this is considered a business combination under common control and thus IFRS 3 does not apply to this transaction.

CC Log has 1,200 employees in 32 countries via directly-owned entities and has cooperation agreements in 26 additional countries. CC Log has a significant presence in high growth markets including India, China, Australia and the US. The integration of CC Log into the CEVA Freight Management Business line is expected to significantly reinforce CEVA's footprint in Ocean Freight Management with 170,000 additional controlled 'twenty-foot equivalent units' (TEUs), helping CEVA to reach its objective of 1,000,000 TEUs and enable expansion of its product offering in the field of Sea FCL (Full Container Load) and LCL (Less than Container Load), Customs Clearance, carrier haulage and Air Freight Forwarding. The combination of CC Log and CEVA's Freight Management Business is also expected to result in cost synergies.

In the eight months to 31 December 2019, CC Log contributed revenue of US$268 million and profit after tax of US$11 million to the Group's results. Had CEVA acquired CC Log on 1 January 2019 the estimated combined revenue and profit after tax for the year would be US$7,289 million and US$(164) million respectively.

Acquisition-related costs

Individual acquisition costs related to CC Log were minimal and as this was part of the larger transaction of CMA CGM's acquisition of CEVA, costs related to CC Log were not separated out individually.

Accounting at the acquisition date

In accordance with its accounting policy for accounting for business combinations under common control, CEVA applied book value accounting on the basis that CC Log has simply moved within the CMA CGM group. Thus book values of the transferred entities were used. The difference between the consideration paid and the capital of the acquirees has been recognized in equity (acquisition reserve).

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

$ millions	2 MAY 2019
ASSETS	
Non-current assets	
Goodwill	1
Other Intangible assets	-
Property, plant and equipment	18
Right-of-Use assets	7
Deferred income tax assets	1
Other non-current assets	11
Total non-current assets	**38**
Current assets	
Trade and other receivables	86
Cash and cash equivalents	18
Other assets	16
Total current assets	**120**
TOTAL ASSETS	**158**
TOTAL EQUITY	**31**
LIABILITIES	
Non-current liabilities	
Deferred income tax liabilities	3
Lease liability	5
Other non-current liabilities	8
Total non-current liabilities	**16**
Current liabilities	
Bank Borrowings	6
Lease liability	3
Trade and other payables	47
Other current liabilities	18
Contract liabilities	1
Accrued current liabilities	36
Total current liabilities	**111**
TOTAL LIABILITIES	**127**
TOTAL EQUITY AND LIABILITIES	**158**
Cash and cash equivalents from acquisition of subsidiaries	
Cash and cash equivalents acquired	18
Acquisition of subsidiairies, net of cash acquired	**18**

12. Intangible assets

$ millions	Goodwill	Contractual and customer relationships	Other Intangibles	Total
Net book amount at 1 January 2019	**1,320**	**3**	**54**	**1,377**
Additions	-	-	29	29
Disposals	-	-	(1)	(1)
Amortization	-	-	(24)	(24)
Transfers	-	-	3	3
Exchange rate differences	7	-	(1)	6
Closing net book amount at 31 December 2019	**1,327**	**3**	**60**	**1,390**
Historical cost	1,730	893	486	3,109
Accumulated impairment	(410)	-	-	(410)
Accumulated amortization	-	(890)	(432)	(1,322)
Net book amount at 1 January 2020	**1,327**	**3**	**60**	**1,390**
Additions	21	-	34	55
Amortization	-	-	(29)	(29)
Impairment	(1)	(1)	-	(2)
Transfers	-	-	5	5
Exchange rate differences	42	-	3	45
Closing net book amount at 31 December 2020	**1,389**	**2**	**73**	**1,464**
Historical cost	1,800	922	565	3,287
Accumulated impairment	(411)	-	-	(411)
Accumulated amortization	-	(920)	(492)	(1,412)
Net book amount at 31 December 2020	**1,389**	**2**	**73**	**1,464**

Other intangibles include internally generated software with a closing net book amount at 31 December 2020 of US$43 million (2019: US$27 million).

Goodwill impairment testing

As required by IAS 36, goodwill is subject to an annual impairment review. Management monitors goodwill based on its operating segments (Freight Management and Contract Logistics). For the purpose of the impairment review an amount of goodwill is attributed to each of the operating segments. Such operating segments are determined to be a 'Cash Generating Unit' (CGU) as determined by IAS 36 'Impairment of Assets'. The recoverable amount of each CGU is determined based on calculating its value-in-use. The value-in-use is calculated by applying discounted cash flow modeling to management's own projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using an average long term growth rate of 2% which does not exceed the estimated long term GDP and industry growth rates for the most relevant territories in which the businesses operate.

Management's projections have been prepared on the basis of strategic and performance improvement plans, knowledge of the market, performance of competitors and management's views on achievable growth in market share and margins over the longer term.

Key assumptions

The following growth rates and discount rates are used for the reviews:

		2020		2019
	Growth rate beyond five years	Pre-tax discount rate	Growth rate beyond five years	Pre-tax discount rate
Freight Management	2,0%	10,0%	2,0%	10,0%
Contract Logistics	2,0%	10,0%	2,0%	10,0%

The discount rates applied to cash flows are based on the Group's weighted average cost of capital (WACC) adjusted for income tax and reflects the specific risks relating to the Freight Management and Contract Logistics businesses, which operate in similar geographies. The WACC is calculated based on a weighted average of the post-tax interest rates paid on CEVA's loans, and a return on equity based on the equity market risk premium (that is the required increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the Group relative to the market as a whole. The beta used is based on median beta of what management considers to be the most comparable logistics companies.

Projected EBITDA
The five-year projections for EBITDA have been prepared using strategic plans which include key assumptions for growth in sales and costs over this period. These assumptions take into account knowledge of the current markets in CEVA's Freight Management and Contract Logistics segments, management's view on the development of CEVA's services relative to the market and the impact of the performance improvement plans, including cost reduction initiatives and investments.

Budgeted capital expenditure
The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to implement new projects and maintain existing activities in CEVA's Contract Logistics segment and grow and maintain CEVA's Freight Management network. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.

Net Working Capital (NWC) levels
Projections for NWC levels are based on the actual NWC needs of the Freight Management and Contract Logistics segments during 2020.

Result

US$1 million goodwill impairment loss was recognized for the year ended 31 December 2020 (2019: nil) as a result of the goodwill impairment testing.

The recoverable amount, carrying amount of the CGU's and the headroom per CGU as at 31 December 2020 & 2019 are as follows:

$ millions			**2020**
	Freight Management	Contract Logistics	Total
Recoverable amount (Value in use)	1 666	1 677	3 344
Carrying amount of CGU	1 146	197	1 343
Headroom	**520**	**1 480**	**2 000**
Carrying value of the goodwill	*1 076*	*313*	*1 389*

$ millions			**2019**
	Freight Management	Contract Logistics	Total
Recoverable amount (Value in use)	1 728	1 601	3 329
Carrying amount of CGU	1 174	110	1 284
Headroom	**554**	**1 491**	**2 045**
Carrying value of the goodwill	*1 037*	*290*	*1 327*

Sensitivities

A sensitivity analysis has been performed on each of the base case assumptions used for assessing the goodwill with other variables held constant. Consideration of sensitivities to key assumptions can evolve from one financial year to the next.

The table below shows the sensitivity impact of changes in key assumptions by CGU:

$ millions			2020
	Freight Management	Contract Logistics	Total
Decrease in long term growth rate of 1%	(213)	(200)	(413)
Increase in discount rate of 1%	(201)	(188)	(390)
Decrease in projected EBITDA of 10%	(279)	(290)	(568)
Increase in projected capital expenditure of 10%	(40)	(111)	(151)

$ millions			2019
	Freight Management	Contract Logistics	Total
Decrease in long term growth rate of 1%	(215)	(202)	(417)
Increase in discount rate of 1%	(203)	(190)	(393)
Decrease in projected EBITDA of 10%	(280)	(153)	(433)
Increase in projected capital expenditure of 10%	(40)	(111)	(151)

The table above shows the change in headroom as a result of a change in assumptions affecting the headroom. None of these would individually lead to an impairment for either the Freight Management or Contract Logistics segment. The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

13. Property, plant and equipment

$ millions	Land and buildings	Plant and equipment	Other	Under construction	Total
Net book amount at 1 January 2019	**57**	**58**	**47**	**13**	**175**
Transfers of assets held under finance leases to right-of-use assets on initial application of IFRS 16	(11)	(18)	(1)	-	(30)
Opening net book amount at 1 January 2019	**46**	**40**	**46**	**13**	**145**
Additions	18	13	17	27	75
Additions as a result of business combinations	15	3	-	-	18
Disposals	(1)	(1)	1	-	(1)
Depreciation	(16)	(23)	(21)	-	(60)
Impairment					-
Transfers	4	11	6	(24)	(3)
Exchange rate differences	-	(1)	-	-	(1)
Closing net book amount at 31 December 2019	**66**	**42**	**49**	**16**	**173**
Historical cost	224	316	294	16	850
Accumulated depreciation and impairment	(158)	(274)	(245)	-	(677)
Net book amount at 1 January 2020	**66**	**42**	**49**	**16**	**173**
Additions	8	15	15	48	86
Additions as a result of business combinations	17	2	-	-	19
Disposals	(1)	(1)	(1)	-	(4)
Depreciation	(14)	(23)	(21)	-	(58)
Other transfers	4	19	8	(43)	(12)
Exchange rate differences	(2)	2	-	1	1
Closing net book amount at 31 December 2020	**79**	**55**	**50**	**22**	**206**
Historical cost	244	339	308	22	913
Accumulated depreciation and impairment	(165)	(284)	(258)	-	(707)
Net book amount at 31 December 2020	**79**	**55**	**50**	**22**	**206**

14. Right of use assets and lease liabilities

The movements related to the right of use assets are as follows:

$ millions	Land and buildings	Plant and equipment	Total
Opening net book amount at 1 January 2020	**998**	**202**	**1,200**
Additions	361	89	450
Additions as a result of business combinations	3	-	3
Disposals	(120)	(19)	(139)
Depreciation	(310)	(80)	(390)
Transfers	1	6	7
Exchange rate differences	34	3	37
Closing net book amount at 31 December 2020	**967**	**201**	**1,168**
Historical cost	1,505	317	1,822
Accumulated amortization and impairment	(538)	(117)	(654)
Net book amount at 31 December 2020	**967**	**201**	**1,168**

$ millions	Land and buildings	Plant and equipment	Total
Recognition of right-of-use asset at initial application of IFRS 16	**1,018**	**224**	**1,242**
Additions	315	63	378
Additions as a result of business combinations	7	-	7
Disposals	(29)	(14)	(43)
Depreciation	(309)	(70)	(379)
Exchange rate differences	(4)	(1)	(5)
Closing net book amount at 31 December 2019	**998**	**202**	**1,200**
Historical cost	1,297	267	1,564
Accumulated depreciation	(299)	(65)	(364)
Net book amount at 31 December 2019	**998**	**202**	**1,200**

The movements related to the lease liabilities are as follows:

$ millions	Total
Opening net book amount at 1 January 2020	**1,252**
Additions	492
Acquisitions	3
Disposals	(181)
Payment of lease liabilities	(425)
Interest	51
Exchange rate differences	43
Closing net book amount at 31 December 2020	**1,235**
Of which non-current	880
Of which current	355

$ millions	Total
Recognition of liability at initial application of IFRS 16	**1,266**
Additions	373
Acquisitions	7
Disposals	(44)
Payment of lease liabilities	(394)
Interest	48
Exchange rate differences	(4)
Closing net book amount at 31 December 2019	**1,252**
Of which non-current	891
Of which current	361

The maturity of the lease liabilities is as follows:

$ millions	Future minimum lease payments	
	2020	**2019**
Within one year	372	351
Between 1 and 5 years	818	803
More than 5 years	199	250

Amounts recognized in profit or loss:

$ millions	2020	2019
Expenses relating to short-term leases	27	13
Expenses relating to leases of low-value assets	3	1
Expenses related to variable lease payments	26	3

15. Trade and other receivables

$ millions	2020	2019
Trade receivables	1,213	997
Provision for impairment of trade receivables	(37)	(24)
Trade accounts receivable - net	**1,176**	**973**
VAT receivable	77	59
Other	165	110
Other receivables	**242**	**169**
Total trade and other receivables	**1,418**	**1,142**

Other receivables include miscellaneous other receivables, vendor and supplier rebate receivables and amounts receivable from insurance companies.

The fair value of trade and other receivables approximates its carrying amount.

At 31 December 2020 non-recourse factoring and participation in customer supply chain financing arrangements resulted in the derecognition of US$175 million (2019: US$123 million) of trade receivables.

On 22 November 2019, the Company closed a US$460 million trade receivables securitization facility ('the CEVA Global Securitization Program') with a three-year renewable commitment from six banks. This program has fully refinanced the existing European Securitization and will refinance the US ABL Facility and the Australian Receivables Facility both maturing in 2020. For details on the receivable programs please see Note 19 'Borrowings'.

Receivables sold under these above-mentioned agreements are not derecognized and the related liabilities are included in bank borrowings. For more details with regards to receivables purchase programs refer to Note 19 'Borrowings'.

Trade receivables are subject to the IFRS 9 expected loss provision, which is calculated based on the gross amount of trade receivables excluding that subject to legal proceedings (see Note 5(b)). The ageing profile of these trade receivables (excluding the trade receivables subject to legal proceedings) is as follows:

$ millions	2020	2019
Current	1,011	864
Past due 0-30 days	101	76
Past due 31-60 days	33	21
Past due 61-90 days	15	10
Past due 91-120 days	11	6
Past due more than 121 days	23	9
Total	**1,194**	**986**

The carrying amount of the Group's gross trade and other receivables (excluding the provision for impairment of trade receivables) are denominated in the following currencies:

$ millions	2020	2019
Euro	268	229
US dollar	575	427
British pound	62	68
Brazilian real	-	37
Chinese yuan	28	23
Other currencies	522	382
Total	**1,455**	**1,166**

Movements on the provision for impairment of trade receivables are as follows:

$ millions	2020	2019
At 1 January	**24**	**23**
Charged to other operating expenses	23	11
Additions due to business combinations	8	-
Receivables written off during the year as uncollectable	(15)	(7)
Unused amounts reversed	(3)	(2)
Exchange rate differences	-	(1)
At 31 December	**37**	**24**

The creation and release of the loss allowance on receivables has been included in Other operating expenses in the Consolidated income statement. The other classes within trade and other receivables do not contain impaired assets. Refer to Note 5b 'Financial risk management – Credit risk' for the provision matrix with the expected credit loss percentages.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

16. Cash and cash equivalents

$ millions	2020	2019
Cash at bank	462	661
Current bank deposits	1	23
Total cash and cash equivalents	**463**	**684**

Cash and cash equivalents are available for use by the Group, except for US$1 million deposited to support contingent liabilities under guarantees and letters of credit of the same amount (31 December 2019: $1 million). Bank overdrafts are included within interest bearing borrowings (Note 19 'Borrowings').

17. Joint ventures

The Group has an investment totaling US$109 million as at 31 December 2020 (31 December 2019: US$100 million), being a 50% interest in ANJI-CEVA Logistics Co. Ltd ('Anji-CEVA') with its registered address at No. 258 Miquan Road, Anting Town, Jiading District, Shanghai City, P.R. of China. Anji-CEVA principally engages in contract logistics activities, including warehousing, distribution, transportation, domestic freight, technical consulting and training. For the year ended 31 December 2020, CEVA's share in Anji-CEVA's net result was a US$10 million profit (year ended 31 December 2019: US$17 million profit).

The 'summarized' consolidated balance sheet of Anji-CEVA as at 31 December 2020 and 2019 is as follows:

$ millions	2020	2019
Current		
Cash and cash equivalents	266	218
Other current assets	681	617
Total current assets	**947**	**835**
Financial liablities	(3)	(45)
Leases liabilities	(20)	(18)
Other current liabilities	(855)	(725)
Total current liabilities	**(878)**	**(788)**
Non-current		
Right-of-use assets	57	49
Other non-current assets	175	173
Total non-current assets	**232**	**222**
Financial liablities	(15)	(15)
Leases liablities	(37)	(27)
Other liabilities	(15)	(5)
Total non-current liabilities	**(67)**	**(47)**
NET ASSETS	**234**	**222**

The 'summarized' consolidated income statement of Anji-CEVA for the years ended 31 December 2020 and 2019 is as follows:

$ millions	Years ended 31 December 2020	2019
Revenue	**1,320**	**1,410**
Operating expenses excluding depreciation, amortization and impairment	(1,207)	(1,284)
Gain/(loss) from assets held for sale[1]	-	1
EBITDA	**113**	**127**
Depreciation,amortization and impairment	(30)	(28)
Depreciation right-of-use assets	(31)	(20)
Operating income	**52**	**79**
Net finance income/(expense) (including foreign exchange movements)	**-**	**2**
Profit/(Loss) before income taxes	**52**	**81**
Income tax (expense) / income	(15)	(23)
Profit/(Loss) for the period	**37**	**58**
Attributable to:		
Non-controlling interests	17	18
Equity holders of the Company	20	40

[1] Gains from assets held for sale related to property disposals

The reconciliation from the net asset value to the carrying value of the Anji-CEVA joint venture for the years ended 31 December 2020 and 2019 is as follows:

$ millions	Years ended 31 December 2020	2019
Opening net assets - 1 January	**222**	**202**
Allocated to non-controlling interest	(54)	(54)
Adjusted opening net assets - 1 January	**168**	**148**
Profit for the period	37	58
Non-controlling interest	(17)	(18)
Dividend paid by joint ventures[1]	(23)	(25)
Foreign exchange impact	15	(2)
Adjusted closing net assets - 31 December	**180**	**161**
Interest in joint ventures at 50%	90	81
Dividend adjustment	(7)	(4)
Goodwill in joint ventures	26	24
Carrying value 31 December	**109**	**100**

[1] Included are dividends received by CEVA during the period. The CEVA portion of the dividend paid by joint ventures amounted to US$11 million (2019: US$13 million).

The Company had no contingent liabilities towards Anji-CEVA as at 31 December 2020 (31 December 2019: nil). There are no significant restrictions on the ability of Anji-CEVA to transfer funds to the Company in the form of cash dividends, or to repay loans or advances made by the Company.

As part of the agreement in 2017 to renew the Anji-CEVA joint venture agreement it was agreed in principle that the joint venture parties, CEVA and Anji Automotive Logistics Company Limited (Anji Logistics) (a subsidiary of Shanghai Automotive Industry Sales Corporation, or SAIC), will be entitled to certain annual adjustment payments prior to or subsequent to the net profits distribution depending on the difference between the ratio in joint venture revenue stemming from the SAIC-group versus non-SAIC-group companies. In prior year such adjustments were made by means of a service fee payable from Anji-CEVA to Anji Logistics.

In Q3 2019 the service fee agreement entered into in Q2 2018 has been replaced by a new asymmetric dividend distribution agreement where the dividends distributed to each shareholder will take into account the profits distribution adjustment agreed by the Parties in 2017. The profit adjustment formula has not changed and the economics of the situation for the parties remain the same. The share of profit from Anji-CEVA is impacted by the dividend adjustment of US$7 million on 31 December 2020 (31 December 2019: US$4 million).

18. Share capital

	Number of common shares	Nominal value
1 January 2020	55,911,255	
Issued share capital during the period		
31 December 2020	**55,911,255**	CHF 9.40
Authorised and issued share capital as per 31 December 2020	**55,911,255**	CHF 9.40

	Number of common shares	Nominal value
1 January 2019	55,203,096	
Issued share capital during the period	708,159	CHF 0.10
31 December 2019	**55,911,255**	CHF 3.10
Authorised and issued share capital as per 31 December 2019	**55,911,255**	CHF 3.10

Each common share has one vote. All shares have equal voting rights, and no preferential rights or similar entitlements exist.

On 26 March 2019, the Company issued 708,159 fully paid-in registered shares with a nominal value of CHF 0.10 per share at par value.

The registered shares of CEVA Logistics AG were delisted from SIX Swiss Exchange as of 10 October 2019. See Note 1 ‘General information’ for further details.

The nominal value of issued shares was changed to CHF 3.10 on 13 December 2019. As a result, share capital increased by US$169 million and share premium increased by US$29 million. The transaction was settled in cash. The increase of share capital is reflected in the changes of equity.

On 16 March 2020, the Company increased its share capital from CHF173,324,890.50 to CHF262,782,898.50 by increasing the nominal value of its 55,911,255 registered shares from CHF3.10 to CHF4.70. The total increase amounted to CHF89,458,008.00 (US$90,682,214.00) for the share capital and CHF19,043,346.10 (US$19,303,948.58) for the share premium.

On 25 March 2020, the shareholders of the Company made a cash contribution of US$50,000,000 into CEVA’s equity reserves.

On 4 June 2020, the Company increased its share capital from CHF262,782,898.50 to CHF525,565,797 by increasing the nominal value of its 55,911,255 registered shares from CHF4.70 each to CHF9.40 each. The total increase amounted to CHF 262,782,898.50 (US$272,342,099.44) for the share capital and CHF51,790,816.39 (US$53,674,800.56) for the share premium.

19. Borrowings

The carrying amounts and fair value of borrowings were as follows:

$ millions	31 DECEMBER 2020 Carrying value	Level 1 fair value	Level 2 fair value	Total fair value	31 DECEMBER 2019 Carrying value	Level 1 fair value	Level 2 fair value	Total fair value
Non-current								
Bank borrowings	681	-	-	-	1,330	-	1,259	1,259
Related party positions	469	-	-	-	80	-	80	80
Total non-current borrowings[1]	**1,150**	**-**	**-**	**-**	**1,410**	**-**	**1,339**	**1,339**
Current								
Bank overdrafts	4	-	-	4	6	-	6	6
Related party positions	0	-	-	0	107	-	107	107
Bank borrowings	12	-	-	12	244	-	244	244
Total current borrowings	**16**	**-**	**-**	**16**	**357**	**-**	**357**	**357**
Total borrowings[1]	**1,166**	**-**	**-**	**16**	**1,767**	**-**	**1,696**	**1,696**
Unamortized debt issuance costs	9				26			
Total principal debt	**1,175**				**1,793**			

[1] no Level 2 fair value calculated for the "Bank borrowings" (US$469 million) since TLB has been fully repaid in Dec 2020.

The different levels for calculating the fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives or convertible bond instruments) are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are based on observable market data, the instrument is included in level 2. The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company did not use a level 3 calculation to measure fair value.

Net Debt reconciliation

The table below sets out an analysis of the movements in net debt for the years ended 31 December 2020 and 2019:

$ millions	2019	Cash-Flows	Non Cash Movements: Foreign exchange	Non Cash Movements: Reclass Non-current to current	Non Cash Movements: Other	YEAR ENDED 31 DECEMBER 2020
Non-Current borrowings	1,410	(309)	21	-	29	1,150
Current borrowings	357	(337)	6	-	(9)	16
Total liabilities from financing activities[1]	**1,767**	**(647)**	**27**	**-**	**19**	**1,166**
Cash and cash equivalents	(684)	214	7	-	-	(463)
Net Debt	**1,083**	**(433)**	**34**	**-**	**19**	**703**

[1] Total liabilities from financing activities does not include finance leases in the net debt figure.

'Other' includes amortization of debt issuance costs for US$30 million.

YEAR ENDED 31 DECEMBER

$ millions	2018	Cash-Flows	Non Cash Movements: Foreign exchange	Non Cash Movements: Reclass Non-current to current	Non Cash Movements: Other	2019
Non-Current borrowings	1,519	(67)	(8)	-	(34)	1,410
Current borrowings	41	215	(16)	-	117	357
Total liabilities from financing activities[1]	**1,560**	**148**	**(24)**	**-**	**83**	**1,767**
Cash and cash equivalents	(368)	(322)	6	-	-	(684)
Net Debt	**1,192**	**(174)**	**(18)**	**-**	**83**	**1,083**

[1] 2018 Net Debt included finance leases, 2019 does not include finance leases in the Net Debt figure.
[2] Other includes a non-cash vendor loan of US$ 107 million between CEVA and CMA CGM, see Note 11 Business combinations.

'Other' includes amortization of debt issuance costs for US$22 million.

Non-current borrowings

In 2019, the bank borrowing's fair value has been presented using a valuation technique based on prices of recent over-the-counter transactions for these borrowings (Level 2).

In 2020, the bank borrowings have been presented at the carrying values.

Current borrowings

Correspondingly with 2019, in 2020 the bank borrowings have been presented at the carrying values.

Terms and debt repayment schedule

The Group borrowings for 2020 and 2019 were as follows:

	Currency	Maturity	Amount drawn at 31 December 2020 principal value	Amount drawn at 31 December 2020 principal value	Unamortized debt issuance costs at 31 December 2020	Amount drawn at 31 December 2020 carrying value
				in USD	in USD	in USD
Shareholder Loan Dec 2020	US dollar	December 2024	$469	$469	$0	$469
Global Securitization Program	Various	December 2022	$463	$463	($6)	$458
Senior secured facilities - Revolver	Euro	August 2023	€ 175	$214	($3)	$210
Local loans	Various	Various	$25	$25	$0	$25
Bank overdrafts	Various	Various	$4	$4	$0	$4
				$1,175	**($9)**	**$1,166**

As at 31 December 2020, the Group external borrowings are a combination of floating and fixed rates. The average interest rate for the year ended 31 December 2020 was of 3.5%.

	Currency	Maturity	Amount drawn at 31 December 2019 principal value	Amount drawn at 31 December 2019 principal value	Unamortized debt issuance costs at 31 December 2019	Amount drawn at 31 December 2019 carrying value
				in USD	in USD	in USD
Senior secured facilities - Term Loan B	US dollar	August 2025	$473	$473	($15)	$458
Senior secured facilities - Revolver	US dollar	August 2023	$377	$377	($4)	$373
Senior Secured Bridge Facility (incl. committed extension)	Euro	August 2025	€ 297	$333	($3)	$329
US ABL facility	US dollar	August 2020	$197	$197	$0	$197
Australian Receivables facility	AU dollar	April 2020	$38	$27	$0	$27
FLOW Securitization program	Various	December 2022	€ 174	$174	($3)	$171
Shareholder loan 1	US dollar	February 2020	$107	$107	$0	$107
Shareholder loan 2	US dollar	July 2024	$80	$80	$0	$80
Bank overdrafts	Various	Various	$6	$6	$0	$6
Other loans	Various	Various	$20	$19	$0	$19
				$1,793	($25)	$1,767

As at 31 December 2019, the Group external borrowings were a combination of floating and fixed rates. The average interest rate for the year ended 31 December 2019 was of 5.1%.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

$ millions	2020	2019
Euro	318	334
US dollar	744	1,385
Other currencies	104	48
Total borrowings	**1,166**	**1,767**

As at 31 December 2020 the weighted average period to maturity of the borrowings was 2.8 years (2019: 3.9 years).

Bank borrowings and letters of credit

As at 31 December 2020, the outstanding amount drawn in cash under the Revolving Credit Facility was US$214 million (2019: US$377 million) after repayment of all US$ drawdowns in Q4. This excludes commitment allocated to ancillary facilities: US$115 million equivalent (2019: US$110 million)
The Group has the following undrawn borrowing facilities which expire beyond one year:

$ millions	2020	2019
Floating rate	180	22
Fixed rate	-	-
Total	**180**	**22**

Interest rate

The external borrowings of the Group are a combination of floating and fixed rates. The interest rates applicable to loans under the Revolving Facilities are equal to EURIBOR plus an applicable margin. The average interest rate for the year ended 31 December 2020 was 3.48% (2019: 5.12%).

Overview of principal borrowings

US$585 million Senior Revolving Credit Facility including ancillary facilities

In 2019, CEVA received consents to waive the CMA CGM Change of Control Event from nine of the eleven banks that provided its Senior Revolving Credit Facility. Following the change of control, the commitments from the two non-consenting banks were cancelled. On 27 June 2019, one new bank was added to the Senior Revolving Credit Facility. As a consequence, the new commitment equals to US$510 million. The facility matures on 3 August 2023. As at 31 December 2020, the outstanding amount drawn in cash under the Revolving Credit Facility was US$214 million (2019: US$377 million) after repayment of all US$ drawdowns in Q4. This excludes commitment allocated to ancillary facilities: US$114 million equivalent (2019: US$110 million)

Global Securitization Program due 2022

On 22 November 2019, the Company closed a US$460 million trade receivables securitization facility ('the CEVA Global Securitization Program') with a three years' renewable commitment from six banks. This program has fully refinanced the pre-existing European Securitization. Respectively US and Australian trade receivables portfolio have been added in the Program on 28 September 2020 and on 11 December 2020 with the aim to refinance the US ABL facility and the Australian Receivables facility. During 2020, banks commitments have been reshuffled amongst five banks but total commitment remains unchanged. As of 31 December 2020, the facility was drawn in full with an outstanding drawn amount of US$463 million equivalent. Excess in usage is a result of differences in closing FX rates used for reporting.

US$475 million Senior Term Loan B Facility

The term loan B facility, originally issued on 3 August 2019, refinanced on 24 April 2019 for US$475 million and maturing 3 August 2025 was repaid in full for an amount of US$469 million prior to maturity, on 31 Dec 2020. Associated derivatives contracts have been unwound. This facility has been replaced with a shareholder loan from CMA CGM.

US$469 million Shareholder Loan Dec 2020

In December 2020, CEVA reduced further external bank borrowings by repaying US$469 million Senior Term Loan B Facility with a shareholder loan. As at 31 December 2020, the outstanding amount drawn in cash under the Shareholder Loan Dec 2020 was US$469 million.

For more details with regards to this related party borrowings please refer below and to Note 25 'Related party transactions.

EUR297 million Senior Bridge Facility
On 5 July 2019 CEVA entered into a Senior Bridge Facility provided by three banks, which was subsequently drawn on 9 July 2019 to fund the Tender Offer of its 5.25% Senior Notes. It carried an initial margin of 4.25% over EURIBOR that has increased to 4.75% and 5.25% correspondingly in Q1 and Q2 of 2020, the Senior Bridge Facility has been repaid in full at Initial maturity on 8 July 2020.

Financial covenants

CEVA is required under the terms of certain facilities only, with a relevant period on a twelve-month rolling basis ending on the last day of each calendar quarter end, that:

- The ratio of consolidated EBITDA as defined in the agreement to net finance charges in respect of each relevant period shall not be less than 2:1; and
- The ratio of total net debt on the last day of each relevant period to consolidated EBITDA as defined in the agreement in respect of the last relevant period shall not exceed 3,75:1.

The definition of consolidated EBITDA in the agreement allows adjustments and certain items to be added back to the reported EBITDA for the purpose of calculating the covenants.

As at 31 December 2020, the Group is in compliance with its financial covenants.

20. Retirement benefit obligations

The Group operates a number of pension plans around the world, most of which are defined contribution plans. CEVA has a small number of defined benefit plans of which the main ones are based in Italy, the United Kingdom and the United States. The plans in Italy, the United Kingdom and the United States are closed to new members.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the Company meets the benefit payment as it falls due. The pension plan in the Netherlands changed to a career average plan with no indexation as from 1 January 2013. The new plan is treated as a defined contribution plan for accounting purposes.

Amounts recognized in the Consolidated balance sheet

$ millions	2020	2019
Present value of funded obligations	232	205
Fair value of plan assets	114	96
Liability in the balance sheet	**117**	**109**

Italian pension plan

In accordance with the Trattamento di Fine Rapporto ("TFR") legislation in Italy, employees are entitled to a termination payment on leaving the Company. The TFR regulation changed from 1 January 2007 and employees were given the option to either remain under the prior regulation or to transfer the future accruals to external pension funds. The funded provision for TFR maturing after 1 January 2007 is treated as a defined contribution plan under both options. An amount of US$7 million at 31 December 2020 (2019: US$8 million) has been recognized in the provision for pension liabilities in accordance with this legislation, which is unfunded. As part of the retirement benefit obligation the Group also reports a liability ('Cassa Vincolata Passiva') of US$19 million at 31 December 2020 (2019: US$21 million) that represents the right of current employers of former CEVA employees to claim TFR payments. Similarly, the Group also has an asset ('Cassa Vincolata Attiva') of US$0.4 million (2019: US$0.4 million) which is included in non-current prepayments. This asset reflects the right of the Group to claim TFR payments for certain employees from their prior employers. The participants are paid out within six months after their retirement. Mortality assumptions for the Italian pension plans are based on the Tabelle di mortalita RG48 pubblicate dalla Ragioneria Generale dello Stato.

Movement in defined benefit obligations

$ millions	2020	2019
At 1 January	**205**	**180**
Balance acquired through business combinations	3	3
Service costs	4	3
Other costs	4	-
Interest costs	4	5
Remeasurements	18	18
Exchange rate differences	6	2
Benefits paid	(12)	(10)
Curtailments	-	-
Settlements	-	(2)
Transfers	-	-
Other	-	6
At 31 December	**232**	**205**

Movement in plan assets

$ millions	2020	2019
At 1 January	**96**	**83**
Expected return on plan assets	2	3
Actuarial gains/losses	12	9
Exchange rate differences	2	1
Employer contribution	6	4
Benefits paid	(5)	(4)
At 31 December	**114**	**96**

Expense recognized in the Consolidated income statement

$ millions	2020	2019
Recognized in personnel expenses (note 8)		
Service costs	4	3
Other costs	4	-
Gain on curtailment and settlements[1]		
Recognized in finance expense (note 9)		
Interest income	(2)	(3)
Interest costs	4	5
Employer pension expense for the year	**10**	**5**

Amounts recognized in the Statement of other comprehensive income

$ millions	2020	2019
Remeasurements recognized in the statement of other comprehensive income in the period (before tax)	6	9
Cumulative remeasurements recognized in the statement of other comprehensive income (before tax)	73	67

Principal actuarial assumptions

	2020	2019
Discount rate	1,6%	2,1%
Rate of compensation increase	1,9%	1,9%
Inflation	1,9%	1,9%

Percentages indicated are weighted averages across all the schemes.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with public statistics and experience in each territory. Mortality assumptions for CEVA's most important funds are based on the following post-retirement mortality tables:

- United Kingdom: The post-retirement mortality assumption adopted is 100%/97% S2PA tables for males/females respectively, with future improvements projected from 2007 in line with the CMI's 2017 projections model with a long-term improvement rate of 1.5% per annum for males/females.
- United States: Pri-20012 Aggregate Mortality Table, with Projection Scale MP-2020 Fully Generational

These tables translate into an average life expectancy in years for the largest plans in the United Kingdom and the US of a pensioner retiring at age 65 as set out below:

	2020		2019	
	UK	US	UK	US
Retiring at the end of the reporting period:				
Male	22.2	20.9	22.2	21.0
Female	24.4	22.8	24.3	23.0
Retiring 20 years after the end of the reporting period:				
Male	24.0	19.4	23.9	19.6
Female	26.2	22.2	26.2	22.4

Other key assumptions inherent to the valuation of the Group's pensions and the determination of CEVA's pension cost include employee turnover, discount rates, and future wage increases. The expected return on plan assets is determined by considering the expected returns available on assets underlying the current investments policy. These assumptions are given a weighted average and are based on independent actuarial advice and are updated on an annual basis. Actual circumstances may vary from these assumptions giving rise to a different pension liability.

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- Inflation risk: The main part of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption		Decrease in assumption	
		2020	2019	2020	2019
Discount rate	0,25% - 0,50%	Decrease by 5.0%	Decrease by 6.0%	Increase by 5.4%	Increase by 6.4%
Pension growth rate (inflation)	0,25% - 0,50%	Increase by 2.8%	Increase by 3.1%	Decrease by 3.0%	Decrease by 3.0%
Life expectancy	1 year	Increase by 1.8%	Increase by 1.7%	Decrease by 1.7%	Decrease by 1.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized in the Consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The weighted average duration of the defined benefit obligation is 20 years.

Expected employer contributions to post-employment benefit plans for the year ending 31 December 2021 are US$4 million.

Plan assets do not include any investments in the Group and are comprised as follows:

$ millions	2020	2019
Listed equity	48	43
Fixed interest	25	22
Cash	6	4
Other	35	27
Total	**114**	**96**

The actual return on plan assets is a US$14.1 million income (31 December 2019: US$11.1 million loss).

21. Provisions

$ millions	Legal claims	Insurance	Restructuring	Other	Total
Balance at 1 January 2020	**28**	**69**	**16**	**56**	**169**
Raised during the year	15	22	15	31	82
Utilized during the year	(6)	(46)	(13)	(4)	(69)
Reversed during the year	(8)	(5)	(4)	(15)	(32)
Exchange rate differences	(1)	1	(0)	3	2
Balance at 31 December 2020	**27**	**41**	**12**	**71**	**152**
Of which non-current	5	15	-	47	**67**
Of which current	22	27	12	25	**86**

$ millions	Legal claims	Insurance	Restructuring	Other	Total
Balance at 1 January 2019	**59**	**70**	**4**	**59**	**192**
Raised during the year	21	36	14	23	94
Utilized during the year	(43)	(24)	(2)	(9)	(78)
Reversed during the year	(8)	(12)	-	(17)	(37)
Exchange rate differences	(1)	(1)	-	-	(2)
Balance at 31 December 2019	**28**	**69**	**16**	**56**	**169**
Of which non-current	9	29	1	32	**71**
Of which current	19	40	15	24	**98**

The economic outflow of non-current provisions is expected to occur within one to five years. The impact of discounting was not considered to be material.

Legal claims

A number of legal claims are pending against the Group. They consist of provisions for claims related to labor and employment matters, commercial arrangements, personal injury and property damage claims (including claims seeking to hold us liable for accidents involving CEVA's independent owner-operators), international trade, intellectual property, health, and safety, tariff enforcement, subrogation claims and various other matters arising from CEVA's ordinary business activities.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the final decision will not materially affect the consolidated financial position of the Group. To the extent management has been able to reliably estimate the expected outcome of these claims, a provision has been recorded as at 31 December 2020. Where the expected outcome cannot be reliably estimated, disclosure of the matter is given in Note 24 'Contingencies'.

Insurance
The insurance provision includes amounts provided in respect of self-insurance schemes which represent estimates, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported at the balance sheet date on risks retained by the Group.

Restructuring
These provisions relate to various restructuring projects initiated as part of the Group's cost containment programs. They include staff redundancy costs, and site closure costs.

Other
Other provisions largely comprise provisions for dilapidations and dismantling costs, provisions for workers compensation (reclassified from insurance provisions to other provisions since 2020), an onerous contract related the Italian cluster, and other related costs. In Italy a provision of US$13 million (2019: US$28 million) is recorded as best estimate of the cost of exiting the contract as well as the consequences of the bankruptcy of a local partner company involved in the contract.

22. Trade and other payables

$ millions	2020	2019
Trade payables	971	913
Personnel related accruals	193	121
Social security and other taxes	103	84
Accrued liabilities	499	359
Total trade and other payables	1,767	1,477

23. Commitments

Capital commitments
Capital expenditure for the acquisition of tangible fixed assets contracted for at 31 December 2020 but not yet incurred totals US$13 million (2019: US$12 million).

Guarantees
In the normal course of our business, we provide bank guarantees or letters of credit to various customs authorities, landlords, suppliers and insurance underwriters. The principal source of the bank guarantees or letters of credit are ancillary guarantee facilities.

The Revolving Credit Facility including associated ancillary facilities, is unconditionally guaranteed by CEVA Logistics AG, each borrower thereunder and certain of CEVA Logistics AG's direct and indirect material subsidiaries. All obligations under this facility and the guarantees of this obligation are (subject to the agreed security principles) secured on a first-priority basis by charges over (i) shares held in the obligors under the facility (excluding shares in CEVA Logistics AG); (ii) certain bank accounts of, and intra-group receivables due to, the obligors; and (iii) in the case of the obligors incorporated in the United States of America, substantially all of the other property and assets to the extent a security interest is able to be granted or perfected therein.

As at 31 December 2020, bank guarantees on behalf of CEVA's subsidiaries amounting to US$178 million were issued (2019: US$186 million). The obligations under the guarantees issued by banks and other financial institutions have been secured by CEVA and certain of its subsidiaries.

24. Contingencies

Litigation and Legal Proceedings
The Company is involved in several legal proceedings relating to the normal conduct of CEVA's business. While the outcome of these legal proceedings is uncertain, the Company believes that it has provided for all probable and estimable liabilities arising from the normal course of business, and CEVA therefore does not expect any un-provisioned liability arising from any of these legal proceedings to have a material impact on CEVA's results of operations, liquidity, capital resources or financial position.

Independent Contractor-Related Proceedings

The classification of drivers as independent contractors, which CEVA believes to be a common practice in its industry in the U.S., is challenged from time to time by federal and state governmental and regulatory authorities, including tax authorities, as well as by individual drivers who seek to have drivers reclassified as employees. We have previously been subject to claims relating to the classification of independent contractor owner-operators.

CIL Related Proceedings

CIL Limited (formerly CEVA Investments Limited), the former parent of CEVA Group Plc, is involved in a consensually filed liquidation proceeding in the Cayman Islands and an involuntary Chapter 7 proceeding in the Bankruptcy Court for the Southern District of New York. The Trustee in the Chapter 7 proceeding filed a claim against CIL Limited's former directors, CEVA Group Plc, and affiliated entities relating mostly to CEVA's recapitalization in 2013. In 2015 the defendants filed motions to dismiss certain of the claims asserted by the Trustee, and in January 2018, the Bankruptcy Court issued an order granting in part and denying in part the defendants' motions including dismissing the disputed payable claim against one of the defendants for lack of personal jurisdiction. In July 2018, the Trustee filed an amended complaint as well as a new action in the Netherlands related to the disputed payable claim against the entity that had been dismissed from the Bankruptcy Court action, and other CEVA-affiliated entities. The defendants and the Trustee have filed motions for summary judgment in the Bankruptcy Court action, which have been fully briefed and argued to the court. One of the creditors in the bankruptcy proceeding has also filed a claim against CEVA Logistics AG in New York state court related to CEVA's 2013 recapitalization. The Company cannot provide assurances regarding the outcome of these matters and it is possible that if the Trustee or the creditor were to prevail on their claims, the Company could incur a material loss in connection with those matters, including the payment of substantial damages and/or with regard to the matter in the bankruptcy court, the unwinding of the recapitalization in 2013. However, the Company believes the claims are without merit and intends to vigorously defend itself.

A former CEVA employee and CIL shareholder has asserted a putative class action against CEVA Group Plc, among others, in a U.S. District Court in the Middle District of Florida. Plaintiff claims that CEVA Group should have treated him differently in connection with the 2013 recapitalization. In January 2019, CEVA Group filed a motion to dismiss. The court has converted the motion to dismiss to a summary judgment motion and ordered the parties to proceed with summary judgment practice. While CEVA cannot provide assurances with respect to the outcome of this matter and it is possible that CEVA could incur a material loss, CEVA believes the claim is without merit and intends to vigorously defend itself.

Tax Proceedings

CEVA is involved in tax audits and tax proceedings in various jurisdictions relating to the normal conduct of its business. While the outcome of these audits and proceedings is uncertain and can involve material amounts, in the reasonable judgement of CEVA a liability for uncertain income tax treatments has been booked, and CEVA therefore does not expect any liability arising from these audits to have a material impact on its results.

Other Proceedings

From time to time, CEVA is involved in a variety of legal proceedings and disputes arising in the ordinary course of business. For example, CEVA has been and is currently subject to numerous labor and employment proceedings and disputes in both Italy and Brazil notably, alleging various causes of action and raising other legal challenges to CEVA's labor and employment practices. Such proceedings sometimes include individual claims and lawsuits, disputes with unions, class action claims, and governmental or quasi-governmental investigations. While the outcome of these legal proceedings is sometimes uncertain and may not be capable of estimation, CEVA believes that resolution of these matters and the incurrence of their related costs and expenses should not have a material adverse effect on CEVA's results of operations, liquidity, capital resources, or financial position.

25. Related party transactions

As the Company is now delisted there is no requirement to have three members who are independent of CMA CGM. The Directors of the Company are Rodolphe Saadé, Michel Sirat, and Mathieu Friedberg. Rodolphe Saadé is Chairman of the Board.

Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

$ millions	YEARS ENDED 31 DECEMBER 2020		2019	
	Sales of goods & services	Purchases of goods & services[3]	Sales of goods & services	Purchases of goods & services
Joint ventures	14	36	25	29
CMA CGM	66	234	5	173

$ millions	YEARS ENDED 31 DECEMBER 2020		2019	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
Joint ventures	3	2	3	5
CMA CGM	18	665	10	284

All transactions carried out with related parties are done on terms equivalent to those that prevail in an arm's length transaction. There are no provisions for doubtful accounts with respect to related party transactions.

Related party transactions with CMA CGM

On 16 March 2020, a capital increase (including payment of a share premium) was made by the shareholders of the Company (see note 18 "Share capital") and as a result, on 20 March 2020, CEVA repaid the short-term loan payable related to the acquisition of CC Log of US$107 million to CMA CGM.

In addition, CEVA repaid the loan payable to CMA CGM of US$80 million drawn under a treasury management agreement (TMA) resulting in a nil position as of 31 December 2020. This TMA is still applicable with a maturity date of 2 December 2024. These loans variances are disclosed in the table of related party transactions above.
These loan repayments are also disclosed in the note 19 "Borrowings".

As indicated in the note 18 "Share capital", a capital contribution of US$50 million was made by the shareholders of the Company on 25 March 2020. On 4 June 2020, the Company increased its share capital (including payment of a share premium) from CHF 262,782,898.50 to CHF 525,565,797.

On 31 December 2020, the term loan B facility, originally issued on 3 August 2019, refinanced on 24 April 2019 for US$475 million and maturing 3 August 2025 was repaid in full for an amount of US$469 million prior to maturity (see note 19 "Borrowings"). Associated derivatives contracts have been unwound. This facility has been replaced with a shareholder loan from CMA CGM. The conditions of the shareholder loans are presented in the Borrowing note (19).

Other related party transactions

CEVA Logistics AG is the immediate parent of CEVA Group Plc, a company incorporated on 9 August 2006 in England and Wales as a UK public company with limited liability. The Company and two of its indirect subsidiaries, CEVA UK 1 Limited and CEVA UK 2 Limited, who each hold one ordinary share, collectively own 99.99% of the ordinary shares of CEVA Group Plc, 0.01% is held by CIL Limited (formerly CEVA Investment Limited, the former parent of CEVA Group Plc), and one ordinary share is held by Louis Cayman Second Holdco Limited, a wholly owned subsidiary of CIL Limited, on trust as bare nominee for CIL Limited. In addition, CIL Limited holds 349,999 deferred shares and Louis Cayman Second Holdco Limited owns 1 deferred share (which has the right to a return of capital upon a winding up after the holders of ordinary shares have received the amount paid up on such ordinary shares plus a premium of £10,000 per ordinary share).

At 31 December 2020, the Group has a net payable towards CIL Limited, which is disputed (see note 24 'Contingencies') by the Group both as to validity and amount, amounting to US$15 million (31 December 2019: US$14 million). This mainly relates to long term receivables included in the consolidated balance sheet. CIL Limited was the former parent company of CEVA Group Plc and was placed in liquidation proceedings in connection with the Recapitalization. CIL Limited is involved in an official liquidation proceeding in the Republic of the Cayman Islands and a Chapter 7 proceeding in the Bankruptcy Court for the Southern District of New York.

Transactions with key management personnel are:

$ millions	YEARS ENDED 31 DECEMBER 2020	2019
Salaries and other short-term benefits	15	17
Share-based payments	-	4
Total	**15**	**21**

All amounts paid or payable are included in the table above, there are no other amounts outstanding at year end related to key management personnel.

26. Events after balance sheet date

There have been no significant events after balance sheet date.

27. Group entities

The Group's subsidiaries, joint ventures, associates and investments as at 31 December 2020 are included in the table below. All entities other than intermediate holding companies are primarily involved in the provision of Freight Management and Contract Logistics services.

All subsidiary undertakings are included in the consolidation. If the proportion of the voting rights in the subsidiary undertakings held directly by the Group differs from the proportion of ordinary shares held, the former is disclosed in brackets in the table below. All entities were indirectly held by the parent, CEVA Logistics AG, other than CEVA Group Plc which is a directly owned intermediate company. Subsidiaries in which the Group holds less than 50% of the voting rights are generally controlled through contractual arrangements with the other shareholder(s). Both the equity investment and the result for the year of those subsidiaries are not significant for the Group as a whole. The subsidiaries in which the Group holds a non-controlling interest are also not significant.

Country of incorporation and principal place of business		Entity	2020	2019
			Holding if less than 100%	
Algeria		CEVA Logistics Algerie EURL	100%	100%
Angola		CEVA Logistics (Angola) - Trânsitários e Agentes de Navegação, Lda		
Argentina		CEVA de Argentina S.R.L.		
		Circle International Argentina S.A.		
Australia		CEVA Freight (Australia) Pty. Limited		
		CEVA Freight Receivables Trust		
		CEVA Logistics (Australia) Pty. Limited		
		CEVA Logistics Receivables Trust		
		CEVA Materials Handling Pty. Limited		
		CEVA Pty. Limited		
		CEVA Receivables (Australia) Pty. Limited		
		Logistics Link Pty. Limited		
Austria		CEVA Freight Austria GmbH		
		CEVA Logistics Austria GmbH		
Bahrain		EGL Eagle Global Logistics (Bahrain) W.L.L.	0% (51%)	0% (51%)
Bangladesh		3PL Consignment Bangladesh Private Limited	0% (100%)	0% (100%)
		CEVA Freight (Bangladesh) Company Limited	40% (60%)	40% (60%)
Belgium		CEVA Belgium Receivables BVBA		
		CEVA Freight Belgium NV		
	*	CEVA Ground Europe BV		
	*	CEVA Logistics Belgium NV		
		EGL (Belgium) Holding Company BVBA		
		SODIAC	0,1%	0,1%
Benin		CEVA Logistics Benin S.A.	60%	
Bermuda		FACET Insurance Limited		
		Regga Holdings Ltd.		
Botswana		Manica (Botswana) Limited		
Brazil		CEVA Freight Management do Brasil Ltda.		
		CEVA Holdings Ltda.		
		CEVA Logistics Ltda.		
		Circle Fretes Internacionais do Brasil Ltda.		
		CMA CGM Logistics do Brazil Agencia Maritima Ltda.		
British Virgin Islands		CEVA Central America Holding Limited		
Burundi		AMI Africa Burundi S.U.R.L.		
Cambodia		CEVA Freight (Cambodia) Company Limited	60%	60%
Cameroon		CEVA Logistics Cameroun S.A.	90% (100%)	
Canada		7267746 Canada Inc.	96,2%	80%
		CEVA Freight Canada Corp.		
	*	CEVA Logistics Canada, ULC		

* Guarantor, **Joint Venture

Country of incorporation and principal place of business	Entity	2020	2019
		Holding if less than 100%	
Cayman Islands	Louis Cayman Second Holdco Limited		
	Mena 360 Holding Limited		
Chile	CEVA Freight Management Logistica de Chile Ltda.	99,99% (100%)	99.99% (100%)
	CMA CGM LOG Chile S.p.A.		
China	Anji - CEVA Logistics Company Limited	50%	50% **
	Anji Shangwen Chemical Transportation Company Limited	45%	45% **
	Anji-CEVA Logistics (Fujian) Company Limited	50%	50% **
	Anji-CEVA Logistics (Suzhou) Company Limited	50%	50% **
	Anji-CEVA Logistics (Zhengzhou) Company Limited	50%	50% **
	CEVA Freight (Shenzhen) Limited		
	CEVA Freight International (Shanghai) Company Limited	50%	50% **
	CEVA Freight Shanghai Limited		
	CEVA Logistics Company Limited Shanghai	50%	50% **
	Chongqing Anji - CEVA Hongyan Automotive Logistics Company Limited	30%	30% **
	CMA CGM Logistics (China) Co., Ltd.		
	Hangzhou Changan Minsheng Anji Logistics Company Limited	25%	25% **
	Jiangsu Anji - CEVA Logistics Company Limited	35%	35% **
	Liao Ning A-Lean Automotive Logistics Company Limited	25%	25% **
	Shanghai Anji - Tonghui Automotive Logistics Company Limited	26%	26% **
	Shanghai Anji-Suchi Automotive Logistics Company Limited	33%	33% **
	Wuhan Anji-Tonghui Automotive Logistics Company Limited	26%	26% **
	Yizheng SAIC Logistics Co., Ltd	35%	35% **
Colombia	Agencia de Aduanas CEVA Logistics S.A.S Nivel 2		
	CEVA Freight Management de Colombia S.A.S.		
Congo (Democratic Republic of the)	CEVA Logistics Congo S.A.	70% (100%)	70% (100%)
	Agence Maritime Internationale Africa Congo	95%	
Costa Rica	CEVA Freight Management Costa Rica, S. de R.L.		
Côte d'Ivoire	CEVA PROLINE LOGISTICS COTE D'IVOIRE	51%	
Cyprus	CEVALOG Holdings Limited	65%	
Czech Republic	CEVA Freight Czech Republic s.r.o.		
	CEVA Logistics spol. s r.o.		
Ecuador	Cia. Ltda.		
Egypt	IBA FREIGHT SERVICES	60%	
El Salvador	CEVA Freight Management El Salvador, Ltda. de C.V.		
Ethiopia	MACCFA Freight Logistics Private Limited Company	49%	
Finland	CEVA Logistics Finland Oy		
France	CEVA France Receivables SAS		
	CEVA France SASU		
	CEVA Freight Holdings France SAS		
	CEVA Freight Management France SAS		
	CEVA Logistics France SAS		
	CEVA PARTICIPATIONS SAS		
	CEVA FREIGHT SAS		
Gabon	CEVA Logistics Gabon S.A.		
Germany	CEVA Freight (Management) GmbH		
	CEVA Freight Germany GmbH		
	CEVA Germany Receivables GmbH		
	CEVA Logistics Berlin GmbH		
*	CEVA Logistics GmbH		
	CEVA Logistics Service GmbH		
	DIHS-DAKOSY Interessengemeinschaft Hamburger-Spediteure GmbH	3,85%	3,85%
	IDSP GmbH & Co. KG	7,66%	7,66%
	Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH	0,44%	0,22%
	TRANSCONTAINER-UNIVERSAL GmbH & Co. KG	0,71%	0,54%

* Guarantor, **Joint Venture

Country of incorporation and principal place of business		Entity	2020	2019	
			Holding if less than 100%		
Guatemala		CEVA Freight Management Guatemala, Ltda.			
Hong Kong		Anji-CEVA Logistics (Hong Kong) Limited	50%	50%	**
		CEVA FM (Hong Kong) Limited			
	*	CEVA Logistics (Hong Kong) Limited			
		CMA CGM Logistics (Asia) Limited			
		LCL Logistix (HK) Limited			
		Ozonic Limited			
		Pyramid Lines Limited			
Hungary		CEVA Contract Logistics Kft.			
		CEVA Logistics Hungary Kft.			
India		AMI Worldwide Support Services Private Limited			
		CEVA Logistics India Private Limited			
		CMA CGM Logistics (India) Private Limited			
		LCL Logistix (India) Private Limited			
		Malabar Lintes Private Limited	51%	51%	
		Ocean Gate Container Terminals Pvt. Ltd.	51%	51%	
Indonesia		PT. CEVA Freight Indonesia	95%	95%	
		PT. CEVA Logistik Indonesia			
		PT. Circle Persada International	95%	95%	
Iraq, Republic of		(GOLDEN CEVA) Company for Contracting and Commercial brokerage and Services/Limited (in liquidation)			
		CEVA IRAK	49%		
Ireland		AVEC Logistics (Ireland) Limited			
Italy		CEVA Freight Italy S.r.l.			
		CEVA Logistics Holding Italy S.p.A.			
		CEVA Logistics Italia S.r.l.			
		Di Gioia S.r.l.			
Jamaica		CMA CGM Logistics Jamaica Limited			
Japan	*	CEVA Logistics Japan Inc.			
Jordan		CEVA Logistics Jordan Limited	50% (100%)	50% (100%)	
Kazakhstan		CEVA Logistics Central Asia LLP	60%	60%	
Kenya		Alfost Enterprise Limited	99%		
		AMI Africa (Kenya) Limited	99,97%		
		LCL Logistix (Kenya) Limited	75% (100%)	75% (100%)	
		Magellan Logistics Kenya Limited	95%	99%	
Korea, Republic of		CEVA Logistics Korea, Inc.			
Latvia		CEVA Logistics Latvia SIA			
Lebanon		CEVA Lebanon	49%		
Luxembourg		CEVA Freight Holdings Luxembourg S.à r.l.			
		CEVA Freight Luxembourg S.à r.l.			
Malawi		Chirimba Containers Limited	50%		
		Manica Foreign Exchanges Bureau Limited	75%		
		Manica Malawi Limited	75%		
		Manica Travel Holdings Limited	75%		
Malaysia		CEVA Freight (Malaysia) Sdn. Bhd.			
		CEVA Freight Holdings (Malaysia) Sdn. Bhd.			
		CEVA Logistics (Malaysia) Sdn. Bhd.			
		Milage Sdn. Bhd.	0% (100%)	0% (100%)	
		Regga (Malaysia) Sdn. Bhd.			
		Unipearl Corporation Sdn. Bhd.			
Marshall Islands		CEVA Subsidiary 3 LLC			
Mauritania		CEVA Logistics Mauritania S.a.r.l.			
Mauritius		AMI Worldwide Limited			
Mexico		CCLOG, S.A. de C.V.			
		CEVA Freight Management Mexico, S.A. de C.V.			
		CEVA Logistica de Mexico, S.A. de C.V.			
		CEVA Servicios de Mexico, S.A. de C.V.			

* Guarantor, **Joint Venture

Country of incorporation and principal place of business		Entity	2020	2019
			Holding if less than 100%	
Morocco		Acomar - Agence de Consignation Marocaine	99,8% (100%)	99,8% (100%)
		AS Transport International (ASTI)	60%	
		CEVA Logistics Morocco Free Zone	99,93%	
Mozambique		AMI Africa Intermodal Limitada	99% (100%)	
		AMI Africa Logistics Limitada	99% (100%)	
		CMA CGM Logistics Mozambique, Limitada		99%
		Magellan Logistics Mozambique	94%	99%
Myanmar		CEVA Logistics Myanmar Company Limited		
Netherlands		CEVA Coop Holdco B.V.		
		CEVA Freight Holdings B.V.		
		CEVA Freight Holland B.V.		
		CEVA Logistics B.V.		
		CEVA Logistics Dutch Holdco B.V.		
		CEVA Logistics Finance B.V.		
		CEVA Logistics Headoffice B.V.		
		CEVA Logistics Netherlands B.V.		
		CEVA Netherlands Receivables B.V.		
New Zealand		CEVA Logistics (New Zealand) Limited		
Northern Ireland		CEVA Logistics NI Limited		
Norway		CEVA Logistics Norway AS		
Oman		CEVA Logistics L.L.C.	65%	65%
Panama		CEVA Freight Management Panama S. de R.L.	55%	55%
Peru		CEVA Logistics Peru S.R.L.		
		CEVA Peru Aduanas S.A.C.	99,812% (100%)	99% (100%)
Philippines		CEVA Logistics (SUBIC), Inc.		
		CEVA Logistics Philippines Inc.		
		CEVA Warehousing and Distribution, Inc.		
		Regga Transport Contractors, Inc.		
Poland		CEVA Direct Sp. z o.o.		
		CEVA European Transport Center sp. z o.o.		
		CEVA Freight (Poland) Sp. z o.o.		
	*	CEVA Logistics Poland Sp. z o.o.		
Portugal		CEVA Logistics (Portugal) - Logistica Empresarial, Lda.		
Puerto Rico		CEVA Logistics Puerto Rico, Inc.		
Qatar		CEVA Logistics (Qatar) W.L.L.	49% (100%)	49% (100%)
Romania		CEVA Logistics S.R.L.		
Russian Federation		CEVA Logistics Rus LLC		
Rwanda		AMI Africa (Rwanda) Limited	99%	
Saudi Arabia		CEVA International Al-Suwaiket Company Limited		49% (100%)
Senegal		CEVA Logistics Senegal S.A.	75% (100%)	**
Singapore		CEVA Asia Pacific Holdings Company Pte. Ltd.		
		CEVA Logistics Asia Pte. Ltd.		
	*	CEVA Logistics Singapore Pte. Ltd.		
		CEVA Supply Chain Singapore Pte. Ltd.		
		PYRAMID LINES SINGAPORE PTE. LTD.		
Slovakia		CEVA Logistics Slovakia, s.r.o.		
South Africa		CEVA Educational Trust		
		CEVA Holding Company SA (Pty) Limited	49%	49%
		CEVA Logistics South Africa (Proprietary) Limited	74%	
		Manica Holdings Limited		
		Manica South Africa Proprietary Limited		
Spain	*	CEVA Freight España, S.L.U.		
		CEVA Logistics España, S.L.U.		
		CEVA Production Logistics España, S.L.U.		
		CEVA Spain Receivables, S.L.		
Sweden		CEVA Logistics (Sweden) AB		
Switzerland		CEVA Logistics Switzerland GmbH		
		CEVA Management GmbH		

* Guarantor, **Joint Venture

Country of incorporation and principal place of business		Entity	2020	2019
			Holding if less than 100%	
Taiwan, Province of China		CEVA Logistics (Taiwan) Company Limited		
Tanzania, United Republic of		AMI Africa Tanzania Limited	99% (100%)	
		Crest Clearing & Forwarding Limited	99% (100%)	
		LCL Logistix (Tanzania) Limited	36.56% (100%)	36.56% (100%)
		Magellan Logistics Tanzania Limited	95,23%	99%
Thailand		CEVA Freight (Thailand) Limited	74%	
		CEVA Logistics (Thailand) Limited	86,7%	
		CEVA Vehicle Logistics (Thailand) Limited	86,7%	99.99% (100%)
		CWBI Limited	49%	49%
Togo		CEVA Logistics Togo S.A.		
Turkey		CEVA Lojistik Limited Şirketi		
		CEVA Uluslararasi Taşimacilik Limited Şirketi		
		CMA CGM LOG Lojistik Turkey Anonim Şirketi		
Uganda		AMI Africa (Uganda) Limited	99% (100%)	
		Magellan Logistics Uganda Limited	95%	99%
United Arab Emirates		AMI Middle East LLC	49%	
		CEVA Logistics (U.A.E.) L.L.C.	49% (100%)	49% (100%)
		CEVA Logistics FZCO		
		TOS Middle East	49%	
United Kingdom		CEVA Automotive Logistics UK Limited		
		CEVA Collections LLP		
		CEVA Container Logistics Limited		
		CEVA Distribution Limited		
		CEVA Freight (UK) Holding Company Limited		
		CEVA Freight (UK) Holdings Limited		
	*	CEVA Freight (UK) Limited		
	*	CEVA Group Plc	100%	100%
		CEVA Limited		
		CEVA Logistics - The Chill Hub Limited		
	*	CEVA Logistics Limited		
		CEVA Network Logistics Limited		
		CEVA Showfreight Limited		
		CEVA Supply Chain Solutions Limited		
		CEVA UK 1 Limited		
		CEVA UK 2 Limited		
		CEVA UK Receivables Limited		
		Eagle Global Logistics (UK) Limited		
		F.J. Tytherleigh & Co. Limited		
		Louis No. 2 Limited		
		Moving the World		
		Newsagents Wholesale Corporation Limited		
		Newsfast Limited		
		Paintblend 2 Limited		
		Paintblend Limited		
United States		APL Move, LLC	35%	35%
		Ashton Leasing, Limited	49%	49%
		CEVA Freight Management International Group, Inc.		
	*	CEVA Freight, LLC		
		CEVA Government Services, LLC		
		CEVA International Inc.		
		CEVA Logistics Japan LLC		
		CEVA Logistics Services U.S., Inc.		
		CEVA Logistics U.S. Group, Inc.		
	*	CEVA Logistics U.S. Holdings, Inc.		
	*	CEVA Logistics U.S., Inc.		
		CEVA Logistics, LLC		
		CEVA Ocean Line, Inc.		
		CEVA US Receivables Finance 1 LLC		
		CEVA US Receivables, LLC		
		Circle International Holdings LLC		
		ComplianceSource LLC		

* Guarantor, **Joint Venture

Country of incorporation and principal place of business	Entity	2020	2019
		Holding if less than 100%	
United States continued	CUSA Risk Retention Group, Inc.		
	Customized Transportation International, Inc.		
	Eagle Partners L.P.		
	Eagle USA Import Brokers, Inc.		
	EGL Eagle Global Logistics, L.P.		
*	EGL, Inc.		
Uruguay	Circle International Latin America Holdings S.A.		
	Gadupal S.A.		
Viet Nam	CEVA Logistics (Vietnam) Co. Limited	70%	70%
	CEVA Supply Chain (Vietnam) Company Limited		
Zambia	CEVA Logistics Zambia Limited	99%	
	Magellan Logistics Zambia Limited	96,2%	99%
Zimbabwe	Manica Zimbabwe Limited		

* Guarantor, **Joint Venture

Description of key line items in the consolidated income statement

Below is a brief description of the composition of the key line items of our Consolidated income statement:

Revenue

Revenue represents the delivery of goods and services to third parties less discounts, credit notes and taxes levied on sales.

Operating expenses

Operating expenses have been classified by nature as follows:

- Work contracted out includes amounts charged by third parties directly attributable to the normal operating activities of the business. The majority of these costs relate to purchased transportation;
- Personnel expenses are charged to the profit and loss account when due and in accordance with employment contracts and obligations. This includes all wage and social costs of both direct and indirect employees. It also includes agency costs of non-permanent (subcontracted) warehouse personnel;
- Other operating expenses include cost of materials (including fuel, packaging, pallets and utility costs) and costs incurred for insurance, consultancy, audit, legal and miscellaneous costs. Additionally, this includes expenditure associated with the rental of trucks and material handling equipment, as well as warehouse rental costs. Other operating income representing insurance receipts and other sundry income may be netted against other operating expenses if they are not material.

Depreciation, amortization and impairment

Depreciation and amortization is charged to profit or loss on a straight-line basis over the expected life of the related asset. Amortization and impairment on contractual customer relationships and brands recognized upon the acquisition of the Contract Logistics business from TNT N.V. and the Freight Management business from EGL Inc. is recognized in amortization and impairment on purchased intangibles. Impairment is recognized in profit or loss as incurred.

Net Finance income/(expense) (including foreign exchange movements)

Interest income mainly relates to interest earned on loans and deposits and interest charged on overdue customer receivables. Interest and similar expenses relates to interest charged on loans, financial leases, other borrowings and pension schemes.

Income tax expense

Income tax represents the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred income tax. Current tax is the amount of income taxes payable / (recoverable) in respect of the taxable profit / (loss) for a period. Deferred income tax represents the amounts of income taxes payable / (recoverable) in future periods in respect of taxable (deductible) temporary differences and unused tax losses.

Certain definitions

Unless expressly stated otherwise or where the context otherwise requires, ‘the Company’, ’we’, ’us’, ’our‘, ‘Group‘ and other similar terms refer to CEVA Logistics AG and its subsidiaries

Adjusted EBITDA
is a key financial measure used by management to assess operational performance. It excludes the impact of specific items and Share Based Compensation ('SBC'), such as costs incurred in the realization of our cost containment programs, other significant non-recurring charges or credits including the profits or losses realized on non-recurring transactions. Furthermore, Adjusted EBITDA includes the Group's share of the EBITDA before specific items of joint ventures that are equity accounted, currently Anji-CEVA

Apollo
refers to Apollo Global Management, LLC and its affiliates, which include Apollo Management VI, L.P., AP VI CEVA Holdings and AAA Guarantor – Co-Invest VI (B), L.P.

CapRe
refers to Capital Research and Management Company

EBITDA or earnings before interest, tax, depreciation and amortization
is not a measurement of performance or liquidity under IFRS and should not be considered as a substitute for profit / (loss) for the year, operating profit, net income or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of CEVA's performance. Because not all companies calculate EBITDA identically, the presentations of EBITDA in this annual report may not be comparable to other similarly titled measures of other companies.

FVTPL
refers to Fair Value Through the Statement of Profit or Loss

Franklin
refers to Franklin Advisers, Inc. and Franklin Templeton Investments Corp.

Gearing ratio
refers to a financial ratio comparing the net debt to the net debt adjusted for equity attributable to equity holders of the Company

Headroom
is the sum of cash and cash equivalents plus committed facilities less amounts drawn on committed facilities

IFRS
refers to International Financial Reporting Standards

Net debt
is calculated as total borrowings less cash and cash equivalents

Net working capital
is defined as trade and other receivables (net of provision for impairment), inventories, prepayments, accrued income, contract assets and income tax receivables less non-interest charging current liabilities

Recapitalization
refers to the Recapitalization that the Company successfully completed on 2 May 2013, which substantially reduced its overall debt and interest costs, as well as increase liquidity and strengthen its capital structure

SEC
refers to the U.S. Securities and Exchange Commission

Specific items and SBC
are significant non-recurring items. The principal events which may give rise to a specific item include restructuring, profit/loss on disposal of a business, cost reduction programs and material litigation costs, amongst others. It also excludes SBC which are non-cash accounting charges for share based compensation arrangements

TFR
refers to "Trattamento di Fine Rapporto" leaving service benefits provided to Italian employees that are mandatory under Italian law

TNT
refers to TNT N.V.

$, dollar, United States dollar, US dollar, US$ or USD
refers to the lawful currency of the United States of America

A$ or Australian dollar
refers to the lawful currency of Australia

CHF
refers to the lawful currency of Switzerland

€, euro or EUR
refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community

£, British pound, pounds sterling or GBP
refers to the lawful currency of the United Kingdom

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