

Hans Lautrup Holding A/S

Slotsalleen 3
2930 Klampenborg
CVR No. 10505194

Annual report 2020

The Annual General Meeting adopted the
annual report on 28.04.2021

Kjeld Korum

Chairman of the General Meeting

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Entity details

Entity

Hans Lautrup Holding A/S

Slotsalleen 3

2930 Klampenborg

Business Registration No.: 10505194

Registered office: Gentofte

Financial year: 01.01.2020 - 31.12.2020

Phone number: +45 33 36 70 00

URL: www.lautrup.com

E-mail: lautrup@lautrup.com

Board of Directors

Kjeld Kornum, Chairman

Hans Erik Lautrup

Joachim Lautrup

Executive Board

Hans Erik Lautrup, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hans Lautrup Holding A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Klampenborg, 28.04.2021

Executive Board

Hans Erik Lautrup
Chief Executive Officer

Board of Directors

Kjeld Kornum
Chairman

Hans Erik Lautrup

Joachim Lautrup

Independent auditor's report

To the shareholder of Hans Lautrup Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Hans Lautrup Holding A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State-Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	32,259	27,099	28,127	28,113	27,192
Operating profit/loss	17,762	13,023	13,757	14,629	14,391
Net financials	(1,243)	(1,011)	(660)	(1,259)	(1,892)
Profit/loss for the year	12,580	9,114	9,891	10,120	9,400
Balance sheet total	119,384	112,422	117,066	120,646	120,133
Investments in property, plant and equipment	6,940	18	0	0	0
Equity	62,338	55,334	51,980	47,798	41,945
Cash flows from operating activities	22,538	8,606	9,469	1,493	13,297
Cash flows from investing activities	(6,940)	(18)	3,732	(21,111)	(3,175)
Cash flows from financing activities	(5,959)	(6,086)	(6,790)	(15,377)	(5,278)
Average number of employees	12	11	11	10	10
Ratios					
Return on equity (%)	21.38	16.99	19.83	22.55	24.10
Equity ratio (%)	52.22	49.22	44.40	39.62	34.92
Return on capital employed	14.88	11.58	11.75	12.13	11.98

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Return on capital employed (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Balance sheet total}}$

Primary activities

The Entity is a holding company and its object is to generate income from return on investments and securities.

Development in activities and finances

Profit for the year amounts to DKK 12,580 thousand.

It is Management's overall assessment that the performance for 2020 has been satisfactory.

Outlook

In 2021, Management expects to improve earnings due to expected improvements in earnings in the Entity's group enterprises.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		32,259,450	27,098,819
Staff costs	1	(13,495,376)	(13,025,685)
Depreciation, amortisation and impairment losses	2	(1,002,001)	(1,050,404)
Operating profit/loss		17,762,073	13,022,730
Other financial income	3	203,095	420,547
Other financial expenses	4	(1,446,438)	(1,431,634)
Profit/loss before tax		16,518,730	12,011,643
Tax on profit/loss for the year	5	(3,939,148)	(2,897,977)
Profit/loss for the year	6	12,579,582	9,113,666

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		1,956,935	2,374,945
Intangible assets	7	1,956,935	2,374,945
Land and buildings		27,336,866	27,908,803
Other fixtures and fittings, tools and equipment		1,785,139	1,795,718
Leasehold improvements		0	1,475
Prepayments for property, plant and equipment		6,940,000	0
Property, plant and equipment	8	36,062,005	29,705,996
Fixed assets		38,018,940	32,080,941
Manufactured goods and goods for resale		16,664,618	20,850,487
Inventories		16,664,618	20,850,487
Trade receivables		53,546,862	52,204,148
Receivables from group enterprises		2,375,153	2,937,791
Other receivables		344,187	1,491,947
Prepayments	9	16,688	122,345
Receivables		56,282,890	56,756,231
Other investments		7,529	8,440
Investments		7,529	8,440
Cash		8,410,277	2,725,511
Current assets		81,365,314	80,340,669
Assets		119,384,254	112,421,610

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	10	1,000,000	1,000,000
Reserve for fair value adjustments of hedging instruments		424,584	0
Retained earnings		54,913,157	48,333,575
Proposed dividend for the financial year		6,000,000	6,000,000
Equity		62,337,741	55,333,575
Deferred tax	11	114,000	113,000
Provisions		114,000	113,000
Mortgage debt		10,719,445	10,890,025
Other payables		2,936,838	3,844,070
Non-current liabilities other than provisions	12	13,656,283	14,734,095
Current portion of non-current liabilities other than provisions	12	169,923	169,000
Bank loans		6,114,259	10,069,209
Trade payables		26,925,240	23,758,048
Payables to group enterprises		760,047	205,117
Tax payable		4,057,897	2,975,482
Other payables		5,248,864	5,064,084
Current liabilities other than provisions		43,276,230	42,240,940
Liabilities other than provisions		56,932,513	56,975,035
Equity and liabilities		119,384,254	112,421,610
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Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	1,000,000	0	48,333,575	6,000,000	55,333,575
Ordinary dividend paid	0	0	0	(6,000,000)	(6,000,000)
Other entries on equity	0	544,339	0	0	544,339
Tax of entries on equity	0	(119,755)	0	0	(119,755)
Profit/loss for the year	0	0	6,579,582	6,000,000	12,579,582
Equity end of year	1,000,000	424,584	54,913,157	6,000,000	62,337,741

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		17,762,073	13,022,730
Amortisation, depreciation and impairment losses		1,002,001	1,050,404
Working capital changes	13	7,448,538	(1,478,558)
Cash flow from ordinary operating activities		26,212,612	12,594,576
Financial income received		203,095	420,547
Financial expenses paid		(1,446,438)	(1,431,634)
Taxes refunded/(paid)		(2,975,482)	(3,285,287)
Other cash flows from operating activities		544,339	307,308
Cash flows from operating activities		22,538,126	8,605,510
Acquisition etc. of intangible assets		0	(18,000)
Prepayments for property, plant and equipment		(6,940,000)	0
Cash flows from investing activities		(6,940,000)	(18,000)
Free cash flows generated from operations and investments before financing		15,598,126	8,587,510
Incurrence of debt to group enterprises		1,117,568	594,723
Dividend paid		(6,000,000)	(6,000,000)
Instalments on loans etc.		(1,076,889)	(680,689)
Cash flows from financing activities		(5,959,321)	(6,085,966)
Increase/decrease in cash and cash equivalents		9,638,805	2,501,544
Cash and cash equivalents beginning of year		(7,335,258)	(9,836,802)
Cash and cash equivalents end of year		2,303,547	(7,335,258)
Cash and cash equivalents at year-end are composed of:			
Cash		8,410,277	2,725,511
Securities		7,529	8,440
Short-term bank loans		(6,114,259)	(10,069,209)
Cash and cash equivalents end of year		2,303,547	(7,335,258)

Notes to consolidated financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	13,175,674	12,682,006
Other social security costs	85,589	81,387
Other staff costs	234,113	262,292
	13,495,376	13,025,685
Average number of full-time employees	12	11

Referring to section 98b of the Danish Financial Statements Act, remuneration to Management has not been disclosed.

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	418,010	418,010
Depreciation on property, plant and equipment	583,991	632,394
	1,002,001	1,050,404

3 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	202,549	229,820
Exchange rate adjustments	0	190,259
Other financial income	546	468
	203,095	420,547

4 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	86,418	30,771
Exchange rate adjustments	223,039	0
Fair value adjustments	911	765
Other financial expenses	1,136,070	1,400,098
	1,446,438	1,431,634

5 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	3,938,148	2,907,977
Change in deferred tax	1,000	(10,000)
	3,939,148	2,897,977

6 Proposed distribution of profit/loss

	2020	2019
	DKK	DKK
Ordinary dividend for the financial year	6,000,000	6,000,000
Retained earnings	6,579,582	3,113,666
	12,579,582	9,113,666

7 Intangible assets

	Goodwill
	DKK
Cost beginning of year	4,143,398
Cost end of year	4,143,398
Amortisation and impairment losses beginning of year	(1,768,453)
Amortisation for the year	(418,010)
Amortisation and impairment losses end of year	(2,186,463)
Carrying amount end of year	1,956,935

8 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment
	DKK	DKK	DKK	DKK
Cost beginning of year	37,216,294	2,822,621	1,527,942	0
Additions	0	0	0	6,940,000
Cost end of year	37,216,294	2,822,621	1,527,942	6,940,000
Depreciation and impairment losses beginning of year	(9,307,491)	(1,026,903)	(1,526,467)	0
Depreciation for the year	(571,937)	(10,579)	(1,475)	0
Depreciation and impairment losses end of year	(9,879,428)	(1,037,482)	(1,527,942)	0
Carrying amount end of year	27,336,866	1,785,139	0	6,940,000

9 Prepayments

Prepayments consist of prepaid expenses.

10 Contributed capital

	Number	Par value DKK	Nominal value DKK
A shares	330	1,000	330,000
B shares	670	1,000	670,000
	1,000		1,000,000

There have been no changes in the share capital in the past five financial years.

11 Deferred tax

	2020 DKK	2019 DKK
Property, plant and equipment	114,000	113,000
Deferred tax	114,000	113,000

Changes during the year	2020 DKK	2019 DKK
Beginning of year	113,000	123,000
Recognised in the income statement	1,000	(10,000)
End of year	114,000	113,000

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Mortgage debt	169,923	169,000	10,719,445	10,039,753
Other payables	0	0	2,936,838	0
	169,923	169,000	13,656,283	10,039,753

13 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	4,185,869	50,996
Increase/decrease in receivables	(89,297)	206,001
Increase/decrease in trade payables etc.	3,351,966	(1,735,555)
	7,448,538	(1,478,558)

14 Derivative financial instruments

An interest rate swap contract expiring on 29.12.2023 has been entered into to hedge the Entity's floating-rate mortgage loans. The principal of the interest rate swap contract stands at DKK 20,000k. At 31.12.2020, the calculated fair value of this contract was negative by DKK 2,937 thousand, which amount has been recognised in other payables in the balance sheet with a counter entry in equity in the reserve for fair value adjustments of hedging instruments.

Fair value of the interest rate swap contract has been calculated as the present value of expected future net cash flows under the contract, based on the fixed interest rate agreed and the current yield curve at the balance sheet date discounted to 31.12.2020 by using a risk-free interest rate. This value has subsequently been reduced by the estimated value of the Entity's own credit risk.

15 Fair value information

	Other investments DKK
Fair value end of year	7,529
Fair value adjustments recognised directly in the income statement	911

16 Unrecognised rental and lease commitments

The Entity has concluded a rental agreement which can be terminated at three month's notice. The rent for this year amounts to DKK 2,077,398.

The Entity has entered into lease agreements concerning a number of cars. The lease agreements run for 1-2 years. The total liability for the period from the balance date and until the lease agreements expire amounts to DKK 133,907.

17 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement with other Danish consolidated companies. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Assets charged and collateral

The Entity has provided unlimited suretyship for the bank debt of group enterprises.

The Entity has pledged a company charge of DKK 20 million on unsecured claims, inventories, operating equipment, fixtures and fittings as security for bank debt and bank guarantees submitted. The book value of the company charge was DKK 71 million on the balance sheet date.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

- Hans Laurrup Holding A/S, Gentofte, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- Hans Laurrup Holding A/S, Gentofte, Denmark

20 Subsidiaries

	Registered in	Corporate form	Ownership %
HLC-Hans Lautrup Chemicals A/S, CVR no. 11562531	Gentofte	A/S	100
Enzo Holding ApS, CVR no. 27085660	Gentofte	A/S	100
HLC-Hans Lautrup Real Estate A/S, CVR no. 26361192	Gentofte	A/S	100
Hans Lautrup Chemicals Germany GmbH	Germany	GmbH	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(169,925)	(169,925)
Income from investments in group enterprises		12,721,658	9,531,189
Other financial income	1	1,094,205	921,291
Other financial expenses	2	(1,106,429)	(1,286,652)
Profit/loss before tax		12,539,509	8,995,903
Tax on profit/loss for the year	3	40,073	117,763
Profit/loss for the year	4	12,579,582	9,113,666

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		780,738	780,738
Property, plant and equipment	5	780,738	780,738
Investments in group enterprises		62,833,725	59,687,483
Receivables from group enterprises		22,740,921	14,972,028
Financial assets	6	85,574,646	74,659,511
Fixed assets		86,355,384	75,440,249
Receivables from group enterprises		3,915,113	2,762,282
Joint taxation contribution receivable		40,073	117,763
Receivables		3,955,186	2,880,045
Other investments		804	1,450
Investments		804	1,450
Cash		171	73
Current assets		3,956,161	2,881,568
Assets		90,311,545	78,321,817

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		1,000,000	1,000,000
Reserve for net revaluation according to the equity method		28,947,057	25,800,815
Retained earnings		26,390,684	22,532,760
Proposed dividend for the financial year		6,000,000	6,000,000
Equity		62,337,741	55,333,575
Trade payables		62,500	62,500
Payables to group enterprises		27,739,183	22,197,282
Other payables		172,121	728,460
Current liabilities other than provisions		27,973,804	22,988,242
Liabilities other than provisions		27,973,804	22,988,242
Equity and liabilities		90,311,545	78,321,817
Fair value information	7		
Contingent liabilities	8		
Related parties with controlling interest	9		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	1,000,000	25,800,815	22,532,760	6,000,000	55,333,575
Ordinary dividend paid	0	0	0	(6,000,000)	(6,000,000)
Other entries on equity	0	544,339	0	0	544,339
Tax of entries on equity	0	(119,755)	0	0	(119,755)
Profit/loss for the year	0	2,721,658	3,857,924	6,000,000	12,579,582
Equity end of year	1,000,000	28,947,057	26,390,684	6,000,000	62,337,741

Notes to parent financial statements

1 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	1,093,659	921,291
Other financial income	546	0
	1,094,205	921,291

2 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	1,040,773	1,190,961
Fair value adjustments	646	0
Other financial expenses	65,010	95,691
	1,106,429	1,286,652

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Refund in joint taxation arrangement	(40,073)	(117,763)
	(40,073)	(117,763)

4 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	6,000,000	6,000,000
Retained earnings	6,579,582	3,113,666
	12,579,582	9,113,666

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	780,738
Cost end of year	780,738
Carrying amount end of year	780,738

6 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	33,886,668	14,972,028
Additions	0	7,768,893
Cost end of year	33,886,668	22,740,921
Revaluations beginning of year	25,800,815	0
Amortisation of goodwill	(418,010)	0
Share of profit/loss for the year	13,139,668	0
Dividend	(10,000,000)	0
Other adjustments	424,584	0
Revaluations end of year	28,947,057	0
Carrying amount end of year	62,833,725	22,740,921

The item Investments in group enterprises includes goodwill of DKK 1,770 thousand at 31.12.2020.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Fair value information

	Other investments DKK
Fair value end of year	804
Fair value adjustments recognised directly in the income statement	646

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement with other Danish consolidated companies. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Hans Lautrup Holding A/S has provided suretyship for the bank debt of group enterprises.

9 Related parties with controlling interest

Related parties with a controlling interest in the Hans Lautrup Holding A/S Group:

- Lautrup Swiss SA, Rue de Hesse 16, 1204 Geneva, Switzerland

Other related parties with whom the Hans Lautrup Holding A/S Group has had transactions in 2020:

- Enterprises in which Lautrup Swiss SA has controlling interest as well as the Company's Executive Board and Board of Directors.

Transactions between related parties and the Hans Lautrup Holding A/S Group in 2020:

- The Group has balances with Lautrup Swiss SA and enterprises in which Lautrup Swiss SA has controlling interest. Balances carry interest equal to the market rate.

Transactions with related parties have been carried out at arm's length.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profit or loss from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Pursuant to section 32 of the Danish Financial Statements Act, the Group has opted to aggregate the financial statement items revenue, other operating income, cost of sales and other external expenses for competitive reason.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, realised and unrealised capital gains on securities and transactions in foreign currencies as well as amortisation premium or allowance on mortgage debt, cash discounts etc.

Other financial expenses

Other financial expenses comprise interest expenses, the interest portion of finance lease payments, realised and unrealised capital losses on securities, payables and transactions in foreign currencies as well as amortisation premium or allowance on mortgage debt, cash discounts etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The Parent is jointly taxed with some of its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill and acquired intellectual property rights are measured at cost less accumulated amortisation and impairment losses.

The carrying amount of goodwill is evaluated on an ongoing basis and written down to recoverable amount should the carrying amount exceed expected future net income from the operations or the activities that the goodwill is related to.

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement with depreciation and impairment losses.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and

losses and plus or minus amortisation of positive, or negative, goodwill is recognised in the income statement.

Group enterprises with a negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

The purchase method is applied to the acquisition of investments in group enterprises, see above description under consolidated financial statements.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using weighted average prices and net realisable value.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as purchase and sale of intangible assets, property, plant and equipment and fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank debt.