

# ***Jacob Holm & Sønner A/S***

*c/o Accura Advokatpartnerselskab  
Tuborg Boulevard 1  
DK-2900 Hellerup*

## **Annual Report for 2020**

---

CVR No 13 86 86 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 April 2021.

Nils Thomas Weincke  
Chairman

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement on the Annual Report	1
Independent Auditor's Report	2
<b>Company information</b>	
Company Information	5
Group Chart	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Statement of Comprehensive Income 1 January - 31 December	7
Balance Sheet at 31 December	8
Cash Flow Statement	9
Statement of Changes in Equity 1 January - 31 December	10
Notes to the Annual Report	11

## **Management's Statement on the Annual Report**

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Jacob Holm & Sønner A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as further requirements in the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the accounting estimates reasonable.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations and cash flows for 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Jyderup 28 April 2021

### **Executive Board**

Martin Mikkelsen

### **Supervisory Board**

Nils Thomas Weincke  
(Chairman)

Christian Peter Søberg Jarnov

Martin Mikkelsen

# Independent Auditor's Report

To the Shareholders of Jacob Holm & Sønner A/S

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Jacob Holm & Sønner A/S for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 Financial Statements**

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

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

# Independent Auditor's Report

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

# Independent Auditor's Report

Hellerup, 28 April 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Tue Stensgård Sørensen  
State Authorised Public Accountant  
mne32200

Jakob Thisted Binder  
State Authorised Public Accountant  
mne42816

## Company information

### Company Information

<b>The Company</b>	Jacob Holm & Sønner A/S c/o Accura Advokatpartnerselskab Tuborg Boulevard 1 DK-2900 Hellerup
	CVR No.: 13 86 86 11
	Financial year: 1. January – 31 December
	Municipality of reg. office: Gentofte

**Supervisory Board** Nils Thomas Weincke (Chairman)  
Christian Peter Søberg Jarnov  
Martin Mikkelsen

**Executive Board** Martin Mikkelsen

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### Consolidated

**Financial Statements** The Company is included in the Group Annual Report of the immediate Parent Company Jacob Holm & Sønner Holding A/S and in the ultimate Parent Company Ammon Ammon AG.

The Group Annual Report of Jacob Holm & Sønner Holding A/S may be obtained at the following address:

Jacob Holm & Sønner Holding A/S  
c/o Accura Advokatpartnerselskab  
Tuborg Boulevard 1  
DK-2900 Hellerup

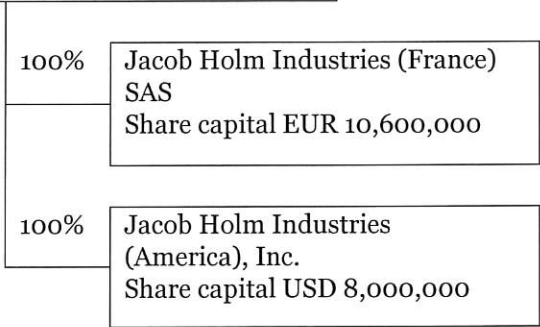
# Company information

## Group Chart

**Parent Company**

Jacob Holm & Sønner A/S  
Share capital DKK 32,511,560

**Subsidiaries**





## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK '000	<u>2019</u> DKK '000
Administrative expenses		-441	-443
<b>Profit before financial income and expenses</b>		<b>-441</b>	<b>-443</b>
Financial income	5	2.504	3.824
Financial expenses	6	-42.429	-111.903
<b>Profit before tax</b>		<b>-40.366</b>	<b>-108.522</b>
Tax on profit for the year	7	0	0
<b>Net profit for the year</b>		<b>-40.366</b>	<b>-108.522</b>

## Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	-40.366	-108.522
<b>Comprehensive income</b>	<b>-40.366</b>	<b>-108.522</b>

## Balance Sheet at 31 December

### Assets

	Note	2020	2019
		DKK '000	DKK '000
Investments in subsidiaries	8	529.803	551.168
<b>Non-current assets</b>		<b>529.803</b>	<b>551.168</b>
Receivables from group companies		65.089	60.510
<b>Receivables</b>		<b>65.089</b>	<b>60.510</b>
<b>Cash at bank and in hand</b>		<b>31</b>	<b>100</b>
<b>Current assets</b>		<b>65.120</b>	<b>60.610</b>
<b>Assets</b>		<b>594.923</b>	<b>611.778</b>

### Equity and liabilities

Share capital	10	32.512	32.512
Retained earnings		175.924	216.290
<b>Equity</b>		<b>208.436</b>	<b>248.802</b>
Provisions for deferred tax	11	0	0
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
Payables to group companies		386.425	362.914
Other payables		62	62
<b>Current liabilities</b>		<b>386.487</b>	<b>362.976</b>
<b>Liabilities</b>		<b>386.487</b>	<b>362.976</b>
<b>Equity and liabilities</b>		<b>594.923</b>	<b>611.778</b>
Main activity of the Company	3		
Guarantees	13		
Financial risks	14		
Related parties	15		

## Cash Flow Statement

	Note	2020 DKK '000	2019 DKK '000
Net profit for the year		-40.366	-108.522
Adjustments of non-cash items	12	39.925	108.079
Cash flows from operating activities before financial income and expenses		-441	-443
Financial income received		2.504	3.824
Financial expenses paid		-14.913	-14.025
<b>Cash flows from operating activities</b>		<b>-12.850</b>	<b>-10.644</b>
Investments in subsidiaries		0	-29.525
<b>Cash flows from investing activities</b>		<b>0</b>	<b>-29.525</b>
Increase in receivables from related parties		12.781	40.268
<b>Cash flows from financing activities</b>		<b>12.781</b>	<b>40.268</b>
<b>Change in cash and cash equivalents</b>		<b>-69</b>	<b>99</b>
Cash and cash equivalents at 1 January		100	1
<b>Cash and cash equivalents at 31 December</b>		<b>31</b>	<b>100</b>
specified as follows:			
Cash at bank and in hand		31	100
		<b>31</b>	<b>100</b>

## Statement of Changes in Equity 1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
<b>Equity</b>			
Equity at 1 January 2020	32.512	216.290	248.802
Comprehensive income for the year	0	-40.366	-40.366
<b>Equity at 31 December 2020</b>	<b>32.512</b>	<b>175.924</b>	<b>208.436</b>
Equity at 1 January 2019	32.512	324.812	357.324
Comprehensive income for the year	0	-108.522	-108.522
<b>Equity at 31 December 2019</b>	<b>32.512</b>	<b>216.290</b>	<b>248.802</b>

# Notes to the Annual Report

## 1 Accounting Policies

The Annual Report of Jacob Holm & Sønner A/S for 2020 is prepared in accordance with International Financial Reporting Standards (IFRS) and further requirements in the Danish Financial Statements Act.

The Annual Report for 2020 is presented in DKK '000.

The applied accounting policies are unchanged compared to the previous year.

### New standards, amendments and interpretations

Jacob Holm & Sønner A/S has adopted the following new standards and amendments to standards and interpretations that are effective for the financial year 2020:

- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 3 “Business Combinations”
- Amendment to “References to the Conceptual Framework in IFRS Standards”
- Interest rate benchmark reform (Amendment to IFRS 9, IAS 39 and IFRS 7)

The implementation has not had a significant impact on recognition, measurement or disclosures in the annual report 2020 and is not expected to have significant impact on the financial reporting for future periods.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing the consolidated financial statement.

The IASB has approved further new standards and interpretations that are not relevant to Jacob Holm & Sønner A/S and will have no effect on the Financial Statements.

### Foreign currencies

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

Balance sheet items including goodwill for consolidated companies that do not have DKK as their functional currency are translated into DKK at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for the month. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

### **Income Statement**

#### **Revenue and recognition of income**

Revenue consists of dividend from subsidiaries.

#### **Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

#### **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities and amortisation of financial assets and liabilities.

Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the expenses relating to the asset. All other financial expenses are recognised in expenses in the financial year in which they were incurred.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use or for sale.

#### **Tax on profit for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

### Balance Sheet

#### Financial fixed assets

#### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Financial Statements.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

#### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

#### Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

#### Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance-sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items where temporary differences – apart from business acquisitions – have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement unless the deferred tax relates to equity entries.

# Notes to the Annual Report

## 1 Accounting Policies (continued)

The Company is jointly taxed with the Danish group company. Foreign group companies are not comprised by the joint taxation.

The tax effect of the joint taxation is allocated to both profits and losses in proportion to the taxable income. The jointly taxed companies have adopted the on-account taxation scheme.

### Financial liabilities

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligations on finance leases, which are measured at amortised cost.

### Cash Flow Statement

The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit for the year adjusted for non-cash operating items, changes in working capital, financial income/expenses and corporation tax paid.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible fixed assets, property, plant and equipment as well as financial fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from Group companies and related companies.

#### Cash and cash equivalents

Cash and cash equivalents comprise the item "Cash at bank and in hand" under current assets.



# Notes to the Annual Report

## 2 Significant accounting estimates

Estimates and judgements 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

### *Impairment test - investment in subsidiaries*

An impairment test has been performed on the investment in subsidiaries in Jacob Holm Industries (America), Inc. and Jacob Holm Industries (France) SAS. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2020. The use of different estimates or when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. Impairment test relating to investment in subsidiaries are described in note 9.

## 3 Main activity of the Company

The Company engages in industrial activities, commercial activities and investment activities and to own and administrate real estate.

## 4 Expenses classified by type

Administrative expenses

	2020 DKK '000	2019 DKK '000
	441	443
	<b>441</b>	<b>443</b>

Administrative expenses are classified as Other external expenses.

## 5 Financial income

Interest intercompany accounts

Exchange adjustments

	2.504	2.387
	0	1.437
	<b>2.504</b>	<b>3.824</b>

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

## Notes to the Annual Report

	2020	2019
	DKK '000	DKK '000
<b>6 Financial expenses</b>		
Impairment charge subsidiary	21.365	97.878
Interest intercompany accounts	14.913	14.025
Exchange adjustments	6.151	0
	<b>42.429</b>	<b>111.903</b>

Interest relates to loans received and payables measured at amortised cost.

### 7 Tax on profit for the year

Current tax on profit for the year	0	0
Change in deferred tax	0	0
	<b>0</b>	<b>0</b>

Tax on profit for the year is specified as follows:

Calculated 22,0% tax on profit for the year before tax	-8.881	-23.875
Tax effect of:		
Change in retaxation liability	4.181	0
Non-deductible impairment charge	4.700	21.533
Adjustment of valuation deferred tax	0	2.342
	<b>0</b>	<b>0</b>
<b>Effective tax rate for the year</b>	<b>0,00%</b>	<b>0,00%</b>

### 8 Investments in subsidiaries

	Share capital	Currency	Ownership %	Carrying amount	Equity	Result
	'000			DKK '000	DKK '000	DKK '000
Jacob Holm Industries (France) SAS, France	10.600	EUR	100%	243.194	136.432	26.499
Jacob Holm Industries (America), Inc., USA	8.000	USD	100%	286.609	168.135	-81.891
				<b>529.803</b>	<b>304.567</b>	<b>-55.392</b>

## Notes to the Annual Report

### 8 Investments in subsidiaries (continued)

	2020	2019
	DKK '000	DKK '000
Cost at 1 January	882.611	853.086
Additions for the year	0	29.525
Cost at 31 December	882.611	882.611
Impairment at 1 January	331.443	233.565
Impairment for the year	21.365	97.878
Impairment at 31 December	352.808	331.443
<b>Carrying amount at 31 December</b>	<b>529.803</b>	<b>551.168</b>

### 9 Impairment test relating to investments in subsidiaries

The carrying amount of investments in subsidiaries is distributed as follows:

Jacob Holm Industries (France) SAS, France	243.194	243.194
Jacob Holm Industries (America), Inc., USA	286.609	307.974
	<b>529.803</b>	<b>551.168</b>

At 31 December 2020, Management reviewed the carrying amount of Jacob Holm Industries (France) SAS and Jacob Holm Industries (America) Inc.

The recoverable amount is based on the value in use at 31 December 2020. The impairment test proved that there is a need for impairment of investment in the subsidiary Jacob Holm Industries (America), Inc., USA.

The value in use is based on future expected cash flows on the basis of budgets and estimates approved by Management for the financial year 2021. The value is primarily sensitive to the assumptions made regarding contribution margin and discount rate used.

In the impairment test for Jacob Holm Industries (France) SAS a discount rate (WACC) of 7,0 % and a growth rate in the terminal period of 1,5 % have been used.

Based on the impairment test prepared, there is significant available headroom

In the impairment test for Jacob Holm Industries (America) Inc. a discount rate (WACC) of 7,0 % and a growth rate in the terminal period of 2 % have been used.

The impairment test resulted in an impairment of DKK 21 mio.

## Notes to the Annual Report

	2020	2019
	DKK '000	DKK '000
<b>10 Share capital</b>		
The share capital consists of the following share classes:		
A-shares (1,151,890 shares of DKK 10)	11.519	11.519
B-shares (2,099,266 shares of DKK 10)	20.993	20.993
	<b>32.512</b>	<b>32.512</b>

A-shares give the right to 10 votes for each share amount of DKK 10, and B-shares give the right to one vote for each share amount of DKK 10.

Otherwise no shares carry any special rights.

### 11 Provisions for deferred tax

Deferred tax at 1 January	0	0
Change in deferred tax, see note 7	0	0
Deferred tax at 31 December	0	0
Deferred tax relates to:		
Tax loss carry-forward	0	0
Retaxation relating to utilised losses in foreign subsidiary	0	0
<b>Non-current part</b>	<b>0</b>	<b>0</b>
<b>Deferred tax, net</b>	<b>0</b>	<b>0</b>
<b>Unrecognized deferred tax asset</b>	<b>2.289</b>	<b>2.289</b>

Management has assessed that there is some uncertainty as to the timing of utilizing the tax loss carry-forward, that it has derecognised the tax loss carry-forward.

## Notes to the Annual Report

	2020	2019
	DKK '000	DKK '000
<b>12 Cash flow statement - adjustments of non-cash items</b>		
Financial income	-2.504	-3.824
Financial expenses	42.429	111.903
	<b>39.925</b>	<b>108.079</b>

### 13 Guarantees

As security for a bond issued by the Parent Company, the Company is guaranteeing	948.600	952.425
--	---------	---------

As security for a bond issued by the Parent Company, the Company has pledged all shares in subsidiaries

### 14 Financial risks

#### Credit risk

The Company is not exposed to any credit risks on Group external receivables. The Company credit risk relates primarily to receivables from group companies and secondarily to cash deposits.

#### Liquidity risk

The analysis of due dates is stated on the basis of category and class broken down on due date.

## Notes to the Annual Report

### 14 Financial risks (continued)

2020

DKK '000

	<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>Total</u>	<u>Carrying amount</u>	<u>Fair value</u>
Measured at amortised cost:					
Payables to group companies	386.425	0	386.425	386.425	386.425
Other short-term liabilities	62	0	62	62	62
<b>Financial liabilities</b>	<b>386.487</b>	<b>0</b>	<b>386.487</b>	<b>386.487</b>	<b>386.487</b>
Loans and receivables:					
Receivables from group companies	65.089	0	65.089	65.089	65.089
Cash at bank and in hand	31	0	31	31	31
<b>Financial assets</b>	<b>65.120</b>	<b>0</b>	<b>65.120</b>	<b>65.120</b>	<b>65.120</b>
<b>Net cash outflow</b>	<b>-321.367</b>	<b>0</b>	<b>-321.367</b>	<b>-321.367</b>	<b>-321.367</b>

The deficit is expected to be covered via future earnings and additional funds provided by the Parent.

\*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

2019

DKK '000

	<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>Total</u>	<u>Carrying amount</u>	<u>Fair value</u>
Measured at amortised cost:					
Payables to group companies	362.914	0	362.914	362.914	362.914
Other short-term liabilities	62	0	62	62	62
<b>Financial liabilities</b>	<b>362.976</b>	<b>0</b>	<b>362.976</b>	<b>362.976</b>	<b>362.976</b>
Loans and receivables:					
Receivables from group companies	60.510	0	60.510	60.510	60.510
Cash at bank and in hand	100	0	100	100	100
<b>Financial assets</b>	<b>60.610</b>	<b>0</b>	<b>60.610</b>	<b>60.610</b>	<b>60.610</b>
<b>Net cash outflow</b>	<b>-302.366</b>	<b>0</b>	<b>-302.366</b>	<b>-302.366</b>	<b>-302.366</b>

\*Information on fair value hierarchy is not relevant as the debt is subject to variable interest and no transaction expenses have been paid.

## Notes to the Annual Report

### 14 Financial risks (continued)

#### Market risk

Accounts with Group companies are interest bearing.

The Company's currency used for settlement is primarily DKK, USD and EUR. No financial instruments are used to hedge positions in foreign currency.

#### Exposure at 31 December 2020:

DKK '000

Currency	Payment /expiry	Receivables	Payables	Bank and credit- institutions	Net position
USD	< 1 year	65.089	0	1	65.090
EUR	< 1 year	0	0	21	21
		65.089	0	22	65.111

#### Exposure at 31 December 2019:

DKK '000

Currency	Payment /expiry	Receivables	Payables	Bank and credit- institutions	Net position
USD	< 1 year	60.510	0	0	60.510
EUR	< 1 year	0	0	11	11
		60.510	0	11	60.521

A 10 % increase in USD towards all currencies would mean a positive change in net position of DKK 6.509k (2019: DKK 6.051k), which would affect the profit for the year before tax and corresponding impact on equity.

#### Capital management

The objective of the Company's capital management is to ensure the Company's ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

# Notes to the Annual Report

## 15 Related parties

	Basis
<b>Controlling interest</b>	
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	Controlling shareholder
Martin Mikkelsen, Rosenvængets Allé 33, DK-2100 København Ø	Shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Ultimate parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
PMM Holding (Luxembourg) AG, 15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Parent company
Jacob Holm & Sønner Holding, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Parent company
<b>Other related parties</b>	
Jacob Holm Industries (America) Inc., 1265 Sand Hill Road, Candler, NC 28715, USA	Subsidiary
Jacob Holm Industries (France) SAS, Rue Henri Seiller, Zone Industrielle, F-68360 Soultz	Subsidiary
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister Company
Sontara AG, Picassoplatz 8, CH-4052 Basel	Sister Company
TWIG America Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA	Sister Company
Sontara Old Hickory Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA	Sister Company
Sontara Asturias S.A.U., Polígono Industrial- DuPont - Valle de Tamon; 33469 Carreño Asturias, Spain	Sister Company
Sontara Japan GK, 14/F Kamiyacho MT Building, 4-3-20 Toranomom, Minato-ku, Tokyo 105-0001, Japan	Sister Company
Jacob Holm Mexico SA De CV, Bosque de Ciruelos No. 180, PP 101, Colonia Bosques de las Lomas, Delegación Miguel Hidalgo, México, Distrito Federal, 11700	Sister Company
Sontara Americas Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA	Sister Company
Sontara South Asia Sdn Bhd, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Sister Company



## Notes to the Annual Report

### 15 Related parties (continued)

Sontara Argentina S.R.L., Maipu 1210, piso 8° Ofic.850, CABA CP 1006 Buenos Aires, Argentina	Sister Company
Sontara Nonwovens (Shanghai) Co., Ltd., Room 503-07, Floor 5, Building 1, No. 1438, Hongqiao Road, Changning District, Shanghai China	Sister Company
Sontara Korea Co., Ltd., Room #601, Hanjin building, 6, Teheran-ro 103-gil, Gangnam-gu, 06173 Seoul, Korea	Sister Company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister Company

#### Transactions

Purchases of management services amounted to DKK 374k (2019: DKK 374k) in financial year 2020.

The company has charged interest on group receivables of DKK 2.504k (2019: DKK 2.387k) in financial year 2020.

Finally, the company has been charged interest on group payables of DKK 14.913k (2019: DKK 14.025k) in financial year 2020.

	2020	2019
	DKK '000	DKK '000
<b>Receivables from group companies</b>		
Jacob Holm Industries (America), Inc.	65.089	60.510
	<b>65.089</b>	<b>60.510</b>
<b>Payables to group companies</b>		
Jacob Holm & Sønner Holding A/S	386.425	362.914
	<b>386.425</b>	<b>362.914</b>