Jacob Holm & Sønner Holding A/S

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

Annual Report for 2020

CVR No 28 15 69 60

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

Nils Thomas Weincke
Chairman

Contents

Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Jacob Holm & Sønner Holding 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 Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the issues addressed by the Review as well as a description of the most significant risks and elements of uncertainty facing the Group.

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 Shareholder of Jacob Holm & Sønner Holding A/S

Our opinion

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

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and Parent Company Financial Statements of Jacob Holm & Sønner Holding A/S for the financial year 1 January to 31 December 2020 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group 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. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
Following the admission of the debt of Jacob Holm & Sønner Holding A/S for listing on Oslo Børs in December 2017 our engagement period for firm rotation purposes has started from that year. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 4 years including the financial year 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
PPE comprises a significant portion of Jacob Holm & Sønner Holding's total assets. A major part of PPE relates to the segment of Jacob Holm Industries' activities in the USA where indicators	We considered the overall impairment assessment prepared by Management. Main assumptions in Management's PPE impairment test such as expected cash flow projections including remaining useful life and capex needed during the remaining useful life and the applied

triggered an impairment test in 2020. The impairment test showed no need for impairment. We focused on the PPE impairment test because the process is complex and requires significant management estimates in determining various assumptions, such as cash-flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate. Refer to note 2 and note 15 to the Consolidated Financial Statements.	discount rate were considered. We analyzed the bridge between historical and future cash flows to understand the business dynamics and the impact from additional investments to improve productivity and to assess whether cash flows expectations were reasonable. We compared remaining useful lives to production lines elsewhere in the Group. Growth rates were compared to market data. In respect of discount rates we used PwC valuation specialists to assess discount rates used by Management.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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 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 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 Parent 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 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 Parent 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 Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 28 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Tue Stensgård Sørensen	Jakob Thisted Binder
State Authorised Public Accountant	State Authorised Public Accountant
mne32200	mne42816

Management's Review

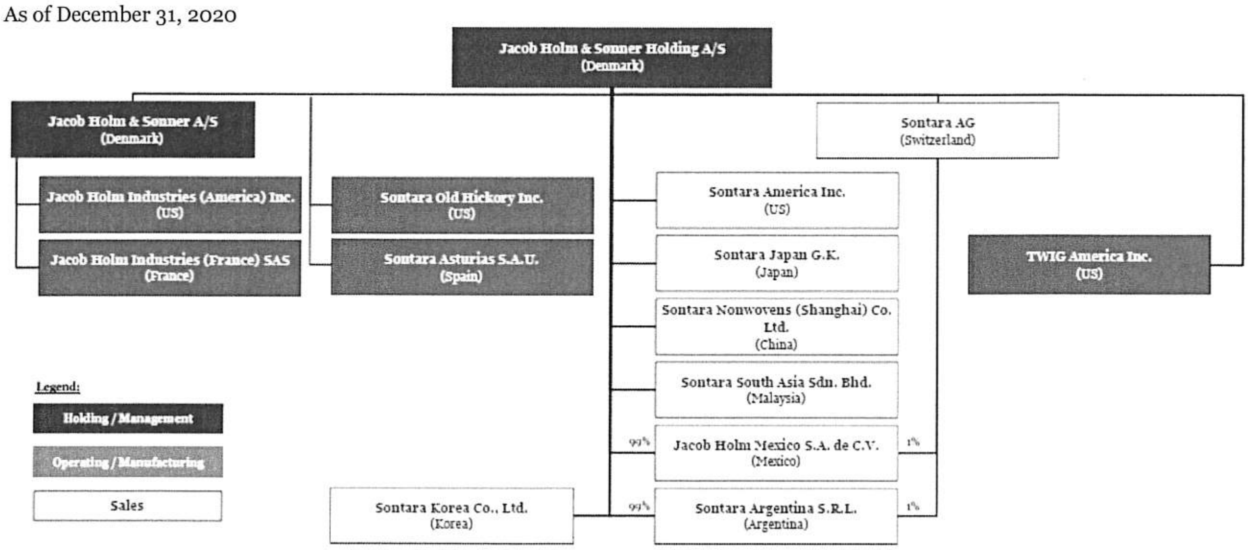
Company Information

The Company	Jacob Holm & Sønner Holding A/S c/o Accura Advokatpartnerselskab Tuborg Boulevard 1 DK-2900 Hellerup
	CVR No.: 28 15 69 60 Financial year: 1. January – 31 December Municipality of reg. office: Gentofte
Ownership	The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the share capital or at least 5% of the votes: Jacob Holm & Sons AG Picassoplatz 8 CH-4052 Basel
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 Group is included in the Group Annual Report of the immediate Parent Company Jacob Holm & Sons AG and in the ultimate Parent Company Ammon Ammon AG. The Group Annual Report of Jacob Holm & Sons AG may be obtained at the following address: Jacob Holm & Sons AG Picassoplatz 8 CH-4052 Basel

Management's Review

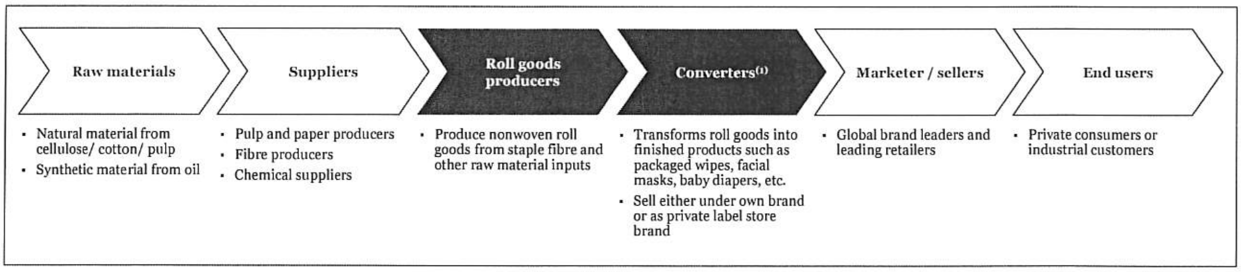
Group Chart[1]

As of December 31, 2020



Business model

Value chain



(1) Jacob Holm Group only performs selected captive finishing for speciality applications.

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[1] 100% ownership if not indicated otherwise

Management's Review

Review

The Group manufactures nonwoven products for performance applications in hygiene, personal care, beauty care, health care and industrial end-use. As a manufacturer of nonwoven products the Group uses natural and synthetic raw materials and hydro-entangles them to a nonwoven fabric. The fabrics are sold as roll goods to converters who produce the finished product sold to end users. The Group performs selected captive finishing activities for specialty applications itself through its own converting assets at the production sites. A graphical overview of the business model is presented on the previous page.

Development in the financial year
The year 2020 was impacted in many ways by the global pandemic. Covid-19 led to an increase in global demand for nonwoven products in some end markets for medical, cleaning and disinfection applications, but the pandemic also resulted in a decrease in other markets (e.g. automotive). The pandemic further caused additional challenges for a global manufacturer such as the Group in terms of ensuring the health and safety of its employees but also in terms of securing the global flow of material. The Group successfully managed the challenges by focusing on three vectors.

1. Ensuring the health and safety of employees
2. Ensuring uninterrupted production and flow of materials
3. Supporting partners experiencing extra needs for material and fast-tracked developments

The company continues to recognize the potential for a wide-spread outbreak in one or more of its own or its key suppliers' sites as the main current risk. Management has therefore taken a range of steps to mitigate this risk including among others staffing up with excess coverage on key positions, on-site testing, and the acceleration of the cross-qualification of suppliers.

The Group further continued the implementation of its long-term investment program for accelerated growth of the capacity and capabilities of its production platform. The program was started in 2019 and will stretch into 2022. Once accomplished, the Group expects to be even better suited to bring value to its customers. This includes an expanded offering of a wide range of sustainable products.

The Group concluded a number of significant commercial contracts in different applications securing volume stretching into 2021 and beyond. Also, the Group's EBITDA results evolved positively over the period driven by the incremental demand, the reduction in raw material prices, the cost savings from the insourcing of the utility supply at one site and the strong operational performance at almost all sites.

Overall, 2020 revenue increased by 16.2% to DKK 2.637 million and EBITDA before special items totaled DKK 284 million in 2020, up from DKK 133 million in 2019 (+113.5%). The net result of the Group amounted to DKK 64 million. The Parent Company's net result showed a loss of DKK 26 million.

The Group reviewed the useful life's of its buildings and machinery equipment early 2020 and revised these for some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of DKK 3.223k and a reduction of machinery equipment depreciations of DKK 44.268k.

Considering the expectations of 2020 revenue and EBITDA to be above 2019 levels, Group Management considers the results very satisfying given the manifold challenges in 2020 due to the global pandemic.

Management's Review

The Group's equity increased by DKK 31 million to DKK 285 million, whereas equity of the Parent Company amounted to DKK 207 million.

Cash flows from operating activities in the year remained relatively constant and contributed DKK 168 million. While 2019 was driven by the positive impact of DKK 97 million from implementation of the non-recourse factoring programs, cash flows from operating activities in 2020 were based on the strong operating results.
Cash flows from investing activities amounted to DKK 111 million. In addition to the long-term investment program, the Group also completed regular annual capital upgrade programs with a combination of capability enhancing, de-bottlenecking and asset sustaining investments.

Cash flows from financing activities consumed DKK 1 million compared against DKK 89 million in 2019. 2019 included a repayment of credit institutions with DKK 76 million.

The net effect on the Group's cash and cash equivalents in 2020 was positive with an increase of DKK 56 million.

Liquidity
Apart from cash, the Group has access to un-utilised credit and factoring facilities necessary to absorb the expected growth of the business as well as any fluctuations in tied-up capital due to increasing raw material prices. Further, the Group continues the tight control of tied-up working capital.

Foreign exchange risks
The Group's currencies used for payment mostly consist of EUR and USD. A natural hedge of the USD exposure of the European sales is sought through purchases in the same currency. Apart from this, there is no systematic hedging of positions in foreign currency in connection with other operating activities, and for the time being the Group's policy aims not to hedge in excess of the natural hedging.

Exchange-rate related adjustment of investments in foreign subsidiaries is recognised directly in equity. As a main rule, related exchange risks are not hedged as it is the Group's opinion that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

Bond
The bond issued on 31 March 2017 and with maturity date on 31 March 2022 has a floating interest rate and is among others subject to financial covenants, however, only in case the Company issues new debt, refinances existing debt or distributes an annual dividend above EUR 7 million. The bond has been tapped in June 2018 to total EUR 127,5 million. Towards year-end 2020, the Group was able to demonstrate a leverage ratio below 3.5x Net Debt / EBITDA which resulted in the resetting of the coupon margin back to its original level at 3.75%.

Credit facilities and factoring
The Group uses credit lines and factoring to finance its net working capital requirements.

The Group's existing agreements regarding credit lines run without any time limit. Credit lines without time limit follow the bank's terms of business as regards termination both on the part of the bank and on the part of the Group. In general, there are no terms relating to annual renegotiation.

The Group uses factoring programs for its entities in Switzerland, the United States and France to finance trade receivables whereof the first two are non-recourse and the latter a recourse program.

Management's Review

Expected development for 2021
The plans for 2021 are reflecting turnover slightly above the level of 2020, accompanied with a similar slightly positive development of EBITDA. This expectation is based on the conviction that Covid-19 overall does lead to a continued and sustainable increase in demand for nonwovens used for medical, cleaning and disinfection applications and that the Group will not be heavily impacted by any major site closure and/or lock downs of important countries due to the pandemic.

Furthermore, the expectations assume that the Group is able to meet the demand by successfully implementing its long-term investment program with the focus to increase its capacity and capabilities.

The Group's result will be influenced by external factors like the availability of and development in raw material prices, efficient logistic flow of goods sold and the overall political development.

Statutory statement of social responsibility[2]

A description of the Group's business model is provided on page 6 above. With regard to the individual aspects of Corporate Social Responsibility ("CSR") the Group maintains the principles and policies detailed below. The Group's Code of Conduct, which is shared with all employees and business partners details our general principles with regard to CSR. These general principles are:

Social performance
The Group's policies in the area of health and well-being and in relation to the Group's employees have strong focus on establishing and ensuring a healthy and safe working environment. This includes providing a work environment that minimizes risk of accidents and injuries, annual training on the Code of Conduct and whistle-blowing policies, programs that foster physical, mental and financial health and generally fostering employee and community engagement, as this is critical for the well-being of the employees.

Environment and climate
The Group's policies in the area of environment and climate aim at constantly reducing our environmental impact, as measured by carbon footprint, as well as by water usage, waste-to-landfill and energy consumption by kilogram in product manufacturing. Besides compliance with current rules and regulations, we promote environmental consciousness among our employees through virtual and on-site sustainability working groups and integrate environmental considerations in our activities. This includes, for example, the development and use of sustainable production processes and products as well as a reduction of the consumption of both raw materials and natural resources. Lower consumption of raw materials, energy and water as well as lower production of waste nets a smaller climate impact. These considerations apply to decisions both internally in the Group and in the ongoing dialogue with our business partners.

Human rights
The Group respects human rights. The Group's Code of Conduct and policies have a strong focus on establishing and ensuring a professional, safe and secure working environment for its employees and business partners. Awareness of the Group's Code of Conduct and relevant policies is ensured by the distribution of these documents to all employees and recurring compliance trainings. The Group recognizes the risk that the reach of its supply chains may extend to one or more upstream vendors who have links to sources located in areas of political and military conflict or connected to

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[2] cf. the Danish Financial Statements Act section 99 (a)

persons engaged in human rights abuses. Therefore the Group regularly queries and visits its suppliers as part of its commitment to developing greater transparency in its supply chain and to promoting high ethical standards among its suppliers. The Group is also committed to complying with laws and regulations aimed at promoting these goals.

Anticorruption
The Group does not accept corruption and bribery in any of its activities of the Group. Employees are made aware of this through the Code of Conduct and recurring compliance trainings. In addition, the Group has provided its employees with an app on their mobile devices that provides easy-to-understand behavioral guidelines in high-risk situations. In its relationship with suppliers and service providers the Group has implemented a Supplier Code of Conduct that clarifies the Group's ethical expectations and requirements towards its suppliers, as well as internal guidelines to its employees on avoiding corrupt practices. The Group also operates a web-based whistleblowing hotline that allows employees and other stakeholders to report cases of corruption or other unethical behavior anonymously. Any reports made are sent to two separate parties for review to further limit the possibility of corruption.

Perceived risks
The Group management has reviewed potential risks in the aforementioned areas of CSR, and has identified no risks other than the ones addressed by the initiated activities and results below. In particular no Human Rights abuses or corrupt practices have come to the attention of the Group management during the business year.

The Group has defined key performance initiatives for sustainable production processes and products, as well as a reduction of the consumption of both raw materials and natural resources and the production of waste and carbon emissions, and will review them on a regular basis. As part of this initiative, the Group is working to further codify its preference for local and minority-owned businesses where financially viable. The Group will continue to review potential risks and work towards implementing additional best practices for an environmentally and socially sustainable supply chain.

Initiated activities and results
Social performance
The Group assumes social responsibility for its employees and the communities surrounding its production facilities. This begins with safety measures within the production facilities, including training, measuring and optimizing risks and maintaining an ownership culture and open dialogue with employees.

The number of accidents in the production units resulting in absence has decreased by 30% with 7 in 2020 versus 10 in 2019. The number of accidents without absence remained unchanged with 16 in 2020. The average accidents ratio per employee has decreased from 3.86% in 2019 to 3.17% with an increase in the number of employees from 673 in 2019 to 726 in 2020.

The Group management had recognized the necessity of more comprehensive measures to improve employee safety , conducted a Group-wide internal safety audit, and developed a behavior-based safety system has been developed on the basis of the results of this audit in 2019, and. This behavior-based safety system was fully implemented with Group leadership and deployed in all production sites in the course of 2020. During this time each production site underwent up to three safety assessments with a final assessment at the end of the year. The Group will continue its efforts in improving work place safety in the year 2021.

Management's Review

The Group's activities in the environmental arena concentrate on preventing negative environmental impact. This is done through the use of sustainable production processes and a progressive use of raw materials that are certified biodegradable or compostable, sustainably harvested, or low in carbon footprint. The Group also performs continuous follow-ups to ensure that the actual consumption and environmental impact correspond to expectations and that current legislation is complied with.

Environment and climate
The Group's activities in the environmental arena concentrate on preventing negative environmental impact. This is done through the use of sustainable production processes and a progressive use of raw materials that are certified biodegradable or compostable, sustainably harvested, or low in carbon footprint. The Group also performs continuous follow-ups to ensure that the actual consumption and environmental impact correspond to expectations and that current legislation is complied with.

In line with its goal to become a market leader for sustainable products, the Group made substantial progress in product development:

- More than 80% of the products manufactured and 90% of the raw material used in the Group's manufacturing facility in Candler, North Carolina are made from renewable resources, mainly cellulosic fiber.
- For the Sontara® product line manufactured in Old Hickory, Tennessee and Asturias, Spain, more than 30 new product styles made from 100% renewable fibers were developed.
- The Group won the 2020 Edana Index Innovation Award for , a sustainable 100% cellulosic wipe substrate made with proprietary Sontara® technology

In 2019 the Group set targets and a timeline to 2025 to reduce energy and water consumption, greenhouse gas emissions, and waste to landfill below 2018 values. In order to achieve these targets, the Group has further continued its investments in production assets and production efficiency to continually reduce waste, emissions, and energy consumption per kilogram of product manufactured. The production plant of the Group's subsidiary in Soultz, France has already achieved "Zero Manufacturing Waste To Landfill" status. In addition, the new Jacob Holm eCO2-quation app allows customers to calculate the carbon dioxide footprint of the Group's products, taking into account the impact of fiber types, product choices and production site.

In an external ESG audit by Sustainalytics in 2020, the Group has been validated as being "low risk" and ranked first place in its sub-industry. The Group will continue to strive for best-in-class performance in environmental matters.

Human rights
In line with the Group's Code of Conduct, the Group continues to enforce the protection of internationally proclaimed human rights and the commitment to not condone or allow human rights abuses. This is reflected in particular in the labor policies of the Group's subsidiaries.

The Group management is aware of the necessity to ensure Human Rights compliance upstream in the value chain, and the Group therefore continues to include provisions forbidding the use of child labor and/or forced labor in contracts with suppliers and contract manufacturers.

Review of Human Rights related issues is part of the annual legal and compliance audits conducted in all entities of the Group. In face-to-face interviews in the course of annual legal and compliance audits, human resources managers and other employees are also requested to report on individual cases of unlawful harassment and the measures taken to prevent them. To mitigate the impact of travel restrictions due COVID pandemic in 2020, the Group Legal Department conducted its annual legal and compliance audits of selected Group companies via online interviews of the local management and function heads. The findings made during these audits, as well as improvement actions were collected in audit reports, with follow-ups scheduled for subsequent on-site audits in 2021.

Beyond ensuring basic human rights and compliance with relevant laws, the Group endeavors to build strong partnerships with local charitable and non-governmental organizations to increase the general well-being of the people within our communities. This includes providing food, school supplies and monetary donations to these organizations, as well as providing work and skill-training for disabled adults and primary, secondary and university students. The Group plans to re-introduce programs for employees volunteering on community projects after COVID-related restrictions are eased.

Anticorruption
The identification and prevention of potential corrupt practices is also a part of the annual legal and compliance audits performed by the Group's legal department on all Group subsidiaries. These audits include face-to-face interviews with key employees and the review of internal processes. To mitigate the impact of travel restrictions due COVID pandemic in 2020, the Group Legal Department conducted its annual legal and compliance audits of selected Group companies via online interviews of the local management and function heads. The findings made during these audits, as well as improvement actions are collected in audit reports, with follow-ups scheduled for subsequent on-site audits in 2021.

In countries with a heightened corruption risk, all financial transactions follow the four-eye principle, whereby one of the authorizing employees will be based in the operational headquarters.

The Group also maintains an online whistleblower hotline that allows for anonymous reporting of misconduct. Employees also have the ability to access the hotline through an app on their mobile devices and are strongly encouraged to report misconduct. All employees with company phones are required to have this app downloaded to their phones. No report of suspected corrupt practices was received in 2020. In 2020, the Group Legal department continued to conduct regular online compliance trainings for the Group Executive team employees of all major Group companies, in which they were informed about expected behavioral norms, how to avoid high-risk situations, and how to report corrupt practices.

Statutory statement regarding the underrepresented gender[3]

Target for the Board of Directors
Jacob Holm & Sønner Holding A/S intends to achieve a more balanced gender representation on the Board of Directors. Candidates will be assessed on basis of qualification needed in order to supplement the rest of the Board of Directors and the Group going forward. Currently, the target is set at having one woman on the Board of Directors before the end of 2022.

[3] cf. the Danish Financial Statements Act section 99 (b)

Management's Review

The representation of women on the Board of Directors is 0% at the moment. A change in the Board of Directors depends on the development in the Group, and in 2020 there has been no opportunity to expand or change the composition of the Board, which is why the target has not yet been met.

Neither the parent holding company nor the Danish subsidiary are obligated to report on policies regarding the underrepresented gender in remaining levels of management. The exception is due to the parent holding company having less than 50 employees. As such no policies have been disclosed in these financial statements.

Management's Review

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000
Key figures					
Income statement					
Revenue	2.637.315	2.270.319	2.286.337	2.254.386	2.350.781
Operating profit	203.018	-7.302	3.199	37.190	77.742
Profit before financial income and expenses and special items	202.647	-6.355	3.014	37.858	78.025
Special items, net	-183	-1.991	-2.117	-1.706	-1.281
Net financials	-105.463	-44.544	-44.069	-110.424	-19.255
Profit before tax	97.001	-52.890	-43.172	-74.272	57.489
Tax on profit for the year	-32.554	-7.925	-13.903	26.844	-7.776
Net profit for the year	64.447	-60.815	-57.075	-47.428	49.713
Balance sheet					
Balance sheet total	1.605.146	1.563.732	1.666.157	1.600.303	1.799.316
Equity	284.847	254.318	298.444	350.933	493.527
Cash flows from:					
- operating activities	168.097	167.026	-3.452	36.627	256.701
- investing activities	-110.934	-55.190	-95.207	-59.345	-73.835
- including investment in property, plant and equipment	-121.392	-115.635	-34.789	-56.139	-75.691
- financing activities	-664	-88.895	45.514	47.696	-82.501
Change in cash and cash equivalents for the year	56.499	22.941	-53.145	24.978	100.365
Number of employees	726	673	658	635	637
Ratios in percent					
Profit margin	7,7	-0,3	0,1	1,7	3,3
Return on assets	12,6	-0,4	0,2	2,4	4,3
Solvency ratio	17,7	16,3	17,9	21,9	27,4
Liquidity ratio	191,1	180,2	178,2	141,0	121,3
Return on equity	23,9	-22,0	-17,6	-11,2	10,5

The ratios have been prepared in accordance with the definitions, see next page.

Key figures for 2016 - 2018 have not been adjusted for IFRS 16 that they do not fully compare with 2019 and 2020 figures.

Management's Review

Performance measures and financial ratios

Performance measures referred to in the annual report are defined as follows:

EBITDA: Operating profit + amortization of intangible assets, depreciation of property, plant and equipment and +/- losses and gains on disposal of intangible assets and property, plant and equipment.

Financial ratios are calculated as follows:

Profit margin $= \dfrac{\textit{Profit before financials} \times 100}{\textit{Revenue}}$

Return on assets $= \dfrac{\textit{Profit before financials} \times 100}{\textit{Total assets}}$

Solvency ratio $= \dfrac{\textit{Equity at year end} \times 100}{\textit{Total assets}}$

Liquidity ratio $= \dfrac{\textit{Current assets} \times 100}{\textit{Current liabilities}}$

Return on equity $= \dfrac{\textit{Net profit for the year} \times 100}{\textit{Average equity}}$

Consolidated Income Statement 1 January - 31 December

	Note	2020 DKK '000	2019 DKK '000
Revenue	4	**2.637.315**	**2.270.319**
Cost of goods sold	5	-2.248.364	-2.102.605
Gross profit		**388.951**	**167.714**
Sales and marketing expenses	5	-56.990	-47.320
Administrative expenses	5	-128.943	-127.696
Operating profit		**203.018**	**-7.302**
Other operating income and expenses	10	-371	947
Profit before special items and financial income and expenses		**202.647**	**-6.355**
Special items, net	6	-183	-1.991
Operating profit		**202.464**	**-8.346**
Financial income	11	1.611	16.398
Financial expenses	12	-107.074	-60.942
Profit before tax		**97.001**	**-52.890**
Tax on profit for the year	13	-32.554	-7.925
Net profit for the year		**64.447**	**-60.815**

Consolidated Statement of Comprehensive Income 1 January - 31 December

	2020 DKK '000	2019 DKK '000
Statement of Comprehensive Income 1 January - 31 December		
Net profit for the year	64.447	-60.815
Items that may be subsequently reclassified to profit or loss		
Exchange adjustment, foreign companies	-33.918	16.689
Comprehensive income	**30.529**	**-44.126**

Consolidated Balance Sheet at 31 December

Assets

	Note	2020	2019
		DKK'000	DKK'000
Goodwill		92.226	92.496
Customer lists, know-how, patents and licenses		4.618	6.004
Software		11.927	14.284
Intangible fixed assets under construction		2.529	939
Intangible fixed assets	14	**111.300**	**113.723**
Land and buildings		204.230	225.425
Plant and machinery		504.487	569.848
Other fixtures and fittings, tools and equipment		11.080	10.747
Property, plant and equipment under construction		90.340	26.713
Property, plant and equipment	15	**810.137**	**832.733**
Right of use assets	16	39.422	56.537
Other receivables		3.112	3.475
Deferred tax asset	23	3.437	3.719
Financial fixed assets		**45.971**	**63.731**
Non-current assets		**967.408**	**1.010.187**
Inventories	17	**180.307**	**192.816**
Receivables from related companies	33	5.250	0
Corporation tax	18	3.363	5.284
Trade receivables	19	240.751	209.466
Other receivables	19	51.642	40.678
Prepayments		4.971	4.286
Receivables		**305.977**	**259.714**
Cash and cash equivalents		**151.454**	**101.015**
Current assets		**637.738**	**553.545**
Assets		**1.605.146**	**1.563.732**

Consolidated Balance Sheet at 31 December

Equity and liabilities

	Note	2020	2019
		DKK'000	DKK'000
Share capital	20	1.000	1.000
Reserve for currency translations		29.373	63.291
Retained earnings		254.474	190.027
Equity		**284.847**	**254.318**
Bond	21	945.457	946.767
Lease liabilities	22	29.795	45.962
Provisions for other staff obligations	24	11.313	9.572
Provisions for other liabilities and charges	25	0	0
Non-current liabilities		**986.565**	**1.002.301**
Current portion of lease liabilities	22	11.927	12.244
Credit institutions	26	73.876	57.586
Trade payables		145.622	132.376
Payables, plant and machinery		778	2.560
Corporation tax	27	26.970	3.024
Other payables		74.561	99.323
Current liabilities		**333.734**	**307.113**
Liabilities		**1.320.299**	**1.309.414**
Equity and liabilities		**1.605.146**	**1.563.732**

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Statement of Changes in Equity, Group 1 January - 31 December

	Note	Share capital	Reserve for currency translations	Retained earnings	Total
		DKK '000	DKK '000	DKK '000	DKK '000
Equity					
Equity at 1 January 2020		1.000	63.291	190.027	254.318
Comprehensive income for the year		0	-33.918	64.447	30.529
Equity at 31 December 2020	20	**1.000**	**29.373**	**254.474**	**284.847**
Equity at 1 January 2019		1.000	46.602	250.842	298.444
Comprehensive income for the year		0	16.689	-60.815	-44.126
Equity at 31 December 2019	20	**1.000**	**63.291**	**190.027**	**254.318**

Consolidated Cash Flow Statement

	Note	2020	2019
		DKK '000	DKK '000
Net profit for the year		64.447	-60.815
Adjustments of non-cash items	28	220.599	191.929
Change in working capital	29	-50.960	100.468
Cash flows from operating activities before financial income and expenses and tax		234.086	231.582
Financial income received		1.468	8.053
Financial expenses paid		-60.731	-58.332
Corporation tax paid		-6.726	-14.277
Cash flows from operating activities		**168.097**	**167.026**
Purchase of intangible fixed assets		-5.133	-8.526
Purchase of property, plant and equipment		-121.392	-115.635
Purchase of financial fixed assets		-51	-2.645
Sale of property, plant and equipment		15.504	2.309
Sale of financial fixed assets		138	344
Sale of bonds at fair value through profit and loss		0	68.963
Cash flows from investing activities		**-110.934**	**-55.190**
Reduction of receivables from and increase of payables to related parties		0	30
Increase in receivables from and reduction of payables to related parties		-5.250	0
Repayment of non-current loans credit institutions		0	-373
Repayment of non-current loans lease liabilities	30	-11.966	-12.664
Change in credit institutions	30	16.552	-75.888
Cash flows from financing activities		**-664**	**-88.895**
Change in cash and cash equivalents		**56.499**	**22.941**
Cash and cash equivalents at 1 January		101.015	77.624
Exchange adjustment of cash at bank and in hand at 1 January		-6.060	450
Cash and cash equivalents at 31 December		**151.454**	**101.015**

Notes to the Annual Report, Group

1 Accounting Policies

The Annual Report of Jacob Holm & Sønner Holding A/S for 2020 is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU 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.

Change of accounting estimates

The Group reviewed the useful life's of its buildings and machinery equipment early 2020 and revised these for some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of DKK 3.223k and a reduction of machinery equipment depreciations of DKK 44.268k.

New standards, amendments and interpretations

Jacob Holm & Sønner Holding 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 Holding A/S and will have no effect on the Financial Statements.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company Jacob Holm & Sønner Holding A/S and its subsidiaries. Subsidiaries are all 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 to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the group companies by combining items of a uniform nature, and elimination is made of intercompany income and expenses, intercompany accounts as well as profits and losses on transactions between the consolidated companies. The results of foreign group companies

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

are translated into Danish kroner at average exchange rates. The balance sheets are translated into Danish kroner at the exchange rates at the balance sheet date. Exchange adjustments in this connection are made over the statement of comprehensive income.

Business combinations

On acquisition of subsidiaries including acquisition of subsidiaries under common control, the acquisition method is applied.

Purchase price of acquired assets, liabilities and contingent liabilities are initially measured at fair value at the time of acquisition. Identifiable intangible fixed assets are recognised if they can be separated and the fair value can be measured reliably. Deferred tax is recognised on re-measurements made. Any remaining positive differences between the cost and the fair value of assets, liabilities and contingent liabilities acquired are recognised in intangible fixed assets in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment on an annual basis.

Foreign currencies

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 Danish Kroner which is the parent company's functional and presentation currency.

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 each end of month during the financial year. 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.

Income Statement

Revenue and recognition of income

Revenue from the sale of goods for resale and own produced finished goods is recognised in the income statement if control has been transferred to the buyer before year-end. Finished goods is primarily made up of nonwoven roll-goods which requires converting by the customer and secondarily of completed nonwoven products which are ready for use.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Although a sales agreement for the sale of finished goods and goods for resale often contains more than one performance obligation, such obligations are treated as one combined performance obligation because transfer of control takes place at once. In most cases, delivery takes place outside of the production plants or warehouses operated by the Group.

The terms of payment set out in the Group's sales agreements with customers depend on the underlying performance obligation and on the underlying customer relationship. For the sale of goods for which control passes at a specific point in time, the terms of payment will typically be from one to three months.

Revenue is measured excluding VAT and other taxes and duties charged on behalf of third parties. All rebates and discounts granted are deducted from revenue.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc. as well as operation, administration and management of factories and distribution expenses including salaries to distribution staff.

Cost of goods sold also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Sales and marketing expenses

Sales and marketing expenses comprise costs in the form of salaries to sales staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the companies, including gains and losses on disposals of intangible fixed assets and property, plant and equipment as well as subsidies received which do not directly relate to the purchase of non-current assets.

Special items

Special items comprise income and expenses outside normal operations which are at the same time non-recurring income and expenses. Special items comprise income and expense arising from events and transactions such as due diligence regarding potential acquisitions, integration costs and larger restructuring or organisational changes.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense including amortisation of transaction cost and premium/discounts (effective interest method), financial expenses in respect of leases, realised and unrealised exchange adjustments and fair value changes on securities.

Financial expenses directly attributable to the purchases or construction of a qualifying asset are included as part of the cost price of 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 items recognised in other comprehensive income is recognised in other comprehensive income and 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.

Balance Sheet

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's operating segments. The allocation is completed no later than at the end of the reporting period following the acquisition.

Goodwill is tested for impairment annually or on indication of impairment. In the event of impairment, the carrying amount is written down to the value in use. Impairment charges on goodwill are not reversed.

Customer lists, know-how, patents and licenses and software are measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life, which are;

Customer lists, know-how, patents and licenses	3-10 years
Software	3-10 years

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the purchase price and costs which are directly attributable to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises directly attributable costs for labour, materials, components and sub-suppliers. The cost price of new product lines comprise costs related to the commissioning of the production line up until the point in time where the production line is ready for commercial production. Commissioning costs comprise costs such as test runs and repair and maintenance activities. Borrowing costs directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset.

The initial estimate of the costs of dismantling assets for which there is a legal obligation to dismantle at the end of the useful life of the asset is included as part of the cost price of the asset.

Government grants received are set off against the cost of assets qualifying for the subsidy.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Spare parts included in plant and machinery are depreciated over 5 years.

Gains or losses from the sale of property, plant and equipment are calculated as the difference between the selling price net of selling expenses and the carrying amount at the time of the sale. Gains or losses from current replacement of property, plant and equipment are recognised in other operating income and expenses in the income statement.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Impairment losses are reversed to the extent that changes have taken place in the assumptions or estimates leading to the write-down for impairment. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had, had it not been written down for impairment. Impairment on goodwill is not reversed.

Financial fixed assets

Other 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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in sales price.

The cost of goods for resale, raw materials and consumables equals cost including freight, duty etc.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as directly attributable labour and production costs. These costs also comprise maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Receivables

Receivables are measured at amortised cost. Provisions for bad debts are made in accordance with the simplified expected credit loss-model, under which total losses are recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet in the amount of the lifetime expected credit loss on the receivable. Impairment write-downs on receivables are recognised in the income statement under sales and marketing expenses.

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.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

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 arising on the initial recognition of an asset or a liability which is not acquired in a business combination and which does neither affect profit for the year or the taxable income.

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.

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.

Staff obligations

Wages and salaries, social security contributions, paid absence and sickness absence, bonuses and non-monetary contributions are recognised in the financial year in which the Group's employees have performed the related work. Expenses relating to the Group's long-term staff benefits are accrued so that they follow the performance of work by the employees concerned.

The Group's pension schemes comprise defined contribution plans.

Moreover, provisions are made for seniority based bonuses earned over the employment period under the projected unit credit method. The effect of re-measuring the liability due to changes in actuarial assumptions is recognised in the income statement.

Provisions

Provisions are recognised when – as a result of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprise mainly dismantling cost related to assets held on leased land.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. At the measurement of provisions, discounting is made of the expenses necessary to settle the liability if this has a material effect on the measurement of the liability.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Leases

If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or contains a lease.

Each contract is assessed at inception whether it is or contains a lease. If the contract is a lease, the Group, as a lessee, recognizes in accordance with IFRS 16 Leases the right-of-use assets and lease liabilities for the rights and obligations created by leases.

The Group applies the recognition exemptions allowed by IFRS 16. This means that low value asset leases and short-term leases are recognized as expenses in the statement of profit or loss.

The recognition exemptions allows that leases, where the lease term is initially 12 months or less and the leases do not contain any purchase options, are recognized as rental expenses on straight-line basis in the statement of profit or loss.

Gains arising from modifications in lease contracts are recognized as other operating income and losses as other operating expenses.

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.

Cash Flow Statement

The cash flow statement presents 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 shareholders.

Notes to the Annual Report, Group

1 **Accounting Policies** (continued)

Cash and cash equivalents

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

The cash flow statement cannot be immediately derived from the information provided in these financial statements.

Segment information

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors and Executive Management. The operating segments have been determined based on the financial reports reviewed by the Board of Directors and Executive Management.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Net profit is the measurement reported to the Board of Directors and Executive Management for the purposes of resource allocation and assessment of segment performance.

In presenting information on the basis of geographical markets the information is based on the geographical location of the enterprises in each segment.

Accounting policies relevant only for the parent company

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Parent Company 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.

Notes to the Annual Report, Group

2 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management believes are reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by nature, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Impairment test - Property Plant and Equipment (PPE)

An impairment test has been performed on PPE related to the Jacob Holm Industries segment's PPE in the USA. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2020. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate.

3 Segment information

The Jacob Holm Industries segment produces and sells non-woven roll-goods.

The Sontara segment produces and sells non-woven in converted and roll-goods form. The TWIG segment which has previously been reported as a separate segment has been fully integrated into the Sontara segment as of January 1, 2020 and the presentation for 2019 has been adjusted accordingly.

The Headquarter consists of the Danish holding and management companies Jacob Holm & Sønner Holding A and Jacob Holm & Sønner A/S.

Notes to the Annual Report, Group

3 Segment information (continued)

2020 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue					
Inter-segment revenue	316	0	2.394	-2.710	0
External revenue - sale of goods	1.124.732	1.512.583	0	0	2.637.315
External revenue - other	0	0	0	0	0
EBITDA	21.685	263.792	-1.048	0	284.429
Depreciation, amortization and impairment losses	45.643	35.107	11	0	80.761
Special items, net	0	-183	0	0	-183
Financial income	787	1.161	51.761	-52.098	1.611
Financial expenses	-27.265	-32.695	-96.051	48.937	-107.074
Income tax income/expense	3.689	28.919	-54	0	32.554
Profit or loss	-55.392	168.295	-45.295	-3.161	64.447
Balance sheet					
Non-current assets					
- including investment in property, plant and equipment	601.922	365.486	1.739.780	-1.739.780	967.408
Additions to non-current assets	77.385	47.329	0	0	124.714
Current assets	254.046	616.089	8.798	-241.195	637.738
Total assets	855.968	981.575	1.748.578	-1.980.975	1.605.146
Non-current liabilities	290.179	155.929	945.457	-405.000	986.565
Current liabilities	261.222	314.348	387.525	-629.361	333.734
Total Liabilities	551.401	470.277	1.332.982	-1.034.361	1.320.299

2019 **Income statement**	**Jacob Holm Industries** DKK '000	**Sontara** DKK '000	**Headquarter** DKK '000	**Eliminations** DKK '000	**Group** DKK '000
Revenue					
Inter-segment revenue	0	0	2.678	-2.678	0
External revenue - sale of goods	1.039.177	1.230.775	0	0	2.269.952
External revenue - other	0	367	0	0	367
EBITDA	23.076	111.306	-1.367	0	133.015
Depreciation, amortization and impairment losses	81.370	58.252	44	0	139.666
Special items, net	-3.512	1.521	0	0	-1.991
Financial income	626	582	78.481	-63.291	16.398
Financial expenses	-27.682	-17.058	-65.133	48.931	-60.942
Income tax income/expense	0	7.355	570	0	7.925
Profit or loss	-88.767	30.945	11.367	-14.360	-60.815
Balance sheet					
Non-current assets					
- including investment in property, plant and equipment	637.776	372.400	1.786.515	-1.786.504	1.010.187
Additions to non-current assets	18.165	109.452	0	0	127.617
Current assets	223.512	439.533	6.838	-116.338	553.545
Total assets	861.288	811.933	1.793.353	-1.902.842	1.563.732
Non-current liabilities	287.998	221.873	946.767	-454.337	1.002.301
Current liabilities	193.657	229.652	364.329	-480.525	307.113
Total Liabilities	481.655	451.525	1.311.096	-934.862	1.309.414

Performance of the operating segments and decisions about resources to be allocated are made on the basis of EBITDA.

Additional information has been provided of the items below EBITDA.

Notes to the Annual Report, Group

3 Segment information (continued)

	2020 DKK '000	2019 DKK '000
Geographic allocation		
Revenue		
Denmark	152	1.897
EU	800.173	674.392
USA	1.309.322	1.111.764
APAC	346.074	280.214
Other	181.594	202.052
Total revenue	**2.637.315**	**2.270.319**
Non-current assets other than deferred tax assets, by area		
Denmark	0	11
EU	187.804	162.876
USA	667.040	730.006
APAC	759	1.186
Other	108.368	112.388
Total non-current assets other than deferred tax assets	**963.971**	**1.006.467**

4 Revenue

	2020 DKK '000	2019 DKK '000
Sale of goods	2.637.184	2.269.952
Other	131	367
	2.637.315	**2.270.319**

5 Expenses classified by nature

	2020 DKK '000	2019 DKK '000
Production costs	2.139.911	2.010.767
Distribution costs	108.453	91.838
Cost of goods sold	2.248.364	2.102.605
Sales and marketing expenses	56.990	47.320
Administrative expenses	128.943	127.696
Other income and expenses	371	-947
Special items, net	183	1.991
	2.434.851	**2.278.665**
Classified by nature as follows:		
Expenses for raw materials and consumables	1.397.097	1.261.205
Other external expenses	573.650	523.100
Staff expenses	383.343	354.694
Depreciation, amortisation and impairment losses	80.761	139.666
	2.434.851	**2.278.665**

	2020	2019
	DKK '000	DKK '000

6 Special items, net

Special items, costs:

	2020	2019
Release of dismantling accrual regarding assets held on leased land	0	-6.662
Organizational right-sizing costs	-45	5.117
Due dilligence	228	3.536
	183	**1.991**

Special items for 2020 are staff expenses and external third party costs respectively.

Special items for 2019, are expenses for raw materials and consumables, staff expenses and external third pa costs respectively. The dismantling accrual could be released as the company acquired the leased land in 201

7 Staff expenses

Staff expenses are included in the Group's cost of goods sold, sales and marketing and administrative expenses as follows:

	2020	2019
Wages and salaries	297.128	272.748
Pensions defined contribution plans	14.426	12.624
Other social security expenses	71.789	69.322
	383.343	**354.694**

Key management compensation

Key management consist of the executive and supervisory board as well as the executive management team.

	2020	2019
Salaries and other short-term employee benefits	16.385	10.366
	16.385	**10.366**
Thereof to the executive board	2.574	2.624
Thereof to the supervisory board	395	395
Average number of full-time employees	**726**	**673**

Staff expenses are included in the functions presented on the face of the income statement as follows:

	2020	2019
Cost of goods sold	291.874	274.496
Sales and marketing expenses	39.294	30.116
Administrative expenses	52.175	50.082
	383.343	**354.694**

Notes to the Annual Report, Group

		2020	2019
		DKK '000	DKK '000

8 Fee to auditors appointed at the general meeting

	2020	2019
Audit fee	2.446	2.140
Tax consultancy	1.047	2.234
Non-audit services	71	118
Total	**3.564**	**4.492**

Fees for services in addition to the statutory audit of the financial statements provided which were provided by the statutory auditor PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to TDKK 5(Other services in addition to the statutory audit of the financial statements comprise general tax advice and rev of tax returns.

9 Depreciation, amortisation and impairment losses

	2020	2019
Depreciation, amortisation and impairment losses for the year are specified as follows:		
Customer lists, know-how, patents and licences	1.382	1.341
Software	5.650	11.306
Buildings	10.407	14.761
Plant and machinery	46.800	94.455
Other fixtures and fittings, tools and equipment	3.711	4.837
Right-of-use assets	12.811	12.966
	80.761	**139.666**

	2020	2019
Depreciation, amortisation and impairment losses are distributed on the individual cost groups as follows:		
Cost of goods sold	73.927	126.677
Sales and marketing expenses	396	354
Administrative expenses	6.438	12.635
	80.761	**139.666**

Notes to the Annual Report, Group

	2020	2019
	DKK '000	DKK '000

10 Other operating income and expenses

	2020	2019
Other operating income:		
Subsidies	800	91
Gains on disposals of non-current assets	176	456
Management fee	650	650
	1.626	1.197
Other operating expenses:		
Loss on disposals of non-current assets	-1.997	-250
	-1.997	-250
	-371	**947**

11 Financial income

	2020	2019
Interest	89	1.900
Exchange adjustments	1.255	9.126
Other	267	5.372
	1.611	**16.398**

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

12 Financial expenses

	2020	2019
Interest	46.344	48.418
Interest regarding lease liabilities	2.379	3.671
Amortized financing costs	2.515	3.023
Exchange adjustments	51.533	1.832
Other	4.303	3.998
	107.074	**60.942**

Interest income and expense relate to loans received and payables measured at amortised cost.

		2020	2019
		DKK '000	DKK '000
13	**Tax on profit for the year**		
	Current tax on profit for the year	33.243	7.537
	Change in deferred tax	-39	1.867
	Change in tax previous years	-650	-1.479
		32.554	**7.925**
	Tax on profit for the year is specified as follows:		
	Calculated 22% tax on profit for the year before tax	21.414	-11.636
	Tax effect of:		
	Higher/lower tax rate in foreign companies	-13.960	395
	Tax on non-deductible expenses and non-taxable income	-753	33
	Non-capitalized and adjustment of valuation of deferred tax asset	26.503	20.612
	Adjustment of tax previous years	-650	-1.479
		32.554	**7.925**
	Effective tax rate for the year	**33,56%**	**-14,98%**

14 Intangible fixed assets

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2020				
Cost at 1 January	92.819	16.342	80.027	939
Exchange adjustment at year-end rate	-270	-99	-1.380	-87
Additions for the year	0	0	16	4.917
Transfer between items	0	0	3.240	-3.240
Disposals for the year	0	0	-2.384	0
Cost at 31 December	92.549	16.243	79.519	2.529
Amortisation at 1 January	323	10.338	65.743	0
Exchange adjustment at year-end rate	0	-95	-1.417	0
Amortisation for the year	0	1.382	5.650	0
Disposals for the year	0	0	-2.384	0
Amortisation at 31 December	323	11.625	67.592	0
Carrying amount at 31 December	**92.226**	**4.618**	**11.927**	**2.529**
Amortised over		**10 years**	**3-10 years**	

Goodwill can be broken out on the activities of Sontara AG.

The Group has performed impairment test of Goodwill per 31 December 2020.

The valuation of Sontara AG was prepared on basis of the approved budget for 2021 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 7.0%. The budget for 2021 assumes a decrease in sales and redused profit compared against 2020 actuals.

At year-end Management has assessed that the key assumption used to determine value in use of Sontara AG is the demand for non-woven including available by-products.

It is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

Notes to the Annual Report, Group

14 Intangible fixed assets (continued)

2019

	Goodwill	Customer lists, know-how, patents and licences	Software	Intangible fixed assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	89.856	15.826	70.225	960
Exchange adjustment at year-end rate	2.963	516	1.987	31
Additions for the year	0	0	291	8.409
Transfer between items	0	0	8.461	-8.461
Disposals for the year	0	0	-937	0
Cost at 31 December	92.819	16.342	80.027	939
Amortisation at 1 January	323	8.686	53.669	0
Exchange adjustment at year-end rate	0	311	1.705	0
Amortisation for the year	0	1.341	11.306	0
Impairment for the year	0	0	0	0
Disposals for the year	0	0	-937	0
Amortisation at 31 December	323	10.338	65.743	0
Carrying amount at 31 December	**92.496**	**6.004**	**14.284**	**939**
Amortised over		**10 years**	**3-5 years**	

Goodwill can be broken out on the activities Sontara AG and TWIG with DKK 91,3 mio. and DKK 1,2 mio. respectively.

The Group has performed impairment test of Goodwill per 31 December 2019.

The valuation of Sontara AG was prepared on basis of the approved budget for 2020 and calculated as a value in use with a terminal growth of 0% and a pre-tax WACC of 6.5%. The budget for 2020 assumes a decrease in sales with increased profit compared against 2019 actuals.

At year-end Management has assessed that the key assumption used to determine value in use of Sontara AG is the demand for non-woven including available by-products.

It is assumed that reasonable possible changes in key assumptions are not expected to cause a change in the need for impairment.

Notes to the Annual Report, Group

15 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equip-ment under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2020				
Cost at 1 January	398.058	1.485.800	62.742	26.713
Exchange adjustment at year-end rate	-25.059	-97.130	-3.022	-1.947
Additions for the year	0	6.469	73	107.588
Transfer between items	5.521	32.219	4.243	-41.983
Disposals for the year	-1.145	-35.643	-235	-31
Cost at 31 December	377.375	1.391.715	63.801	90.340
Depreciation at 1 January	172.633	915.952	51.995	0
Exchange adjustment at year-end rate	-9.337	-55.392	-2.750	0
Depreciation for the year	10.407	46.800	3.711	0
Disposals for the year	-558	-20.132	-235	0
Depreciation at 31 December	173.145	887.228	52.721	0
Carrying amount at 31 December	**204.230**	**504.487**	**11.080**	**90.340**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2020 includes interest of DKK 5.606k. The interest capitalize relates to assets completed in 2015.

The carrying amount of plant and machinery at 31 December 2020 includes interest of DKK 9.590k. The intere capitalized relates to assets completed in 2015.

The Group reviewed the useful life's of its buildings and machinery equipment early 2020 and revised these foı some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of DKK 3.223k and a reduction of machinery equipment depreciations of DKK 44.268k.

As per 31 December 2020 the Group has performed an impairment test of property, plant and equipment in the US related to the segment Jacob Holm Industries' US- activities. The conclusion was that there was no need for impairment.

The impairment test was performed as a value in use calculation discounting the expected cash-flows in the assets expected remaining technical life for the production lines of 22 years, taking into account upgrades of the assets. The cash flow projections are based on the budget for 2021 adjusted for full year effect of the expected improvements in 2021 and increasing quantities in 2022 and 2023.

Notes to the Annual Report, Group

15 Property, plant and equipment
(continued)

A growth rate of 2.0% has been applied in the terminal period from 2024 and onwards.

The discount rate applied is based on a risk-adjusted after tax rate discount rate (weighted average cost of capital) of 7.0% (2019: 7.3%).

Cash flow projections for 2021 is negative due to expected additional CAPEX of approximately USD 21 million to get the production facilities back on historical performance and increase the production volume as estimatec in the budget. In 2023 EBITDA less CAPEX is estimated at USD 8.9 million.

Based on the forecasts prepared, there is approx. 7% or USD 6 million of available headroom. The weighted average cost of capital can increase to 7.6% or EBITDA can reduce by USD 0.6 million each year without getti into impairment.

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equip-ment under construction
	DKK '000	DKK '000	DKK '000	DKK '000
2019				
Cost at 1 January	377.336	1.358.057	58.964	36.023
Exchange adjustment at year-end rate	5.976	22.416	693	576
Additions for the year	0	3.414	240	113.091
Transfer between items	14.894	104.786	3.297	-122.977
Disposals for the year	-148	-2.873	-452	0
Cost at 31 December	398.058	1.485.800	62.742	26.713
Depreciation at 1 January	155.953	812.172	46.951	0
Exchange adjustment at year-end rate	1.970	11.638	574	0
Depreciation for the year	14.761	94.455	4.837	0
Disposals for the year	-51	-2.313	-367	0
Depreciation at 31 December	172.633	915.952	51.995	0
Carrying amount at 31 December	**225.425**	**569.848**	**10.747**	**26.713**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2019 includes interest of DKK 6.482k.

The carrying amount of plant and machinery at 31 December 2019 includes interest of DKK 12.318k.

As per 31 December 2019 the Group has performed an impairment test of property, plant and equipment in the US related to the segment Jacob Holm Industries' US- activities. The conclusion was that there was no need for impairment.

Notes to the Annual Report, Group

15 Property, plant and equipment
(continued)

The impairment test was performed as a value in use calculation discounting the expected cash-flows in the assets expected remaining technical life for the production lines of 23 years, taking into account upgrades of the assets. The cash flow projections are based on the budget for 2020 adjusted for full year effect of the expected improvements in 2020 and increasing quantities in 2021 and 2022.

A growth rate of 2.0% has been applied in the terminal period from 2023 and onwards.

The discount rate applied is based on a risk-adjusted after tax rate discount rate (weighted average cost of capital) of 7.3% (2018: 7.5%).

Cash flow projections for 2020 is negative due to expected additional CAPEX of approximately USD 4 million to get the production facilities back on historical performance and increase the production volume as estimatec in the budget. In 2022 EBITDA less CAPEX is estimated at USD 8.3 million.

Based on the forecasts prepared, there is no available headroom.

16 Right-of-use assets

	Buildings DKK '000	Office spaces DKK '000
2020		
Cost at 1 January	68.399	866
Exchange adjustment at year-end rate	-6.349	-28
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	62.050	838
Depreciation at 1 January	12.693	35
Exchange adjustment at year-end rate	-2.057	-16
Depreciation for the year	12.394	417
Disposals for the year	0	0
Depreciation at 31 December	23.030	436
Carrying amount at 31 December	**39.020**	**402**

The Group owns all of its production facilities and production lines. The most significant lease contracts consis of warehouses in the US.

Other lease contracts relates to the lease of office space.

Lease liabilities are disclosed in note 22.

Notes to the Annual Report, Group

16 Right-of-use assets
(continued)

	Land	Buildings	Office spaces
	DKK '000	DKK '000	DKK '000
2019			
Cost at 1 January	1.640	68.399	0
Exchange adjustment at year-end rate	0	0	0
Additions for the year	0	0	866
Disposals for the year	-1.640	0	0
Cost at 31 December	0	68.399	866
Depreciation at 1 January	0	0	0
Exchange adjustment at year-end rate	0	35	0
Depreciation for the year	273	12.658	35
Disposals for the year	-273	0	0
Depreciation at 31 December	0	12.693	35
Carrying amount at 31 December	**0**	**55.706**	**831**

The Group owns all of its production facilities and production lines. The most significant lease contracts consis of warehouses in the US. One of the production facilities were on leased land but the Group acquired the land during 2019.

Other lease contracts relates to the lease of office space.

17 Inventories

Raw materials and consumables	78.664	84.852
Finished goods	101.643	107.964
	180.307	**192.816**
Raw materials and consumables expensed for the year	1.397.097	1.261.205
Inventories expected to be sold after more than 1 year amount to	0	0
Write-down on inventories for the year amounts to	6.570	8.706
Reversed write-down on inventories for the year amounts to	3.790	1.939

Subsequent sales have shown that there was no need for the write-down.

	2020	2019
	DKK '000	DKK '000

18 Corporation tax

	2020	2019
Corporation tax receivable at 1 January	5.284	2.027
Exchange adjustment at year-end rate	-411	77
Tax on profit, see note 13	-2.648	-2.765
Tax refunded/paid	1.138	5.945
Corporation tax receivable at 31 December	**3.363**	**5.284**

19 Receivables

	2020	2019
Trade receivables	243.789	213.140
Bad debt provision	-3.038	-3.674
Trade receivables, net	240.751	209.466
Other receivables	51.642	40.678
	292.393	**250.144**

Bad debt provision

	2020	2019
Bad debt provision at 1 January	3.674	2.575
Exchange adjustment at year-end rate	-328	104
Additions for the year	650	1.046
Disposals for the year:		
- Applied	-958	-51
- Reversed	0	0
Bad debt provision at 31 December	**3.038**	**3.674**

Please refer to note 32 for credit quality information.

Notes to the Annual Report, Group

	2020	2019
	DKK '000	DKK '000

20 Share capital

The share capital consists of the following classes of shares:

	2020	2019
A-shares (358,688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640,881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100

In the case of a dividend distribution, B-shares are entitled to 6% upfront and A- and C-shares are entitled to the remaining dividend distributed.

Otherwise no shares carry any special rights.

21 Bond

The Bond matures in full on March 31, 2022. The Company may redeem the bond issue in whole or in part at any time. The redemption price is:

September 2020 to March 2021	101.25% of par value
March 2021 to September 2021	100.75% of par value
From September 2021	100% of par value

The bonds are subject to a minimum liquidity requirement and a net debt / EBITDA ratio covenant testing in case of an Incurrence Event. An Incurrence Event can be either a dividend distribution above the permitted minimum distribution of EUR 7 mio. and/or the incurrence of financial indebtedness.

Notes to the Annual Report, Group

	2020	2019
	DKK '000	DKK '000

22 Lease liabilities

	2020	2019
In accordance with IFRS 16:		
Payment due later than 5 years	7.755	12.215
Payment due 1-5 years	22.040	33.747
Non-current lease liabilities	**29.795**	**45.962**
Payment due within 1 year	11.927	12.244
	41.722	**58.206**

	2020	2019
Cash outflow for leases:		
Paid interest expenses on lease liabilities	2.379	3.671
Repayment of lease liabilities	11.966	12.664
Rental expenses	3.625	4.626
	17.970	**20.961**

The Group owns all of its production facilities and production lines. The most significant lease contracts consis of warehouses in the US. One of the production facilities were on leased land but the Group acquired the land during 2019.

The Group also acts as a lessor to a minor extent in two of it's leased warehouses. The lease payments receiv from these lease contracts are recognized in production costs and amounted to DKK 3.083k in 2020 and (DKK 3.007k in 2019).

23 Deferred tax

	2020 DKK '000	2019 DKK '000
Deferred tax at 1 January	-3.719	-5.460
Exchange adjustment at year-end rate	321	-126
Change in deferred tax, see note 13	-39	1.867
Deferred tax at 31 December	**-3.437**	**-3.719**
Deferred tax relates to:		
Inventories	-1.170	-1.000
Other current assets	380	703
Other liabilities	-16.908	-12.123
Current part	**-17.698**	**-12.420**
Intangible assets	-3.379	-4.048
Property, plant and equipment	51.365	47.395
Right of use assets, net	-799	-488
Other liabilities	1.793	1.551
Tax loss carry-forward	-34.719	-35.709
Non-current part	**14.261**	**8.701**
Deferred tax, net	**-3.437**	**-3.719**
which breaks down as follows:		
Deferred tax asset	-3.437	-3.719
Provisions for deferred tax liability	0	0
	-3.437	**-3.719**
Unrecognized deferred tax asset	**68.995**	**51.651**

The Group's recognised tax loss is subject to varying conditions and is expected fully utilised for set-off against positive taxable income within a 5 year period.

Two of the entities to which the tax loss carry-forward relates to were not profitable in 2020. Management has assessed that there is some uncertainty as to the timing of utilizing the tax loss carry-forward, that it has written down the part of the tax loss carry-forward which relates to the period after 5 years. The assessment is based on budgets for 2021 and the expected development over the next years.

Apart from the tax losses carried forward regarding one of the US entities there is no expiration of the unrecogı tax losses. In the US none of the unrecognized tax losses will expire within the next 5 years.

Notes to the Annual Report, Group

24 Other staff obligations

The Group offers part of the employees to participate in pension schemes in the form of defined contribution plans.

The provision for other staff obligations primarily includes seniority based bonuses for employees calculated by an actuary taking into account the expected turnover among employees, wage increases etc. A discount factor of 0,60% has been used in 2020 against 0,73% in 2019.

As the obligation is uncertain as regards the time of settlement, no breakdown of time of maturity can be made. The entire obligation has therefore been classified as a non-current liability.

	2020	2019
	DKK '000	DKK '000
Balance at 1 January	9.572	7.255
Exchange adjustment at year-end rate	-48	3
Additions for the year	1.937	2.068
Used during the year	-314	-764
Discount effect	166	1.010
Balance at 31 December	**11.313**	**9.572**

25 Provisions for other liabilities and charges

The liability relates to an estimated liability regarding dismantling of assets held on leased land.

	2020	2019
	DKK '000	DKK '000
Balance at 1 January	0	6.520
Exchange adjustment at year-end rate	0	142
Reversals for the year	0	-6.662
Balance at 31 December	**0**	**0**

The leased land has been acquired by the company during 2019 that there is no need for a dismantling obligat anymore.

The reversed amount has been included in special items in 2019.

Notes to the Annual Report, Group

	2020 DKK '000	2019 DKK '000

26 Credit institutions

Payment due within 1 year	73.876	57.586
	73.876	**57.586**

Credit institutions primarily includes revolving credit facilities granted to the Plant in Soultz, France, with a total of DKK 74m. These revolving credits are EUR and USD denominated and with variable interest.

The covenant comprise the cover of revolving credits by working capital.

27 Corporation tax

	2020	2019
Accrued corporation tax at 1 January	3.024	8.047
Exchange adjustment at year-end rate	-411	16
Tax on profit, see note 13	30.595	4.772
Adjustment of tax previous years	-650	-1.479
Tax paid	-5.588	-8.332
Accrued corporation tax at 31 December	**26.970**	**3.024**

28 Cash flow statement - adjustments non-cash items

	2020	2019
Financial income	-1.611	-16.398
Financial expenses	107.074	60.942
Depreciation, amortisation and impairment losses, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	82.582	139.460
Tax on profit for the year	32.554	7.925
	220.599	**191.929**

29 Cash flow statement - change in working capital

	2020	2019
Change in inventories	6.805	4.582
Change in receivables	-56.975	139.388
Change in other provisions	1.789	-4.347
Change in payables	-2.579	-39.155
	-50.960	**100.468**

Notes to the Annual Report, Group

30 Changes in liabilities arising from financing activities

	January 1	Cash flows	Non-cash changes	December 31
	DKK '000	DKK '000	DKK '000	DKK '000
2020				
Bond	946.767	0	-1.310	945.457
Lease liabilities	58.206	-11.966	-4.518	41.722
Credit institutions	57.586	16.552	-262	73.876
	1.062.559	**4.586**	**-6.090**	**1.061.055**
2019				
Bond	944.252	0	2.515	946.767
Lease liabilities	0	-12.664	70.870	58.206
Credit institutions	133.848	-76.262	0	57.586
	1.078.100	**-88.926**	**73.385**	**1.062.559**

31 Contingent liabilities and other financial obligations

Mortgages

As security for credit institutions, security has been provided in current assets at a carrying amount of DKK 89.930k (at 31 December 2019 DKK 67.414k).

Obligations under rental agreements

Obligations under short term leases and low-value assets primarily comprise agreements entered into concerning the lease of warehouse and office space as well as operational equipment. The leases run until August 2023 at the latest.

Obligations under short term leases and low-value assets break down as follows according to due date:

Minimum payments	2020	2019
	DKK '000	DKK '000
0-1 year	1.346	1.157
1-5 years	238	603
>5 years	0	0
	1.584	**1.760**

Lease expenses recognised regarding short term leases and low-value assets amounts to TDKK 3.625 (2019: TDKK 4.626)

Contractual obligations

	2020	2019
The Group has entered into agreements on delivery of property, plant and equipment with a remaining obligation of	46.269	10.701

Notes to the Annual Report, Group

32 Financial risks

Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposure to customers and other outstandir receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Current follow-up is made on outstanding accounts in accordance with the Group's trade receivables procedures. Where uncertainty arises as to a customer's ability or willingness to pay, and it is estimated that the trade receivable is subject to risk, a bad debt provision is made.

Credit quality

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangemen Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing from credit institution. The group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The total amount included under the factoring agreement amounts to DKK 73m (2019: DKK 55m), of which an amount of approx. DKK 69m (2019: DKK 44m) is covered by credit insurance. The associated liability amounts to DKK 73m (2019: DKK 55m).

Other trade receivables are not covered by credit insurance

During 2019 the Group has entered into factoring agreements on a non-recourse basis for 3 entities. Eligible receivables are sold to the factoring company and derecognized. At the end of 2020 the total amount sold under these agreements amounted to DKK 135m (2019: DKK 97m).

Generally the Group's trade receivables is concentrated on a smaller number of customers of which several are highly rated large multinational customers which supports the low bad debt provision as expected future losses are low. Management believes that adequate provisions for losses have been made.

Notes to the Annual Report, Group

32 Financial risks (continued)

The overdue balance on trade receivables is specified as follows at 31 December 2020:

DKK '000	Not due yet	0-15 days	16-30 days	31-45 days	> 45 days	Total
Expected loss rate	0,04%	0,34%	0,66%	2,31%	100,00%	1,25%
Gross carrying amount	212.913	13.903	10.154	4.072	2.747	243.789
Bad debt provision	83	47	67	94	2.747	3.038

The overdue balance on trade receivables is specified as follows at 31 December 2019:

DKK '000	Not due yet	0-15 days	16-30 days	31-45 days	> 45 days	Total
Expected loss rate	0,27%	2,63%	9,17%	23,50%	100,00%	1,72%
Gross carrying amount	189.251	15.757	3.860	2.464	1.808	213.140
Bad debt provision	519	414	354	579	1.808	3.674

Liquidity risk

The Group ensures sufficient cash resources by entering into framework agreements for current overdraft facilities as well as factoring agreements on a non-recourse basis. Existing agreements have no repayment obligation or expiration date but can be terminated by both parties.

One of the Group's credit facilities are variable due to the fact that it is based on the amount of eligible trade receivables. The use of factoring agreements are variable too as they are based on the amount of eligible trade receivables.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculati of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

The cash need is expected covered by the current liquidity surplus from operations, unutilised credits as well a via refinancing or new non-current loans.

Based on the current performance the Group expects no issues in refinancing the existing debt when it mature in 2022.

Notes to the Annual Report, Group

32 Financial risks (continued)

2020

DKK '000

	< 1 year	1-5 years	>5 years	Total	Carrying amount	Fair value
Measured at amortised cost:						
Bond	35.573	954.228	0	989.801	945.457	960.458
Leasing	13.607	24.962	8.165	46.734	41.722	41.722
Credit institutions	73.876	0	0	73.876	73.876	73.876
Trade payables	145.622	0	0	145.622	145.622	145.622
Other short-term liabilities	101.414	0	0	101.414	101.414	101.414
Financial liabilities	**370.092**	**979.190**	**8.165**	**1.357.447**	**1.308.091**	**1.323.092**
Receivables from related companies	5.250	0	0	5.250	5.250	5.250
Trade receivables	243.789	0	0	243.789	243.789	240.751
Other receivables	55.005	3.112	0	58.117	58.117	58.117
Cash at bank and in hand	151.454	0	0	151.454	151.454	151.454
Financial assets	**455.498**	**3.112**	**0**	**458.610**	**458.610**	**455.572**
Net cash outflow	**85.406**	**-976.078**	**-8.165**	**-898.837**	**-849.481**	**-867.520**
Unutilised credits					17.789	17.789

Fair value of bond investments is based on quoted prices (level 1). Fair value of the issued bond is based on the latest market price published by Oslo Børs (level 1). Fair value of floating rate loans from credit institutions is based on an assessment of the current margin on such loan arrangements (level 2). Fair value of cash and cash equivalents and short term receivables and payables is determined to equal the nominal amount.

2019

DKK '000

	< 1 year	1-5 years	>5 years	Total	Carrying amount	Fair value
Measured at amortised cost:						
Bond	44.170	1.001.678	0	1.045.848	946.767	894.232
Leasing	14.680	38.331	13.155	66.166	58.206	58.206
Credit institutions	57.586	0	0	57.586	57.586	57.586
Trade payables	132.376	0	0	132.376	132.376	132.376
Other short-term liabilities	104.638	0	0	104.638	104.638	104.638
Financial liabilities	**353.450**	**1.040.009**	**13.155**	**1.406.614**	**1.299.573**	**1.247.038**
Trade receivables	213.140	0	0	213.140	213.140	209.466
Other receivables	45.962	3.475	0	49.437	49.437	49.437
Cash at bank and in hand	101.015	0	0	101.015	101.015	101.015
Financial assets	**360.117**	**3.475**	**0**	**363.592**	**363.592**	**359.918**
Net cash outflow	**6.667**	**-1.036.534**	**-13.155**	**-1.043.022**	**-935.981**	**-887.120**
Unutilised credits					11.352	11.352

32 Financial risks (continued)

Raw material risk

In line with Group policy, no derivative financial instruments are used to hedge raw material risks.

Market risk

The Group's credits and bonds are floating-rate credits and bonds, which exposes the Group to fluctuations in interest rates. It is Group policy that all financing of working capital and investments in non-current assets take place at floating interest rate.

In line with Group policy, no derivative financial instruments are used to hedge interest rate risk.

Based on interest-bearing debt at the balance sheet date, an increase in the EUR interest rate by 1% would decrease the profit for the year before tax of DKK 10.185k (2019: DKK 10.099k) and a similar effect on equity and an increase in all other market rates by 1% would decrease the profit for the year before tax of DKK 39k (2019: DKK 1k) and a similar effect on equity.

The Group's currencies used for payment are mostly distributed between EUR and USD.-A natural hedge of the USD exposure of the European sales is sought through purchases in the same currency. Apart from this, there is no systematic hedging of positions in foreign currency in connection with other operating activities and for the time being the Group's policy aims not to hedge in excess of the natural hedging.

Exposure at 31 December 2020

The below balances represents the net Group exposure for each individual currency. Accordingly, where an entity reports in the stated currency, it has been excluded in the balance shown.

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	537.506	-89.156	77.839	526.189
EUR	< 1 year	54.178	-69.474	12.761	-2.535
EUR	> 1 year	0	0	-948.600	-948.600
CHF	< 1 year	14.798	0	10	14.808
JPY	< 1 year	2.462	-115	622	2.969
Other	< 1 year	0	-722	714	-8
		608.944	-159.467	-856.654	-407.177

Notes to the Annual Report, Group

32 Financial risks (continued)

Exposure at 31 December 2019

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	486.174	-75.101	25.856	436.929
EUR	< 1 year	51.499	-43.319	11.996	20.176
EUR	> 1 year	0	0	-952.425	-952.425
CHF	< 1 year	59.849	0	18	59.867
JPY	< 1 year	749	-231	776	1.294
Other	< 1 year	138	-798	341	-319
		598.409	-119.449	-913.438	-434.478

Due to the fixed rate policy conducted by the Danish National Bank in respect of the EUR, it is assessed that foreign currency positions in EUR do not entail a risk of material impact due to changes in the EUR rate.

As the individual group companies primarily operate in their individual functional currencies, the Group's profit is primarily sensitive to changes in exchange rates related to intercompany accounts and receivables/ payables denominated in other currencies than the functional currency.

The two currencies to which profit/loss of the Group is most sensitive is USD and CHF.

A 10% increase in USD compared to the exchange rate at 31 December 2020 towards all other currencies will entail a positive change of profit for the year before tax of DKK 52.619k (2019: positive change of DKK 43.693k) and a similar effect on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2020 towards all other currencies will entail a positive change of profit for the year before tax of DKK 1.481k (2019: positive change of DKK 5.987k) and a similar effect on equity.

Capital management

The objective of the Group's capital management is to ensure the Group'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.

The Group's capital management is also partly governed by loan agreements which include requirements to financial ratios. These financial ratios are affected by the size of the capital, that a reduction will reduce the ratios.

Total capital makes up the equity shown in the consolidated balance sheet.

Notes to the Annual Report, Group

33 Related parties

Controlling interest	Basis
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
PMM Holding (Luxembourg) AG, 15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister company

Transactions

	2020 DKK '000	2019 DKK '000
Parent:		
The Group has during the year paid a management fee of	33.010	26.960
The Group has during the year paid a royalty fee of	43.557	14.315
The Group has during the year paid a guarantee fee of	3.810	3.807

The guarantee fee relates to the Parent company's guarantee regarding the issued Bond. The Parent company is guaranteeing an amount of up to EUR 127,5m (2018: EUR 127,5m).

	2020	2019
Other related parties:		
The company has during the year received a management fee of	650	650
The company has during the year paid rental charges of	707	707

Compensation to key management is disclosed in note 7.

Notes to the Annual Report, Group

33 Related parties (continued)

	2020 DKK '000	2019 DKK '000
Receivables from related parties		
Jacob Holm & Sons AG	5.250	0
	5.250	**0**

34 Development costs

Development costs for the year recognised in the income statement under production costs amount to DKK 12.036k in 2020 against DKK 11.949k in 2019.

35 Post balance sheet events

There have been no material events after the balance sheet date.

Parent Company Income Statement 1 January - 31 December

	Note	2020	2019
		DKK '000	DKK '000
Revenue	1	**3.044**	**3.328**
Administrative expenses		-3.661	-4.296
Profit before financial income and expenses and special items		**-617**	**-968**
Dividend income	4	2.683	14.266
Financial income	5	46.574	60.391
Financial expenses	6	-74.988	-51.108
Profit before tax		**-26.348**	**22.581**
Tax on profit for the year	7	54	-570
Net profit for the year		**-26.294**	**22.011**

Parent company Statement of Comprehensive Income 1 January - 31 December

Net profit for the year	-26.294	22.011
Comprehensive income	**-26.294**	**22.011**

Parent Company Balance Sheet at 31 December

Assets

	Note	2020	2019
		DKK '000	DKK '000
Other fixtures and fittings, tools and equipment	8	0	11
Property, plant and equipment		**0**	**11**
Investments in subsidiaries	9	416.811	416.811
Receivables from group companies	19	726.336	756.741
Deferred tax asset	10	0	0
Financial fixed assets		**1.143.147**	**1.173.552**
Non-current assets		**1.143.147**	**1.173.563**
Receivables from group companies	19	1.741	1.274
Other receivables		87	303
Prepayments		35	37
Receivables		**1.863**	**1.614**
Cash and cash equivalents		**8.645**	**6.397**
Current assets		**10.508**	**8.011**
Assets		**1.153.655**	**1.181.574**

Parent Company Balance Sheet at 31 December

Equity and liabilities

	Note	2020	2019
		DKK '000	DKK '000
Share capital	11	1.000	1.000
Retained earnings		206.161	232.455
Equity		**207.161**	**233.455**
Bond	12	945.457	946.767
Non-current liabilities		**945.457**	**946.767**
Credit institutions		0	149
Corporation tax	13	0	270
Other payables		1.037	933
Current liabilities		**1.037**	**1.352**
Liabilities		**946.494**	**948.119**
Equity and liabilities		**1.153.655**	**1.181.574**

Contingent liabilities	17
Financial risks	18
Related parties	19
Fee to auditors appointed at the annual general meeting	20

Statement of Changes in Equity, Parent Company
1 January - 31 December

	Note	Share capital	Retained earnings	Total
		DKK '000	DKK '000	DKK '000
Equity				
Equity at 1 January 2020		1.000	232.455	233.455
Comprehensive income for the year		0	-26.294	-26.294
Equity at 31 December 2020	11	**1.000**	**206.161**	**207.161**
Equity at 1 January 2019		1.000	210.444	211.444
Comprehensive income for the year		0	22.011	22.011
Equity at 31 December 2019	11	**1.000**	**232.455**	**233.455**

Only the share capital is restricted. Other reserves may be distributed.

Parent Company Cash Flow Statement

	Note	2020	2019
		DKK '000	DKK '000
Net profit for the year		-26.294	22.011
Adjustments of non-cash items	14	21.863	-22.935
Change in working capital	15	324	901
Cash flows from operating activities before financial income and expenses and special items		-4.107	-23
Financial income received		46.573	60.391
Financial expenses paid		-42.565	-48.593
Corporation tax paid		-216	0
Cash flows from operating activities		**-315**	**11.775**
Sale of bonds at fair value through profit and loss		0	68.963
Dividend received	4	2.683	14.266
Cash flows from investing activities		**2.683**	**83.229**
Change in accounts with group companies		29	-93.076
Change in credit institutions	16	-149	149
Cash flows from financing activities		**-120**	**-92.927**
Change in cash and cash equivalents		**2.248**	**2.077**
Cash and cash equivalents at 1 January		6.397	4.320
Cash and cash equivalents at 31 December		**8.645**	**6.397**

Notes to the Annual Report, Parent Company

		2020 DKK '000	2019 DKK '000
1	**Revenue**		
	Management fee	3.044	3.328
		3.044	**3.328**
2	**Expenses classified by type**		
	Administrative expenses	3.661	4.296
		3.661	**4.296**
	Classified by type as follows:		
	Other external expenses	1.790	1.837
	Staff expenses	1.871	2.459
		3.661	**4.296**
3	**Staff expenses**		
	Wages and salaries	1.841	2.428
	Pensions	7	6
	Other social security expenses	23	25
		1.871	**2.459**

Key management compensation

Key management consist of the executive and supervisory board as well as the executive management team.

	2020 DKK '000	2019 DKK '000
Salaries and other short-term employee benefits	512	508
	512	**508**
Thereof to the executive board	29	34
Thereof to the supervisory board	395	395
Average number of full-time employees	**2**	**2**
Staff expenses are distributed on the individual cost groups as follows:		
Administrative expenses	1.871	2.459
	1.871	**2.459**

Notes to the Annual Report, Parent Company

		2020	2019
		DKK '000	DKK '000
4	**Dividend income**		
	Sontara AG	0	12.321
	Sontara Nonwovens (Shanghai) Co., Ltd.	2.683	1.805
	Sontara Hong Kong Limited	0	140
		2.683	**14.266**
5	**Financial income**		
	Interest	0	1.615
	Exchange adjustments	0	6.955
	Interest intercompany accounts	46.574	46.621
	Other financial income	0	5.200
		46.574	**60.391**
6	**Financial expenses**		
	Commission on guarantees	3.810	3.807
	Interest	42.521	44.786
	Amortized financing costs	2.515	2.515
	Exchange adjustments	26.132	0
	Other financial expenses	10	0
		74.988	**51.108**

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

		2020	2019
7	**Tax on profit for the year**		
	Current tax on profit for the year	0	270
	Change in deferred tax	0	300
	Adjustment tax previous years	-54	0
		-54	**570**
	Tax on profit for the year is specified as follows:		
	Calculated 22,0% tax on profit for the year before tax	-5.797	4.968
	Tax effect of:		
	Non-taxable income and expenses	-1.429	-3.138
	Non-capitalized deferred tax asset	7.226	-1.260
	Adjustment tax previous years	-54	0
		-54	**570**
	Effective tax rate for the year	**0,20%**	**2,52%**

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK '000
2020	
Cost at 1 January	175
Additions for the year	0
Disposals for the year	0
Cost at 31 December	175
Depreciation at 1 January	164
Depreciation for the year	11
Disposals for the year	0
Depreciation at 31 December	175
Carrying amount at 31 December	**0**
Depreciated over	**3-10 years**

Depreciation for the year is charged to Administrative expenses in the Income Statement.

2019	
Cost at 1 January	175
Additions for the year	0
Disposals for the year	0
Cost at 31 December	175
Depreciation at 1 January	120
Depreciation for the year	44
Disposals for the year	0
Depreciation at 31 December	164
Carrying amount at 31 December	**11**
Depreciated over	**3-10 years**

Depreciation for the year is charged to Administrative expenses in the Income Statement.

Notes to the Annual Report, Parent Company

9 Investments in subsidiaries

	Share capital	Currency	Ownership %	Carrying amount	Equity	Result
	'000			DKK '000	DKK '000	DKK '000
Jacob Holm & Sønner A/S, Denmark	32.512	DKK	100,00%	193.330	229.801	-74.393
Sontara AG, Switzerland	100	CHF	100,00%	155.925	366.760	148.261
Sontara Asturias S.A.U, Spain	1.000	EUR	100,00%	26.052	35.413	2.060
Jacob Holm Mexico SA De CV, Mexico	1.501	MXN	99,00%	619	4.168	733
Sontara Japan GK, Japan	10.000	JPY	100,00%	1.119	8.100	1.713
Sontara South Asia Sdn Bhd, Malaysia	0	MYR	100,00%	0	289	60
Sontara Old Hickory Inc, USA	0	USD	100,00%	29.160	57.885	5.660
Sontara America Inc, USA	0	USD	100,00%	2.898	36.709	10.471
Sontara Argentina S.R.L., Argentina	8.393	ARS	99,88%	6.097	1.168	117
Sontara Nonwovens (Shanghai) Co., Ltd., China	1.000	CNY	100,00%	1.050	3.301	1.114
TWIG America Inc., USA	0	USD	100,00%	1	3.965	1.225
Sontara Korea Co. Ltd.	100.000	KRW	100,00%	560	683	48
				416.811	**748.242**	**97.069**

	2020	2019
	DKK '000	DKK '000
Cost at 1 January	417.134	417.134
Additions for the year	0	0
Cost at 31 December	417.134	417.134
Impairment at 1 January	323	323
Impairment for the year	0	0
Impairment at 31 December	323	323
Carrying amount at 31 December	**416.811**	**416.811**

Notes to the Annual Report, Parent Company

		2020	2019
		DKK '000	DKK '000

10 Deferred tax asset

	2020 DKK '000	2019 DKK '000
Deferred tax at 1 January	0	300
Change in deferred tax, see note 7	0	-300
Deferred tax at 31 December	0	0
Deferred tax relates to:		
Other current assets	-692	-1.245
Non-current portion	**-692**	**-1.245**
Property, plant and equipment	22	19
Tax loss carry-forward	670	1.226
Non-current part	**692**	**1.245**
Deferred tax, net	**0**	**0**
Unrecognized deferred tax asset	**7.216**	**5.772**

11 Share capital

The share capital consists of the following share classes:

	2020 DKK '000	2019 DKK '000
A-shares (358.688 shares of DKK 1)	359	359
B-shares (431 shares of DKK 1)	0	0
C-shares (640.881 shares of DKK 1)	641	641
	1.000	**1.000**

A-shares give the right to 10 votes for each share amount of DKK 100, and B-shares give the right to one vote for each share amount of DKK 100, and C-shares give the right to one vote for each share amount of DKK 100.

In the case of a dividend distribution, B-shares are entitled to 6% upfront and A- and C-shares are entitled to the remaining dividend distributed.

Otherwise no shares carry any special rights.

	2020	2019
	DKK '000	DKK '000

12 Bond

For a description of the Bond, please see note 22 to the Annual Report of the Group.

13 Corporation tax

	2020 DKK '000	2019 DKK '000
Accrued corporation tax at 1 January	270	0
Tax on profit, see note 7	-54	270
Tax paid	-216	0
Accrued corporation tax at 31 December	**0**	**270**

14 Cash flow statement - adjustments of non-cash items

	2020 DKK '000	2019 DKK '000
Dividend income	-2.683	-14.266
Financial income	-46.574	-60.391
Financial expenses	71.163	51.108
Depreciation and impairment losses	11	44
Tax on profit for the year	-54	570
	21.863	**-22.935**

15 Cash flow statement - change in working capital

	2020 DKK '000	2019 DKK '000
Change in receivables	219	854
Change in payables	105	47
	324	**901**

16 Changes in liabilities arising from financing activities

	January 1	Cash flows	Non-cash changes	December 31
	DKK '000	DKK '000	DKK '000	DKK '000
2020				
Bond	946.767	0	-1.310	945.457
Credit institutions	149	-149	0	0
	946.916	**-149**	**-1.310**	**945.457**
2019				
Bond	944.252	0	2.515	946.767
Credit institutions	0	149	0	149
	944.252	**149**	**2.515**	**946.916**

Notes to the Annual Report, Parent Company

	2020	2019
	DKK '000	DKK '000

17 Contingent liabilities

As security for the Bond issued by the Company, intercompany loan agreements have been assigned to the Bondholders of	339.911	393.826

As security for the Bond issued by the Company, all shares in direct and indirect subsidiaries have been pledged.

18 Financial risks

Credit risk

For a description of the credit risk, please see note 32 to the Annual Report of the Group. The Parent company credit risk relates primarily to receivables from Group companies and secondarily to cash deposits.

Receivables from Group companies has been determined to be of low credit risk and any expected credit losses within the next 12 months immaterial.

Liquidity risk

For a description of the liquidity risk, please see note 32 to the Annual Report of the Group.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet

2020

DKK '000

	< 1 year	1-5 years	Total	Carrying amount	Fair value
Measured at amortised cost:					
Bond	35.573	954.228	989.801	945.457	960.458
Other short-term liabilities	1.037	0	1.037	1.037	1.037
Financial liabilities	**36.610**	**954.228**	**990.838**	**946.494**	**961.495**
Receivables from group companies	728.077	0	728.077	728.077	728.077
Other receivables	87	0	87	87	87
Cash at bank and in hand	8.645	0	8.645	8.645	8.645
Financial assets	**736.809**	**0**	**736.809**	**736.809**	**736.809**
Net cash outflow	**700.199**	**-954.228**	**-254.029**	**-209.685**	**-224.686**

Fair value of the issued bond is based on the latest market price published by Oslo Børs.

18 Financial risks (continued)

2019

DKK '000

	< 1 year	1-5 years	Total	Carrying amount	Fair value
Measured at amortised cost					
Bond	44.170	1.001.678	1.045.848	946.767	894.232
Credit institutions	149	0	149	149	149
Other short-term liabilities	1.203	0	1.203	1.203	1.203
Financial liabilities	**45.522**	**1.001.678**	**1.047.200**	**948.119**	**895.584**
Receivables from group companies	758.015	0	758.015	758.015	758.015
Other receivables	303	0	303	303	303
Cash at bank and in hand	6.397	0	6.397	6.397	6.397
Financial assets	**764.715**	**0**	**764.715**	**764.715**	**764.715**
Net cash outflow	**719.193**	**-1.001.678**	**-282.485**	**-183.404**	**-130.869**

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

Market risk

Accounts with related companies are interest bearing.

Based on interest-bearing receivables at the balance sheet date, an increase in the DKK interest rate by 1% would increase the profit for the year before tax of DKK 3.864k (2019: DKK 3.629k) and a similar effect on equity while an increase in the USD interest rate by 1% would increase the profit for the year before tax of DKK 2.935k (2019: DKK 3.044k) and a similar effect on equity and an increase in all other market rates by 1% would increase the profit for the year before tax of DKK 464k (2019: DKK 894k) and a similar effect on equity.

The Company's currency used for payment is primarily EUR, USD and CHF. It is the Company's policy to not use any financial instruments to hedge positions in foreign currency.

Exposure at 31 December 2020:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	293.467	0	7.375	300.842
EUR	< 1 year	33.387	-89	138	33.436
EUR	> 1 year	0	0	-948.600	-948.600
CHF	< 1 year	14.798	0	5	14.803
Other	< 1 year	0	-2	90	88
		341.652	-91	-940.992	-599.431

Notes to the Annual Report, Parent Company

18 Financial risks (continued)

Exposure at 31 December 2019:

DKK '000

Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	304.379	0	5908	310.287
EUR	< 1 year	30.734	0	204	30.938
EUR	> 1 year	0	0	-952.425	-952.425
CHF	< 1 year	59.849	0	12	59.861
Other	< 1 year	138	0	21	159
		395.100	0	-946.280	-551.180

A 10% increase in USD compared to the exchange rate at 31 December 2020 towards all other currencies will entail a positive change of profit for the year before tax of DKK 30.084k (2019: DKK 31.029k) and a similar effect on equity.

A 10% increase in CHF compared to the exchange rate at 31 December 2020 towards all other currencies will entail a positive change of profit for the year before tax of DKK 1.480k (2019: DKK 5.986k) and a similar effect 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.

Total capital makes up the equity shown in the balance sheet.

Notes to the Annual Report, Parent Company

19 Related parties

	Basis
Controlling interest	
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
PMM Holding (Luxembourg) AG, 15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Parent company
Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel	Parent company
Other related parties	
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister company

Transactions

	2020 DKK '000	2019 DKK '000
Parent:		
The company has during the year paid a management fee of	374	374
The company has during the year paid a guarantee fee of	3.810	3.807

The guarantee fee relates to the Parent company's guarantee regarding the issued Bond. The Parent company is guaranteeing an amount of up to EUR 127,5m (2017: EUR 100m).

	2020 DKK '000	2019 DKK '000
Subsidiaries:		
The company has during the year received a management fee of	2.394	2.678
The company has during the year received interests of	46.574	46.621
Other related parties:		
The company has during the year received a management fee of	650	650
The company has during the year paid rental charges of	707	707

Recceivables from group companies - non-current

	2020	2019
Jacob Holm & Sønner A/S	386.425	362.914
Jacob Holm Industries (America), Inc.	213.828	216.592
Sontara AG	14.799	59.850
Sontara Asturias S.A.U.	31.645	29.598
Sontara Old Hickory Inc.	79.639	87.787
	726.336	**756.741**

Notes to the Annual Report, Parent Company

	2020	2019
	DKK '000	DKK '000

19 Related parties (continued)

Recceivables from group companies - current		
Sontara AG	0	138
Jacob Holm Industries (France) SAS	1.741	1.136
	1.741	**1.274**

20 Fee to auditors appointed at the general meeting

	2020	2019
Audit fee	220	75
Tax consultancy	25	0
Non-audit services	0	55
Total	**245**	**130**