CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Ole Lynggaard A/S

Hellerupvej 15 B, 2900 Hellerup

Company reg. no. 83 02 49 17

Annual report

1 January - 31 December 2020

The annual report has been submitted and approved by the general meeting on the 10 March 2021.

Søren Ole Lynggaard
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the board of directors and the executive board have presented the annual report of Ole Lynggaard A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 8 March 2021

Executive board

Søren Ole Lynggaard	Charlotte Lynggaard	Hanna Maria Lynggaard

Board of directors

Lars-Erik Houmann Christensen	Charlotte Lynggaard	Ole Lynggaard
Troels Jensen	Søren Ole Lynggaard	Niels Erik Michel Normann

Independent auditor's report

To the shareholders of Ole Lynggaard A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Ole Lynggaard A/S for the financial year 1 January to 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities, consolidated and of the company, respectivelyand of consolidated cash flows , for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and 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 and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 8 March 2021

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg
State Authorised Public Accountant
mne11651

Company information

The company	Ole Lynggaard A/S Hellerupvej 15 B 2900 Hellerup	
	Company reg. no.	83 02 49 17
	Financial year:	1 January - 31 December
Board of directors	Lars-Erik Houmann Christensen Charlotte Lynggaard Ole Lynggaard Troels Jensen Søren Ole Lynggaard Niels Erik Michel Normann	
Executive board	Søren Ole Lynggaard Charlotte Lynggaard Hanna Maria Lynggaard	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Subsidiaries	Ole Lynggard Retail ApS, Hellerup Ole Lynggaard Copenhagen GmbH (CH), Switzerland Ole Lynggaard Copenhagen GmbH (DE), Germany Ole Lynggaard Danmark ApS, Hellerup Ole Lynggaard Sverige ApS, Hellerup Ole Lynggaard Copenhagen Pty. Ltd., Australia Ole Lynggaard Copenhagen Sarl., France Ole Lynggaar Retail Norge AS, Norway Ole Lynggaard Copenhagen Pte. Ltd., Singapore	

Consolidated financial highlights

DKK in thousands.	2020	2019	2018	2017	2016
Income statement:					
Gross profit	94.890	88.369	87.566	83.193	82.383
Profit from operating activities	7.264	11.005	7.752	6.711	11.825
Net financials	-1.004	532	-2.135	-2.063	-630
Net profit or loss for the year	4.453	8.958	3.624	3.288	8.534
Statement of financial position:					
Balance sheet total	161.515	178.284	180.336	175.742	158.256
Investments in property, plant and equip-ment	-1.073	-7.171	-7.472	-10.086	-6.052
Equity	92.722	88.720	82.009	76.248	72.255
Cash flows:					
Operating activities	25.078	26.481	13.822	-3.450	15.314
Investing activities	-1.258	-9.550	-8.102	-12.255	-14.204
Financing activities	-23.744	-12.726	2.111	12.099	-5.664
Total cash flows	76	4.205	7.831	-3.606	-4.554
Changes in cash flow including short-term bank debts	23.820	16.931	5.720	-15.426	-3.390
Employees:					
Average number of full-time employees	127	134	133	134	119
Key figures in %:					
Acid test ratio	224,3	165,4	151,3	153,4	153,5
Solvency ratio	57,4	49,6	45,3	43,3	45,7
Return on equity	5,3	10,5	4,6	4,5	12,2

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

Consolidated financial highlights

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio	$\dfrac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$
Solvency ratio	$\dfrac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$
Return on equity	$\dfrac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$
***Profit**	Net profit or loss for the year less non-controlling interests’ share hereof

The principal activities of the group

OLE LYNGGAARD COPENHAGEN is a family-owned, design based company that manufactures and sells jewellery of the highest class in Denmark as in export markets.

We do this based on our position as a leading Scandinavian luxury brand, rooted in a passion for the unique design, styling and craftsmanship. Our idea is to make women feel beautiful and unique. Our vision is to establish a global status as the favorite luxury brand for the quality-conscious customer who demands Scandinavian jewellery design, which can please for generations.

Our mission is to inspire and create passion for our jewellery and brand worldwide by supplying products in a unique, timeless and functional design of the highest quality.

More than 125 talented and dedicated employees are gathered to bring this mission to life, of which approximately 40 jewellers work at the company's premises in Hellerup.

The company's growth strategy in relation to increased exports, which is based on organic and controlled development, has ensured positive growth through resent years, and at the same time ensured that the company's very high standards of quality at all levels have been observed.

We will, in the coming years, with a close relationship with dealers and partners, and a constant focus on our values, pursue our growth strategy with the aim to ensure continued profitable growth, economic independence and an exciting and challeging workplace for our employees. We will continue to be a Danish family-owned company in design, production and craftsmanship, where the family's close connection and ownership ensure the present company culture.

Development in activities and financial matters

The gross profit for the parent company i for the year DKK 70.505 thousand against DKK 58.293 thousand last year and for the group DKK 94.890 thousand for the year against DKK 88.369 thousand for last year. The result from ordinary activities after tax are for the parent company DKK 4.789 thousand against DKK 8.901 thousand last year and for the group DKK 4.453 thousand for the year against DKK 8.958 thousand last year. Management considers the net profit or loss for the year satisfactory, given the COVID-19 impact. The result is above our initial Covid-19 expectations partly because of our company's agility resulting in reductions in costs, less setback regarding turnover and received state compensation.

Special risks

Operating risks

The company has an ongoing risk due to the volatility of the price of gold on various currencies. This risk is mitigated by the use af hedging instruments. The expected need for currency trade and gold is hedged for the coming year in November, giving the company the ability to fix prices for a full year.

Environmental issues

The company aims to be at the forefront on both external and internal environmental issues. Municipal approval of the company's process equipment, ventilation and safety have been achieved over many years.

Expected developments

Modest growth was expected in 2020 driven by organic growth in existing stores and markets, however the COVID-19 crisis has impacted the company, resulting in challenges on both top and bottom line.

Since March 2020, the company has implemented measures to ensure the safety and health of the employees. These measures include reduced travelling, extended use of home office solutions and increase focus on intrapersonal distance and hygiene in the workplace.

The political restrictions on both travelling and shopping possibilities for the consumer are still challenging the business. Looking into 2021 we hope for more openness of our business and a small growth in turnover compared to 2020, but still not back to the level of 2019. Combined with reduce of staff an external costs this will hopefully bring a better result in 2021. The expectations for 2021 are extremely uncertain because of Covid-19 but we expect a gross profit between DKK 60.000 and DKK 80.000 thousand and income from ordinaty acitivities after tax between DKK 5.000 and 12.000 DKK thousand

Based on the current situation and the information available, Management expect the company to continue operations without significant structural changes.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Branches abroad

Alongside two Danish stores, the company operates own stores in Sweden, Australia and France. In addition to this, the company has legal entities in Norway, Germany and Switzerland with a sales force working on behalf of the Danish parent company.

Income statement 1 January - 31 December

DKK thousand.

		Group		Parent	
Note		2020	2019	2020	2019
	Gross profit	**94.890**	**88.369**	**70.505**	**58.293**
2	Staff costs	-71.003	-68.604	-55.458	-49.147
	Depreciation, amortisation, and impairment	-16.623	-8.760	-14.039	-6.321
	Operating profit	**7.264**	**11.005**	**1.008**	**2.825**
	Income from equity investments in group enterprises	0	0	4.113	5.686
	Other financial income from group enterprises	0	0	742	851
	Other financial income	139	1.518	9	1.365
3	Other financial costs	-1.143	-986	-835	-800
	Pre-tax net profit or loss	**6.260**	**11.537**	**5.037**	**9.927**
	Tax on net profit or loss for the year	-1.807	-2.579	-248	-1.026
4	**Net profit or loss for the year**	**4.453**	**8.958**	**4.789**	**8.901**
	Break-down of the consolidated profit or loss:				
	Shareholders in Ole Lynggaard A/S	4.789	8.901		
	Non-controlling interests	-336	57		
		4.453	**8.958**		

Statement of financial position at 31 December

DKK thousand.

Note	Assets	Group 2020	Group 2019	Parent 2020	Parent 2019
	Non-current assets				
5	Completed development projects, including patents and similar rights arising from development projects	4.946	7.679	4.946	7.679
6	Concessions, patents, licenses, trademarks, and similar rights acquired	631	989	0	0
	Total intangible assets	5.577	8.668	4.946	7.679
7	Property	484	634	484	634
8	Plant and machinery	5.491	14.811	5.338	14.572
9	Other fixtures and fittings, tools and equipment	5.361	7.643	3.058	3.034
	Total property, plant, and equipment	11.336	23.088	8.880	18.240
10	Equity investments in group enterprises	0	0	22.359	17.922
11	Other financial instruments and equity investments	52	52	52	52
12	Deposits	2.191	2.877	1.288	1.270
	Total investments	2.243	2.929	23.699	19.244
	Total non-current assets	**19.156**	**34.685**	**37.525**	**45.163**

Statement of financial position at 31 December

DKK thousand.

Assets

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Current assets				
	Raw materials and consumables	23.154	22.706	23.154	22.706
	Work in progress	5.739	3.183	5.739	3.183
	Manufactured goods and goods for resale	53.952	59.481	32.549	33.749
	Prepayments for goods	2.358	3.113	2.358	3.113
	Total inventories	85.203	88.483	63.800	62.751
	Trade receivables	28.411	22.414	28.217	21.295
	Receivables from group enterprises	0	0	17.679	25.563
13	Deferred tax assets	1.807	0	1.901	0
	Tax receivables from group enterprises	0	0	917	1.506
	Other receivables	719	4.709	241	3.858
14	Prepayments and accrued income	1.240	3.090	689	2.254
	Total receivables	32.177	30.213	49.644	54.476
	Cash on hand and demand deposits	24.979	24.903	11.047	10.353
	Total current assets	**142.359**	**143.599**	**124.491**	**127.580**
	Total assets	**161.515**	**178.284**	**162.016**	**172.743**

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Equity				
15	Contributed capital	500	500	500	500
	Reserve for net revaluation according to the equity method	0	0	23.296	17.402
16	Reserve for foreign currency translation	407	0	0	0
	Reserve for hedging transactions	-832	0	-832	0
	Retained earnings	92.647	87.941	69.757	70.539
	Equity before non-controlling interest.	92.722	88.441	92.721	88.441
	Non-controlling interests	0	279	0	0
	Total equity	**92.722**	**88.720**	**92.721**	**88.441**
	Provisions				
13	Provisions for deferred tax	0	725	0	625
17	Other provisions	224	281	0	0
	Total provisions	**224**	**1.006**	**0**	**625**
	Liabilities other than provisions				
18	Other payables	5.109	1.733	4.641	1.503
	Total long term liabilities other than provisions	5.109	1.733	4.641	1.503

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Bank loans	20.872	44.617	20.866	44.617
	Prepayments received from customers	1.239	2.661	262	869
	Trade payables	13.125	18.831	12.593	17.356
	Payables to group enterprises	0	0	7.957	2.790
	Income tax payable	2.921	1.695	2.872	1.689
	Other payables	25.303	19.021	20.104	14.853
	Total short term liabilities other than provisions	63.460	86.825	64.654	82.174
	Total liabilities other than provisions	**68.569**	**88.558**	**69.295**	**83.677**
	Total equity and liabilities	**161.515**	**178.284**	**162.016**	**172.743**

1 Special items

19 Charges and security

20 Contingencies

21 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Reserve for foreign currency translation	Reserve for hedging transactions	Retained earnings	Non-controlling interests	Total
Equity 1 January 2019	500	0	0	81.270	239	82.009
Share of results	0	0	0	8.901	57	8.958
Exchange rates adjustment in balances in subsidiaries	0	0	0	509	-17	492
Adjustment, market value financial contracts, after tax	0	0	0	-2.739	0	-2.739
Equity 1 2020	500	0	0	87.941	279	88.720
Share of results	0	0	0	4.789	-336	4.453
Exchange rates adjustment in balances in subsidiaries	0	407	0	0	-26	381
Adjustment, market value financial contracts, after tax	0	0	-832	0	0	-832
Minority interests share of group grants	0	0	0	-83	83	0
	500	**407**	**-832**	**92.647**	**0**	**92.722**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the equity method	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2019	500	11.831	0	69.438	81.769
Share of results	0	5.061	0	3.840	8.901
Exchange rate adjustments	0	510	0	0	510
Adjustment, market value financial contracts, after tax	0	0	0	-2.739	-2.739
Equity 1 January 2020	500	17.402	0	70.539	88.441
Share of results	0	5.571	0	-782	4.789
Fair value adjustments of hedging instruments for the year	0	0	-832	0	-832
Exchange rate adjustments	0	407	0	0	407
Minority interest share of group grants	0	-84	0	0	-84
	500	**23.296**	**-832**	**69.757**	**92.721**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2020	2019
	Net profit or loss for the year	4.453	8.958
22	Adjustments	19.434	10.807
23	Change in working capital	5.082	8.025
	Cash flows from operating activities before net financials	28.969	27.790
	Interest received, etc.	139	1.515
	Interest paid, etc.	-1.143	-986
	Cash flows from ordinary activities	27.965	28.319
	Income tax paid	-2.887	-1.838
	Cash flows from operating activities	**25.078**	**26.481**
	Purchase of intangible assets	-871	-2.398
	Purchase of fixed asset investments	-1.073	-7.171
	Additions deposits	-27	19
	Disposals deposits	713	0
	Cash flows from investment activities	**-1.258**	**-9.550**
	Reduction of short-term debts	-23.744	-12.726
	Cash flows from investment activities	**-23.744**	**-12.726**
	Change in cash and cash equivalents	**76**	**4.205**
	Cash and cash equivalents at 1 January 2020	24.903	20.698
	Cash and cash equivalents at 31 December 2020	**24.979**	**24.903**
	Cash and cash equivalents		
	Cash on hand and demand deposits	24.979	24.903
	Cash and cash equivalents at 31 December 2020	**24.979**	**24.903**

DKK thousand.

1. Special items

Special items include significant income from state compensation from the Danish state with the amount DKK 3.044 thousand for Parent and DKK 4.238 thousand for the Group and from foreign states DKK 1.572 thousand for the Group. The state compensation is recognised in Other operating income.

In connection with the impairment test the depreciation has been increased with the amount DKK 5.655 thousand due to the Covid-19 pandemic and consequent crises.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	Group		Parent	
	2020	2019	2020	2019
Income:				
State compensation Denmark	4.238	0	3.044	0
State compensation foreign states	1.572	0	0	0
	5.810	0	3.044	0
Expenses:				
Impairment of current assets exceeding the usual writedown for impairment	5.655	0	5.655	0
	5.655	0	5.655	0
Special items are recognised in the following items in the financial statements:				
Other operating income	5.810	0	3.044	0
Depreciation, amortisation and impairment	-5.655	0	-5.655	0
Profit of special items, net	**155**	**0**	**-2.611**	**0**

Notes

DKK thousand.

		Group 2020	Group 2019	Parent 2020	Parent 2019
2.	**Staff costs**				
	Salaries and wages	62.656	59.427	49.725	43.170
	Pension costs	6.004	6.420	5.000	5.230
	Other costs for social security	1.712	1.909	207	220
	Other staff costs	631	848	526	527
		71.003	**68.604**	**55.458**	**49.147**
	Executive board	10.283	9.593	10.283	9.593
	Board of directors	51	336	51	336
		10.334	**9.929**	**10.334**	**9.929**
	Average number of employees	127	134	96	97
3.	**Other financial costs**				
	Financial costs, group enterprises	0	0	38	59
	Other financial costs	1.143	986	797	741
		1.143	**986**	**835**	**800**
4.	**Proposed appropriation of net profit**				
	Reserves for net revaluation according to the equity method			5.571	5.061
	Transferred to retained earnings			0	3.840
	Allocated from retained earnings			-782	0
	Total allocations and transfers			**4.789**	**8.901**

DKK thousand.

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
5.	**Completed development projects, including patents and similar rights arising from development projects**				
	Cost 1 January 2020	23.849	21.443	22.816	20.418
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	-18	8	0	0
	Additions during the year	871	2.398	871	2.398
	Disposals during the year	-2.479	0	-2.204	0
	Cost 31 December 2020	**22.223**	**23.849**	**21.483**	**22.816**
	Amortisation and writedown 1 January 2020	-16.170	-14.281	-15.137	-13.352
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	19	-9	0	0
	Amortisation for the year	-2.460	-1.880	-2.460	-1.785
	Depreciation, amortisation and writedown for the year, assets disposed of	1.334	0	1.060	0
	Amortisation and writedown 31 December 2020	**-17.277**	**-16.170**	**-16.537**	**-15.137**
	Carrying amount, 31 December 2020	**4.946**	**7.679**	**4.946**	**7.679**

Notes

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
6.	**Concessions, patents, licenses, trademarks, and similar rights acquired**				
	Cost 1 January 2020	3.436	3.456	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	48	-20	0	0
	Cost 31 December 2020	**3.484**	**3.436**	**0**	**0**
	Amortisation and writedown 1 January 2020	-2.447	-2.074	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	-45	7	0	0
	Amortisation for the year	-361	-380	0	0
	Amortisation and writedown 31 December 2020	**-2.853**	**-2.447**	**0**	**0**
	Carrying amount, 31 December 2020	**631**	**989**	**0**	**0**
7.	**Property**				
	Cost 1 January 2020	1.542	1.260	1.542	1.260
	Additions during the year	0	282	0	282
	Cost 31 December 2020	**1.542**	**1.542**	**1.542**	**1.542**
	Depreciation and writedown 1 January 2020	-908	-779	-908	-779
	Depreciation for the year	-150	-129	-150	-129
	Depreciation and writedown 31 December 2020	**-1.058**	**-908**	**-1.058**	**-908**
	Carrying amount, 31 December 2020	**484**	**634**	**484**	**634**

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
8.	**Plant and machinery**				
	Cost 1 January 2020	38.629	32.266	36.000	29.651
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	18	-6	0	0
	Additions during the year	522	6.369	522	6.349
	Disposals during the year	-406	0	-406	0
	Cost 31 December 2020	**38.763**	**38.629**	**36.116**	**36.000**
	Depreciation and writedown 1 January 2020	-23.818	-19.869	-21.428	-17.632
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	-18	4	0	0
	Depreciation for the year	-9.831	-3.953	-9.745	-3.796
	Reversal of depreciation, amortisation and writedown, assets disposed of	395	0	395	0
	Depreciation and writedown 31 December 2020	**-33.272**	**-23.818**	**-30.778**	**-21.428**
	Carrying amount, 31 December 2020	**5.491**	**14.811**	**5.338**	**14.572**

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
9.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 January 2020	20.947	20.369	9.363	8.844
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	-85	59	0	0
	Additions during the year	551	519	551	519
	Disposals during the year	-1.473	0	0	0
	Cost 31 December 2020	**19.940**	**20.947**	**9.914**	**9.363**
	Depreciation and writedown 1 January 2020	-13.304	-10.864	-6.329	-5.717
	Translation by use of the exchange rate valid on balance sheet date 31 December 2020	30	-36	0	0
	Depreciation for the year	-2.144	-2.404	-527	-612
	Reversal of depreciation, amortisation and writedown, assets disposed of	839	0	0	0
	Depreciation and writedown 31 December 2020	**-14.579**	**-13.304**	**-6.856**	**-6.329**
	Carrying amount, 31 December 2020	**5.361**	**7.643**	**3.058**	**3.034**

Notes

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
10.	**Equity investments in group enterprises**				
	Acquisition sum, opening balance 1 January 2020	0	0	521	521
	Cost 31 December 2020	**0**	**0**	**521**	**521**
	Revaluations, opening balance 1 January 2020	0	0	17.471	11.899
	Translation by use of the exchange rate valid on balanceday	0	0	407	510
	Results for the year before goodwill amortisation	0	0	4.113	5.061
	Minority interest share of group grants	0	0	-84	0
	Revaluation 31 December 2020	**0**	**0**	**21.907**	**17.470**
	Amortisation of goodwill, opening balance 1 January 2020	0	0	-69	-69
	Depreciation on goodwill 31 December 2020	**0**	**0**	**-69**	**-69**
	Carrying amount, 31 December 2020	**0**	**0**	**22.359**	**17.922**

Group enterprises:

	Domicile	**Equity interest**
Ole Lynggard Retail ApS	Hellerup	100 %
Ole Lynggaard Copenhagen GmbH (CH)	Switzerland	100 %
Ole Lynggaard Copenhagen GmbH (DE)	Germany	100 %
Ole Lynggaard Danmark ApS	Hellerup	100 %
Ole Lynggaard Sverige ApS	Hellerup	100 %
Ole Lynggaard Copenhagen Pty. Ltd.	Australia	100 %
Ole Lynggaard Copenhagen Sarl.	France	100 %
Ole Lynggaar Retail Norge AS	Norway	100 %
Ole Lynggaard Copenhagen Pte. Ltd.	Singapore	100 %

DKK thousand.

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
11.	**Other financial instruments and equity investments**				
	Cost 1 January 2020	52	52	52	52
	Cost 31 December 2020	**52**	**52**	**52**	**52**
	Carrying amount, 31 December 2020	**52**	**52**	**52**	**52**
12.	**Deposits**				
	Cost 1 January 2020	2.877	2.896	1.270	1.320
	Additions during the year	27	62	31	31
	Disposals during the year	-713	-81	-13	-81
	Cost 31 December 2020	**2.191**	**2.877**	**1.288**	**1.270**
	Carrying amount, 31 December 2020	**2.191**	**2.877**	**1.288**	**1.270**
13.	**Deferred tax assets**				
	Deferred tax assets 1 January 2020	-725	-1.536	-625	-1.362
	Deferred tax of the results for the year	2.537	38	2.291	-36
	Adjustment deferred tax finansical contracts	-5	773	235	773
		1.807	**-725**	**1.901**	**-625**
	The following items are subject to deferred tax:				
	Intangible assets	-1.088	-1.689	-1.088	-1.689
	Property, plant, and equipment	1.224	121	1.367	283
	Provisions	49	0	0	0
	Other debt	1.622	843	1.622	781
		1.807	**-725**	**1.901**	**-625**

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
14.	**Prepayments and accrued income**				
	Prepaid expenses	1.240	3.090	689	2.254
		1.240	**3.090**	**689**	**2.254**
15.	**Contributed capital**				
	Contributed capital 1 January 2020	500	500	500	500
		500	**500**	**500**	**500**

The share capital consists of shares, each with a nominal value of DKK 1. No shares hold particular rights.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
16.	**Reserve for foreign currency translation**				
	Foreign currency translation adjustments	407	0	0	0
		407	**0**	**0**	**0**

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
17.	**Other provisions**				
	Provisions for returns	224	281	0	0
		224	**281**	**0**	**0**
18.	**Other payables**				
	Total other payables	**5.109**	**1.733**	**4.641**	**1.503**
	Share of liabilities due after 5 years	5.109	1.733	4.641	1.503

19. Charges and security

For bank loans, the company has provided security in company assets representing a nominal value of DKK 20.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	63.799
Trade receivables	28.217

The bank has against third party provided payment bonds and warranties, totalling DKK 1.546 thousand.

DKK thousand.

20. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into 7 leases. The remaining liability amounts to DKK 565 thousand at 31 December 2020, and remaining maturity of 1 to 36 months.

Lease on premises

Moreover, the company and its group enterprises have entered into 7 leases on premises. The total liability amounts to DKK 30.443 thousand at 31 December 2020, and the non-cancellation period is from 6 to 84 months.

The company has issued a letter of subordination of third party's debt, DKK 230 thousand as per 31 December 2020.

Hedging instruments

The company makes use of hedging instruments used to hedge recognised and non-recognised transactions concerning foreign currency translation adjustments and raw materials. Terms for the open contracts at 31 December 2020 are less than 12 months. The market value of these open contracts is recognised in the balance sheet.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

TheThe company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax represents an estimated maximum of DKK 3.087 thousand.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

21. Related parties

Controlling interest

Charlotte Lynggaard ApS	Shareholder
Søren Lynggaard ApS	Shareholder

Transactions

All transactions with related parties have taken place on market terms.

DKK thousand.

		Group 2020	2019
22.	**Adjustments**		
	Impairment of current assets	16.623	8.760
	Other financial income	-139	-1.518
	Other financial costs	1.143	986
	Tax on net profit or loss for the year	1.807	2.579
		19.434	**10.807**

		Group 2020	2019
23.	**Change in working capital**		
	Change in inventories	3.280	3.828
	Change in receivables	-158	3.241
	Change in trade payables and other payables	2.792	3.695
	Other changes in working capital	-832	-2.739
		5.082	**8.025**

The annual report for Ole Lynggaard A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

The consolidated financial statements

The consolidated income statements comprise the parent company Ole Lynggaard A/S and those group enterprises of which Ole Lynggaard A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

A bonus scheme for the sales director and the retail manager has been established. The bonus scheme is not limited in time. The scheme provides the opportunity of achieving a bonus which is determined in proportion to the annual sales, and the achieved bonus percentage is calculated from the results for the year before tax. The bonus can max. amount to 5 % of the results for the year before tax per head.

The scheme is based on cash payment. However, the form of payment is optional – salary, pension, etc.

In addition, there are regular bonus schemes for traveling sales representatives. The bonus schemes are calculated inproportion to their turnover.

Staff costs, directly attributable to the development of production of goods, are recognised in cost of inventories.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

External development of software are measured at externalcost with deduction of accummulated depreciation. Software development costs are amortised over the estimated useful life, which is 10 years from use of the system.

Acquired rights are measured at cost with deduction of accummulated depreciation. Acquired rights are amortised on a straight-line basis over the estimated useful life, which is 5 years.

Goodwill

Acquired concessions and similar rights

Acquired concessions and simular rights as key money to leasehold, is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 7-10 years.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	10-50 years	0 %
Plant and machinery	5-10 years	0 %

Other fixtures and fittings, tools and equipment	3-5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

As administration company, Ole Lynggaard A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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