Louis Poulsen A/S

Kuglegårdsvej 19
1434 København K
Central Business Registration
No 59742817

Annual report 2020

The Annual General Meeting adopted the annual report on 15 June 2021

Chairman of the General Meeting

Name: Kristoffer Mejborn

Contents

Entity details

Entity
Louis Poulsen A/S
Kuglegårdsvej 19
1434 København K

Central Business Registration No (CVR): 59742817
Registered in: København
Financial year: 01.01.2020 - 31.12.2020

Website: www.louispoulsen.com

Board of Directors
Alessandro Poletto
Giovanni Casali
Dalila Dolci
Lars Stilling Pedersen
Otto Ottosen

Executive Board
Søren Mygind Eskildsen, CEO

Entity auditors
EY Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Louis Poulsen A/S for the financial year 2020.

The annual report is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2020 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2020

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, results for the year, cash flows and financial position as well as a description of material risks and uncertainties that the Company faces.

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

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Søren Mygind Eskildsen
CEO

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To the shareholder of Louis Poulsen A/S

Opinion

We have audited the consolidated financial statements and the parent Company financial statements of Louis Poulsen A/S for the financial year 1 January – 31 December 2020, which comprise statement of profit and loss, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent Company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company 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 – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Copenhagen, 15 June 2021
EY Godkendt Revisionspartnerselskab
CVR-no. 30 70 02 28

Steen Skorstengaard
State Authorised
Public Accountant
mne19709

Dan Mose Andersen
State Authorised
Public Accountant
mne35406

Management commentary

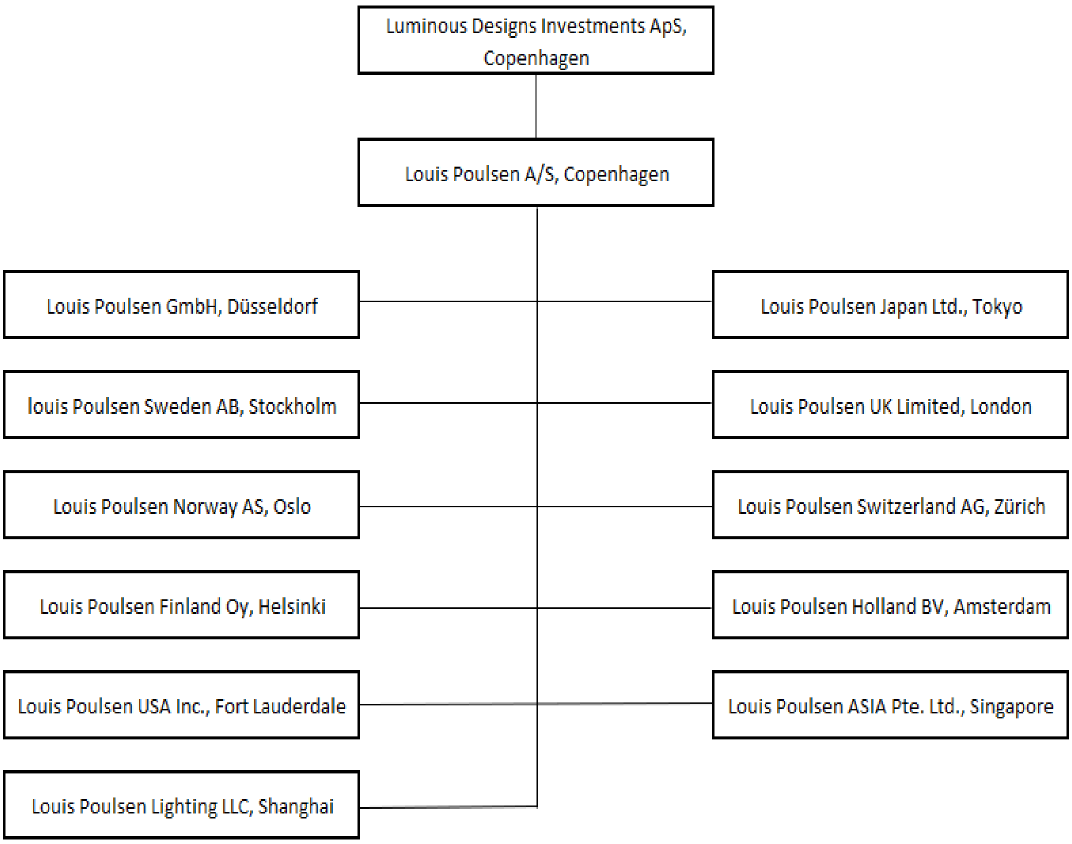
Financial highlights	2020 DKK'm IFRS	2019 DKK'm IFRS	2018 DKK'm Danish GAAP	2017 DKK'm Danish GAAP	2016 DKK'm Danish GAAP
Key figures					
Revenue	912	842	807	801	750
Gross profit/loss	438	410	406	386	319
EBITDA (Earnings before depreciations and amortisation)	237	195	164	146	104
EBITA (Earnings before amortisation)	173	136	139	121	74
Operating profit/loss	165	125	116	98	74
Net financials	(4)	(11)	(2)	7	(20)
Profit/loss for the year	125	87	86	78	27
Total assets	761	844	726	685	671
Investments in property, plant and equipment	15	25	23	32	22
Equity	394	522	472	352	279
Net working capital	(107)	84	(21)	(18)	-
Cash flows from (used in) operating activities	210	144	146	146	99
Cash flows from (used in) investing activities	(41)	(43)	(54)	(56)	(8)
Cash flows from (used in) financing activities	(97)	(117)	33	-	(227)
Ratios					
Net margin (%)	13,7	10,3	10,7	9,7	3,6
EBITDA ratio (%)	26,0	23,2	20,3	18,2	13,9
EBITA ratio (%)	19,0	16,2	17,2	15,1	9,9
Solvency ratio (%)	51,8	61,8	65,2	51,7	41,4
Primary ratio (%)	42,9	29,3	42,9	42,0	23,7

2020 and 2019 figures are prepared in accordance with IFRS and 2018, 2017 and 2016 are prepared in accordance with Danish GAAP. The differences between IFRS and Danish GAAP mainly related to recognition of leasing contracts in accordance with IFRS 16 and reversal of goodwill amortization.

The financial ratios have been calculated as follows:

Management commentary

Ratios	**Calculation formula**	**Calculation formula reflects**
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
EBITDA ratio (%)	EBITDA x 100 / Revenue	The entity's profitability before depriciation and amortisation
EBITA ratio (%)	EBITA x 100 / Revenue	The entity's profitability before amortization
Solvency ratio (%)	Equity x 100 / Total assets	The financial strength of the entity
Primary ratio (%)	EBITA x 100 / Average invested capital	The return on invested capital in the entity



Louis Poulsen A/S has local Sales Representation Offices in Spain and France

Management commentary

Primary activities

The Louis Poulsen group manufactures and sells lighting fixtures to private consumers and professionals In Denmark and abroad. The group is internationally recognized for providing exclusive lighting fixtures of high quality and functional design. The products primarily serve the upper segments of the professional and private consumer markets that attach great importance to the unique lighting and the high quality levels. Louis Poulsen´s products fulfil the most stringent international demands for energy optimization and at the same time they meet the demand for a unique design as well as comfortable and glare free lighting.

Development in activities and finances

2020 has been an extraordinary year for the Louis Poulsen group, as it has been for most companies and people all over the world. The uncertainty of the COVID-19 pandemic has been a challenge throughout the year, and many steps have been taken in all Louis Poulsen companies to protect both the workforce, the production and sales. New ways of working have been introduced both in the daily work in the factory but also in the various departments. Digital investments have proven successful in a time where physical meetings are not possible. Production has not stopped during 2020, but has been challenged by lack of components. Sourcing channels was affected both from China and later from southern Europe especially Italy. On the other hand, sales is very positively affected by COVID-19, as especially consumers have invested in home decoration, resulting in growth in the residential market.

The integration activities in Design Holding and its subsidiaries Louis Poulsen, FLOS (Italy) and B&B Italia (Italy) has been ongoing in 2020 to secure growth for the group. Cooperation is taking place in many areas such as digital transformation, go-to-market strategies, international opportunities, production and procurement just to mention some. Design Holding will open D studio, Copenhagen during spring 2021 at Kuglegården in Copenhagen. This will be a go to design location for architects, designers and specifiers where all brands will be present in dedicated showrooms. It will also be a high end design shop open to the public with presence of all brands.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2019, the Group prepared its financial statements in accordance with local generally accepted accounting principles in Denmark (Danish GAAP). These financial statements for the year ended 31 December 2020 are the first the Group has prepared in accordance with IFRS. IFRS is adopted due to financial statements users being to a higher extend from outside of Denmark, including bond holders in the parent company International Design Holding S.p.A. as well as international vendors and customers.

Please see Note 29 for information on how the Group adopted IFRS.

The consolidated revenue amounts to DKK 912 million representing a growth of 8,5% vs. 2019.

Operating profit (EBIT) reached DKK 165 million. The profit of DKK 125 million exceeds both expectations and 2019 result. The integration activities and the COVID 19 pandemic as mentioned above has caused one-off costs for a substantial amount. In total integration costs and COVID 19 expenses affects the result by DKK 8,8 million. Management considers the financial development to be satisfactory.

Further information on the financial development for the subsidiaries is available in the annual report pages 12 and forward.

Management commentary

Outlook

Louis Poulsen A/S expect an increase in the turnover in 2021 by up to 4-8% followed by modest increase in capacity costs covering new initiatives. The primary result is expected to increase due to further activities in sales.

Due to the uncertainty in the market not least because of the spread of COVID-19 the outlook for 2021 is still uncertain. One of the main difficulties for Louis Poulsen is related to supply of components. It is vital for our production in Denmark that there is a constant inflow of spare parts to the factory. The pandemic has caused and is still causing difficulties within supply of components from Asia as well as Europe.

The Covid-19 pandemic has in 2020 created an extraordinary demand for high end quality lighting. However it is in general an unpredictable market situation for 2021, which of course leads to uncertainty for the full year expectations on turnover. We see less uncertainty related to the values in our balance sheet.

Particular risks

Market risks

The group’s products are primarily positioned in the high-end markets. The economic development in the professional and private consumer markets will affect the financial results.

Currency risks

Due to sales activities in foreign markets, cash flow and net positions are influenced by changes in exchange rates for a number of currencies. It is group policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in the next twelve months based on the budget. The group does not use speculative hedging.

Credit risks

The group’s credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company’s credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

Intellectual capital resources

The group has an experienced as well as competent staff working with lighting technology. It will continue to attract and retain highly skilled staff with expertise in the development of lighting to ensure future growth. Great demand is placed on the employees' technical and craftsman skills and their ability to engage in a logistically demanding production process.

To ensure high product quality and competitive production the group continuously optimizes production. This demands a high level of competence, and the group therefore continuously invests in competency development. It is, however, just as important for Louis Poulsen A/S to attract and retain both skilled and unskilled workers and employees with medium to higher education level.

2020 has been a year of only limited new hires due to the uncertainty related to COVID 19, hence replacements have been made to optimize specific areas. Louis Poulsen A/S has recruited competencies within the area of supply chain with focus on production, delivery performance and project management. In order to meet the increased sales, more blue collar workers have been recruited to the factory in Vejen. In addition, the company has welcomed new competencies within administration related to legal, people and culture.

Management commentary

Research and development activities

Louis Poulsen continuously invests in development, updates and improvements of its product portfolio. Costs related to development of products are expensed in the income statement, or accounted for as an asset following the accounting policies.

Group relations

The consolidated financial statements comprise the parent company Louis Poulsen A/S and its subsidiaries being incorporated in the annual report of Louis Poulsen A/S. The consolidated accounts include profit and loss for all subsidiaries.

Louis Poulsen A/S own 100% of all subsidiaries. During 2019 the activities in Louis Poulsen Italy Srl. has been closed down and the company is now under liquidation. In October 2020 Louis Poulsen A/S has established a subsidiary in Shanghai, China; Louis Poulsen Lighting (Shanghai) LLC. The company will hold business activities within administration.

Louis Poulsen's sales organization is based in Copenhagen, and the company's production facilities are based in Vejen. The daily management is carried out from Denmark in close cooperation with our owners.

Sales and distribution outside Denmark are carried out through the 10 subsidiaries or through agents and distributors operating on behalf of Louis Poulsen A/S.

The Louis Poulsen group has 464 employees, including 132 being employed in the subsidiaries abroad. The majority of the Danish employees are engaged in the company's production in Vejen.

Development in staff:	Denmark	Subsidiaries
Number of employees beginning of 2020	309	134
Recruited during 2020	84	12
Leavers during 2020	-61	-14
Number of employees end of 2020	332	132

Statutory report on corporate social responsibility

Business model

Louis Poulsen is a proud Danish manufacturer of premium lighting solutions. Our philosophy is deeply rooted in the Scandinavian design tradition where form follows function. Since our founding we have sought, not to design lamps, but to shape light.

The Louis Poulsen group is internationally recognized for providing our customers with exclusive lighting solutions of high quality and functional design. Our products are sold to both private consumers and professionals in Denmark and abroad. With our unique lighting and high quality, we serve the upper segments of both markets. All our products meet the demand for a unique design as well as comfortable and glare free lighting while fulfilling international demands for energy optimization.

Management commentary

Our aim is to improve quality of life by providing functional products that make people feel good, both in- and outdoors. Sustainability in terms of long-lasting products has always been a cornerstone of our business. Since our founding in 1874, timelessness has been a key element in our design philosophy. Our products are long-lasting in the sense of durability and design. We believe that the best designs are the ones that can withstand the test of time. Creating long-lasting products and extending products life-time is also a way of decreasing the environmental footprint.

We believe that making business in a manner that respects people and environment is the source of long-term value creation and sustainable economic growth. Being a responsible company entails managing the impact we have towards all our stakeholders. The passion and creativity of our employees are the heart of our company and we want to ensure that Louis Poulsen is an engaging and safe place to work.

For the statutory reporting on corporate sustainability, see the 2020 Annual Sustainability Report. The report is available on the following link:

https://louispoulsen.azureedge.net/49c54a/globalassets/about-us/sustainability-report/louis_poulsen_sustainabillity_2020.pdf

Statutory report on the underrepresented gender

Louis Poulsen A/S wants to give equal access to leadership positions for members of both genders.

Throughout the company the total distribution of women is 49.8% and for men 50.2%. Hence the gender distribution is very even in Louis Poulsen.

The share of women in leadership positions with staff responsibility represented 35% as of end of 2019. This share was 28% in 2020. The company wishes to increase the share of women in leadership positions. To facilitate this development a recruitment policy has been implemented in relation to leadership positions according to which at least one female applicant must be admitted to job interview assuming qualified female applicants are available.

Through this policy and an ongoing focus on development of employees at all levels of the organization irrespective of age and gender, Louis Poulsen wishes to contribute to the education and development of potential female managers and board members.

Target figure for the share of the under-represented gender in the Board of Directors:

We strive to reach equal gender representation on the board. Currently the Board of Directors consists of 0% women and 100% men. It is the goal to recruit one female board member by the end of 2021 - which we also hoped for in 2020 - to increase the female share to 20%. The Board will follow up on the implementation of this goal on a yearly basis and is constantly seeking candidates with both relevant competencies and experience. Relevant knowledge and professional experience are key parameters when nominating new board members. No candidates met these criteria in 2020, which is the reason for the Board of Directors not achieving the recruitment goal during this year.

Events after the balance sheet date

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

Consolidated statement of profit and loss and other comprehensive income

	Notes	2020 DKK'm	2019 DKK'm
Revenue	1	912	842
Production costs	3,4	-474	-432
Gross profit		**438**	**410**
Sales, distribution and marketing costs	3,4	-198	-223
Administrative expenses	2,3,4	-75	-62
Operating profit (EBIT)		**165**	**125**
Financial income	5	4	0
Financial expenses	6	-8	-11
Profit before tax		**161**	**114**
Tax on profit for the year	7	-36	-27
Profit for the year	8	**125**	**87**
Other comprehensive income			
Hedge reserve from effective hedges		1	0
Total comprehensive income for the year		**1**	**0**

Consolidated balance sheet at 31.12.2020

	Notes	2020 DKK'm	2019 DKK'm	As at 1st January 2019 DKK'm
Completed development projects		44	39	20
Acquired licences		16	12	14
Acquired trademarks		71	80	89
Acquired rights		16	18	21
Goodwill		156	156	156
Development projcts in progress		12	17	23
Intangible assets	9	**315**	**322**	**323**
Plant and machinery		38	48	45
Other fixtures and fittings, tools and equipment		13	13	13
Leasehold improvements		6	8	10
Right of use assets	15	65	82	97
Prepayments for property, plant and equipment		7	3	11
Property, Plant and equipment	10	**129**	**154**	**176**
Deposits	11	6	5	5
Deferred tax assets	13	6	8	10
Fixed asset investment		**12**	**13**	**15**
Non-current assets		**456**	**489**	**514**
Raw materials and consumables		46	38	36
Work in progress		22	15	13
Manufactured goods and goods for resale		27	35	39
Inventories		**95**	**88**	**88**
Trade receivables	14	57	67	78
Receivables from group enterprises		0	117	0
Other receivables		3	5	3
Prepayments	12	3	3	8
Receivables		**63**	**192**	**89**
Cash		**147**	**75**	**91**
Total current assets		**305**	**355**	**268**
Total assets		**761**	**844**	**782**

Consolidated balance sheet at 31.12.2020

	Notes	2020 DKK'm	2019 DKK'm	As at 1st January 2019 DKK'm
Share capital		10	10	10
Retained earnings		234	263	422
Reserves		0	-1	-1
Dividend proposed for the year		150	250	0
Equity		**394**	**522**	**431**
Deferred tax	19	39	41	39
Other provisions	20	14	20	27
Lease financial liabilities	16	49	65	72
Total non-current liabilities		**102**	**126**	**138**
Trade payables		108	95	111
Lease financial liabilities	16	18	19	25
Trade payables from group enterprises		36	0	0
Other payables	21	103	82	77
Total current liabilities		**265**	**196**	**213**
Total liabilities		**367**	**322**	**351**
Equity and Liabilities		**761**	**844**	**782**

Financial lease liability	17
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Consolidated statement of changes in equity for 2020

	Contributed capital DKK'm	Retained earnings DKK'm	Hedging reserve DKK'm	Proposed divided DKK'm	Total DKK'm
2019					
Equity beginning of year	10	422	-1	0	431
Exchange rate adjustments	0	4	0	0	4
Other comprehensive income for the year, net of tax	0	0	0	0	0
Profit/loss for the year	0	-163	0	250	87
Equity end of year	**10**	**263**	**-1**	**250**	**522**
2020					
Equity beginning of year	10	263	-1	250	522
Exchange rate adjustments	0	-4	0	0	-4
Paid dividend	0	0	0	-250	-250
Other comprehensive income for the year, net of tax	0	0	1	0	1
Profit/loss for the year	0	-25	0	150	125
Equity end of year	**10**	**234**	**0**	**150**	**394**

Contributed capital are unchanged over the last 5 years.

Consolidated cash flow statement for 2020

	Notes	2020 DKK'm	2019 DKK'm
Operating profit/loss		165	125
Amortisation, depreciation and impairment losses	4	72	70
Working capital changes	22	39	0
Cash flow from operating activities		**276**	**195**
Financial income received	5	4	0
Financial expenses paid	6	-8	-11
Lease financial charges		5	6
Income taxes refunded/(paid)		-43	-24
Cash flows from operating activities		**234**	**166**
Acquisition etc of intangible assets	9	-25	-28
Acquisition etc of property, plant and equipment	10	-16	-15
Cash flows from investing activities		**-41**	**-43**
Incurrence of receivable to group enterprises		117	-117
Incurrence of payable to group enterprises		36	0
Dividend paid		-250	0
Lease payments		-24	-22
Cash flows from financing activities		**-121**	**-139**
Increase/decrease in cash and cash equivalents		**72**	**-16**
Cash and cash equivalents beginning of year		75	91
Cash and cash equivalents end of year		**147**	**75**
Cash and cash equivalents at year-end are composed of:			
Cash		147	75
Cash and cash equivalents end of year		**147**	**75**

Notes to consolidated financial statements

Geografical	2020 DKK'm	2019 DKK'm
1. Revenue		
Scandinavia	518	452
Rest of Europe	148	147
Rest of World	246	243
	912	**842**
Market segments		
B2B sales	295	334
B2C sales	602	497
E-commerce	15	11
	912	**842**

All the revenues relates to lighting fixtures and satisfied delivered in accordance with agreed inco term.

	2020 DKK'm	2019 DKK'm
2. Fees to the auditor appointed by the Annual General Meeting		
Fees for statutory audit (KPMG)	0	1
Fees for statutory audit (EY)	1	0
Fees for other assurance engagemetns	0	0
Fees for tax services	0	0
Fees for other services	0	0
	1	**1**

	2020 DKK'm	2019 DKK'm
3. Staff costs		
Wages and salaries	230	217
Pension costs	14	14
Other social security costs	11	12
	255	**243**
Number of employees at balance sheet date	**464**	**443**
Average number of employees	**449**	**436**
Staff costs split by function:		
Production costs	124	115
Distribution, production and marketing costs	106	102
Administrationn costs	25	26
	255	**243**

Notes to consolidated financial statements

3. Staff costs (continued)

	Remuneration of management 2020 DKK'm	Remuneration of management 2019 DKK'm
Execute Board	4	5
	4	**5**

Remuneration to three board members, incl. The Chairmen is paid by the ultimate parent, Deisgn Holding S.p.A.

Remuneration to two members of the Board of Directors is paid by Louis Poulsen A/S and amounts to mDKK 0,1 for 2020 and mDKK 0,1 for 2019.

Shared based payments
Executive Management and some senior managers were in 2019 covered by the parent company Design Holding S.p.A.'s share option program. The program entitles participants to acquire shares (call-option) in Design Holding S.p.A at a price based on a pre-defined price at the time of granting in 2019.
No options were granted in 2020. The call-option expires in 2026.

	2020 DKK'm	2019 DKK'm
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible asstes	31	26
Depreciation on property, plant and equipment	41	43
Impairment losses on property, plant and equipment	0	1
	72	**70**
Split by function		
Production costs	41	34
Distribution, production and marketing costs	19	22
Administrationn costs	12	14
	72	**70**

	2020 DKK'm	2019 DKK'm
5. Other financial income		
Exchange gains	4	0
	4	**0**

Notes to consolidated financial statements

	2020 DKK'm	2019 DKK'm
6. Other financial expenses		
Interests on bank accounts	2	2
Financial charges on deposits	1	1
Exchange losses	0	2
Lease liabilities	5	6
	8	**11**

7. Tax on profit for the year

The details of taxes is as follows:	2020 DKK'm	2019 DKK'm
Current tax	36	25
Change in deferred tax	0	2
	36	**27**

The reconciliation between income taxes and the effective tax rate, resulting from the application of the current rate in Denmark to pre-tax profit for 2019 and 2020 is follow:

	2020		2019	
	%	DKK'm	%	DKK'm
Profit before tax		**161**		**114**
Corporate tax in Denmark, 22 %	22%	35	22%	25
Prior year´s taxes	1%	1	0%	0
Non-deductible expenses	0%	0	2%	2
Actual taxes recognised in Profit & Loss	**23%**	**36**	**24%**	**27**

	2020 DKK'm	2019 DKK'm
8. Proposed distribution of profit		
Proposed dividend for the financial year	150	250
Retaind earnings	-25	-163
	125	**87**

Notes to consolidated financial statements

2019	Completed development projects DKK'm	Acquired licences DKK'm	Acquired trademarks DKK'm	Acquired rights DKK'm
9. Intangible assets				
Cost beginning of the year	40	27	124	31
Additions	29	5	0	0
Disposals	-4	-5	0	0
Cost end of year	**65**	**27**	**124**	**31**
Amortisation and impairment losses beginning of year	-20	-13	-35	-10
Amortisation for the year	-8	-6	-9	-3
Reversal regarding disposals	2	4	0	0
Amortisation and impairment losses end of year	**-26**	**-15**	**-44**	**-13**
Carrying amount end of year	**39**	**12**	**80**	**18**

2019 continued	Goodwill DKK'm	Development projects in progress DKK'm
9. Intangible assets		
Cost beginning of the year	245	23
Additions	0	14
Disposals	0	-20
Cost end of year	**245**	**17**
Amortisation and impairment losses beginning of year	-89	0
Amortisation for the year	0	0
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	**-89**	**0**
Carrying amount end of year	**156**	**17**

Notes to consolidated financial statements

2020	Completed development projects DKK'm	Acquired licences DKK'm	Acquired trademarks DKK'm	Acquired rights DKK'm
9. Intangible assets				
Cost beginning of the year	65	27	124	31
Additions	20	12	0	0
Disposals	-2	-1	0	0
Cost end of year	**83**	**38**	**124**	**31**
Amortisation and impairment losses beginning of year	-26	-15	-44	-13
Amortisation for the year	-13	-7	-9	-2
Reversal regarding disposals	0	0	0	0
Amortisation and impairment losses end of year	**-39**	**-22**	**-53**	**-15**
Carrying amount end of year	**44**	**16**	**71**	**16**

2020 continued	Goodwill DKK'm	Development projects in progress DKK'm
9. Intangible assets		
Cost beginning of the year	245	17
Additions	0	10
Disposals	0	-15
Cost end of year	**245**	**12**
Amortisation and impairment losses beginning of year	-89	0
Amortisation for the year	0	0
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	**-89**	**0**
Carrying amount end of year	**156**	**12**

Notes to consolidated financial statements

Impairment of goodwill

In the impairment test, the recoverable amount was compraed with the carrying amount. The recoverable amount is based on a calculation of the value in use using cash flow estimates based on the budget for 2021 and expectations for the next 4 years. The long-term growth rate in the terminal period has been set to 1,5% so that it equals. The expected long-term rate of inflation for 2019 and 2020 has shown no indication of impairment.

In the impairment test a discount rate of 8% was used for 2020 and 8% for 2019.
Likely changes in key assumptions is not expected to result in a impairment at 31 December.

Development projects

Development projects in progress comprise ongoing development of new lighting fixtures that have not yet been completed.

The cost of development projects comprises costs such as salaries, amortisation and indirect costs.

New lighting fixtures are developed for the domestic market as well as markets abroad. The development projects are regularty evaluated by management. In the evaluation the management evaluates the progress of the projects and the future market for the lighting fixtures.

2019	**Plant and machinery DKK'm**	**Other fixtures and fittings, tools and equipment DKK'm**	**Leasehold Impröments DKK'm**	**Prepayments for Property and equipment DKK'm**
10. Property, plant and equipment				
Cost beginning of the year	39	12	13	11
Additions	16	6	1	2
Disposals	-1	-4	0	-10
Cost end of year	**54**	**14**	**14**	**3**
Depreciation and impairment losses beginning of year	6	1	-3	0
Depreciation for the year	-13	-6	-3	0
Reversal regarding disposals	1	4	0	0
Amortisation and impairment losses end of year	**-6**	**-1**	**-6**	**0**
Carrying amount end of year	**48**	**13**	**8**	**3**

Notes to consolidated financial statements

2020	Plant and machinery DKK'm	Other fixtures and fittings, tools and equipment DKK'm	Leasehold Improm、ents DKK'm	Prepayments for Property and equipment DKK'm
10. Property, plant and equipment				
Cost beginning of the year	54	14	14	3
Additions	2	7	1	5
Disposals	0	-1	-2	-1
Cost end of year	**56**	**20**	**13**	**7**
Depreciation and impairment losses beginning of year	-6	-1	-6	0
Depreciation for the year	-12	-7	-3	0
Reversal regarding disposals	0	1	2	0
Amortisation and impairment losses end of year	**-18**	**-7**	**-7**	**0**
Carrying amount end of year	**38**	**13**	**6**	**7**

	2020 Deposits DKK'm	2019 Deposits DKK'm	01.01.19 Deposits DKK'm
11. Fixed asset investments			
Cost beginning of the year	5	5	5
Additions	1	0	0
Cost end of year	**6**	**5**	**5**

12. Prepayments

Prepayments comprise incurred insurance costs and other costs relating to subsequent financial years.

Notes to consolidated financial statements

	Consolidated statement of financial position			Consolidated statement of profit or loss		
	2020	2019	01.01.19	2020	2019	01.01.19
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
13. Deffered tax assets						
Fiscal losses carried forward	2	3	4	1	1	1
Amortisation of fixed assets	1	1	1	0	0	0
Provision for doubtful debts	2	2	2	0	0	0
Provision for other risks	1	2	3	1	1	1
Deferred tax expence/(benefit)				**2**	**2**	**2**
Deffered tax assets	**6**	**8**	**10**			

14. Trade Receivables

The group's credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

At December 31, 2020, trade receivables total DKK 57 million net of the bad debt provision which amounts to DKK 2 million.

The following table shows the breakdown by geographic areas of the amount of trade receivables, including the breakdown by geographic areas of the amount of the provision for write-down:

	2020	2019	01.01.19
	DKK'm	DKK'm	DKK'm
Denmark	25	24	24
EEC	19	13	34
Non-EEC	13	30	20
Total Trade Receivables	**57**	**67**	**78**

The changes in the provision for impairment of receivables are summarised below:

Provision for impairment of	2020	2019	01.01.19
	DKK'm	DKK'm	DKK'm
Balance as of January 1	**-1**	**-1**	**-1**
Usage of Provision	0	0	0
Allocation to Provision	-1	0	0
Exchange rate difference	0	0	0
Balance as of December 31	**-2**	**-1**	**-1**

Notes to consolidated financial statements

Trade receivables, amounting to DKK 59 million, are broken down by maturity, without taking into account the Provision for Impairment of Receivables of DKK 2 million an Bad debts in litigation:

2020	**Total as of December**	**Current**	**Overdue 0-30**	**Overdue 30-60**	**Overdue 60-90**	**Past due more than**
Denmark	25	19	4	1	0	1
EEC	21	14	4	1	1	1
Non-EEC	13	11	2	0	0	0
Total Trade Receivables	**59**	**44**	**10**	**2**	**1**	**2**

2019	**Total as of December**	**Current**	**Overdue 0-30**	**Overdue 30-60**	**Overdue 60-90**	**Past due more than**
Denmark	24	17	6	0	0	1
EEC	30	22	6	1	0	1
Non-EEC	13	9	3	1	0	0
Total Trade Receivables	**67**	**48**	**15**	**2**	**0**	**2**

01.01.19	**Total as of December**	**Current**	**Overdue 0-30**	**Overdue 30-60**	**Overdue 60-90**	**Past due more than**
Denmark	24	17	6	1	0	0
EEC	34	23	9	1	0	1
Non-EEC	20	18	2	0	0	0
Total Trade Receivables	**78**	**58**	**17**	**2**	**0**	**1**

Notes to consolidated financial statements

2019	Land and Buildings DKK'm	Plant and machinery DKK'm	Total right of Use Asset DKK'm
15. Right of Use			
Cost beginning of the year	89	8	97
Additions	3	3	6
Disposals	0	0	0
Cost end of year	**92**	**11**	**103**
Amortisation beginning of year	0	0	0
Depreciation for the year	-17	-4	-21
Reversal regarding disposals	0	0	0
Amortisation end of year	**-17**	**-4**	**-21**
Carrying amount end of year	**75**	**7**	**82**

2020	Land and Buildings DKK'm	Plant and machinery DKK'm	Total right of Use Asset DKK'm
15. Right of Use			
Cost beginning of the year	92	11	103
Additions	0	2	2
Disposals	0	0	0
Cost end of year	**92**	**13**	**105**
Amortisation beginning of year	-17	-4	-21
Depreciation for the year	-16	-3	-19
Reversal regarding disposals	0	0	0
Amortisation end of year	**-33**	**-7**	**-40**
Carrying amount end of year	**59**	**6**	**65**

16. Financial lease liability	**2020 DKK'm**	**2019 DKK'm**
Liability beginning of the year	84	97
Additions	3	7
Decreases	0	0
Interest	5	6
Payments	-25	-26
Liability end of year	**67**	**84**
Current financial lease liability	**18**	**19**
Non-current financial lease liability	**49**	**65**

Notes to consolidated financial statements

17. Financial lease liability

An explanation of the differences between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	2019 DKK'm
Operating lease commitments disclosed as at 31 December 2018 (Danish GAAP)	103
Less: Leases with low value and short term	0
Less: discounting effects using weighted average incremental borrowing rate	-6
Lease liabilities recognised as at 1 January 2019	**97**

18. Financial risk management

Market risk

The group’s products are primarily positioned in the high-end markets. The economic development in the professional and private consumer markets will affect the financial results.

Currency risk

Due to sales activities in foreign markets, cash flow and net positions are influenced by changes in exchange rates for a number of currencies. Louis Poulsen A/S has entered into forward exchange contracts for the following 12 months to secure sales and cost of goods sold in the following currencies JPY 826 million, NOK 35 million, SEK 55 million and CNY 16 million. All contracts are subscribed with the company’s bank. Currency risk between DKK and EUR is not covered due to the Danish Goverment's fixed currency rate policy.

It is group policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in the next twelve months based on the budget. Where the budgettet quarterly netposition is above DKK 3 million, 80% for the netposition is hedged.

The group does not use speculative hedging.

Notes to consolidated financial statements

18. Financial risk management

Interest rate risk

Louis Poulsen has no external interest-bearng debt and therefore no interest rate risk. Right of use liabilities are fixed and not influenced by interest rates.

Credit risk

The group’s credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company’s credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

Liquidity risk

Louis Poulsen has focus on liqidity. Liqidity is budgettet each year and weekly follow up on deviations. At year end the company has a DKK 147 million positive cash-flow position.

2019	**Less than 1 year DKK'm**	**Between 1 - 5 years DKK'm**	**After 5 years DKK'm**
Trade payables	95	0	0
Lease liabilities	19	38	27
Trade payables from group	0	0	0
Other payables	82	0	0
	196	38	27

2020	**Less than 1 year DKK'm**	**Between 1 - 5 years DKK'm**	**After 5 years DKK'm**
Trade payables	108	0	0
Lease liabilities	18	26	24
Trade payables from group	36	0	0
Other payables	103	0	0
	265	**26**	**24**

Thers is no difference between the nomial amonut and booked value.

Notes to consolidated financial statements

18. Financial risk management

Derivatives
Louis Poulsen uses foreign currency swaps to hedge its exposure against fluctuations in foreign currency prices.

	Assets	Liabilities	Hedge reserve
2019			
Foreign currency swap	**0**	**-1**	**-1**

	Assets	Liabilities	Hedge reserve
2020			
Foreign currency swap	**0**	**0**	**0**

The fair value at 31 December 2020 and 2019 was measured in accordance with level 2 in the fair value hierarchy (IFRS 13). Level 2 is based on non-quoted prices, observable either directly or indirectly.
Prices from third party specialists are used to quote the prices for unrealisedderivative financial instruments.

The value of the financial instruments recognised in other comprehensive income will be re-cycled from equity to profit & loss at the time the underlying cash flows from the hedging item is recognised in profit & loss i.e. within 12 months. All derivatives are also presented as short term on the balance sheet as maturity is within 12 months.

Notes to consolidated financial statements

	Consolidated statement of financial position			Consolidated statement of profit or loss		
	2020	2019	1.01.19	2020	2019	01.01.19
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
19. Defered tax liabilities						
Intangible assets	37	39	37	-2	2	1
Property, Plant and Equipment	0	1	2	-1	-1	1
Inventories	2	1	0	1	1	0
Deferred tax expence/(benefit)				**-2**	**2**	**2**
Deffered tax assets	**39**	**41**	**39**			

20. Other provision

Other provisions mainly consist of provisions regarding pension accrual to employer pension in Germany amounting to DKK 11 million. Pension plans in Germany relates to approx. 60 former employees' defined benefit pension plans ending in 1999. The plan is governed by the employment laws of Germany.The level of benefits provided depends on the member's and the employer's annual contributions and the annuity factor at retirement age.

The latest actuarial assessments of liabilities and assets have been made in 2020. The present value of the scheme's liabilities have been assessed using the Projected Unit Credit Method. The actuarial gain during the year amounts to DKK 0,5 million. Remaining pension plans are defined contribution pension plans, that are settle on a ongoing basis in accordance with local laws and regulations.

21. Other payables

Other debts include a negative fair value of forward exchange contracts of Dkk 0,3 million.

	2020	2019
	DKK'm	DKK'm
22. Change in working capital		
Increase/decrease in inventories	-7	0
Increase/decrease in receivables	10	11
Increase/decrease in trade payables etc	34	-11
Other changes	2	0
	39	**0**

	2020	2019
	DKK'm	DKK'm
23. Unrecognised rental and lease commitments		
Short term value	68	84
Low value lease	10	8
Liabilities under rental or lease agreements until maturity in total	**78**	**92**

	2020	2019
	DKK'm	DKK'm
24. Contingent liabilities		
Recourse and non-recourse guarantee commitments	3	2
Contingent liabilities in total	**3**	**2**

Notes to consolidated financial statements

Louis Poulsen A/S is in a Danish joint taxation arrangement in which Luminous Designs Investments ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.
The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The Company is guarantor in a joint Revolver Facility Agreement amounting up to EUR 100 million, together with the parent company International Design Groups Holding S.p.A and its other subsidiaries. The Company has irrevocably and unconditionally jointly given guarantees to the lenders, agents etc. of the Revolver Facility Agreement.

Louis Poulsen UK Limited (company no. 01895479) is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

25. Assets charged and collateral
None

26. Transactions with related parties	**2020 DKK'm**	**2019 DKK'm**
Administrative expenses	10	11
Other financial expenses	2	0
Trade payables from group enterprises	36	0

27. Group relations
Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Design Holding SpA, Via Manzoni 38 – 20121 Milan (MI), Italy
Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
International Design Group S.p.A, Via Manzoni 38 – 20121 Milan (MI), Italy

28. Subsidiaries	**Registered in**	**Corpo- rate form**	**Equity inte- rest %**
Louis Poulsen U.S.A Inc	Fort Lauderdale, USA	Inc.	100,0
Louis Poulsen Asia Pte. Ltd.	Singapore, Asia	Ltd.	100,0
Louis Poulsen Germany GmbH	Düsseldorf, Germany	GmbH	100,0
Louis Poulsen Sweden AB	Stockholm, Sweden	AB	100,0
Louis Poulsen Norway AS	Oslo, Norway	AS	100,0
Louis Poulsen Finland Oy	Helsinki, Finland	Oy	100,0
Louis Poulsen UK Limited	London Great Britain	Limited	100,0
Louis Poulsen Japan Ltd.	Tokyo, Japan	Ltd.	100,0
Louis Poulsen Switzerland AG	Zürich, Switzerland	AG	100,0
Louis Poulsen Holland B.V.	Amsterdam, Holland	B.V.	100,0
Louis Poulsen Lighting (Shanghai) LLC	Shanghai, China	LLC	100,0

Notes to consolidated financial statements

29. IFRS 1 note

These financial statements, for the year ended 31 December 2020, are the first Louis Poulsen A/S has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2019, Louis Poulsen A/S prepared its financial statements in accordance with the Danish Financial Statement Act.

Accordingly, Louis Poulsen A/S has prepared financial sattements that comply with IFRS applicable at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared at 1 January 2019, Louis Poulsen A/S's date of transition to IFRS.

The purpose of this note is to show and explain the principal adjustments made by Louis Poulsen in restating its local GAAP financial statements, including the statement of financial position at 1 January 2019 and the financial statements as 31 December 2019.

The below paragraphs explain each adjustment made to the numbers from Danish GAAP to IFRS. The letters make reference to the adjustment in the actual below tables.

A. IFRS 16 Leasing

Under Danish GAAP, a lease is classified as a finance or operational lease. Operational lease payments are recognised as an operating expense in the statement of profit and loss on a straight-lnie basis over the lease term.

After adoption of IFRS, Louis Poulsen is now recognising leases in accordance with IFRS 16.
IFRS 16 requires that right of use assets and lease liabilities be recognised in the financial position.
Lease liability is reocgnised by discounting the remaining lease payments as at 1 January 2019 using the incrementatal borrowing rate for each individual lease.
Right of use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. January 2019).

An explanation of the difference between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are shown in note 14.

B. Goodwill

Under Danish GAAP, goodwill has been amortised based on a straigh line principal over a specific period.
In accordance with IFRS, goodwill is not amortised but tested for impairment.
The value of goodwill as at 31 December 2018, has been applied as deemed cost and amortisation from that date is reserved.

Notes to consolidated financial statements

	Notes	ÅRL - 31.12.19 DKK'm	IFRS Adjustments	IFRS - 31.12.19 DKK'm
Assets				
Completed development projects		39	0	39
Acquired licences		12	0	12
Acquired trademarks		80	0	80
Acquired rights		18	0	18
Goodwill	B	184	-28	156
Development projcts in progress		17	0	17
Intangible assets		**350**	**-28**	**322**
Plant and machinery		48	0	48
Other fixtures and fittings, tools and equipment		13	0	13
Leasehold improvements		8	0	8
Right of use assets	A	0	82	82
Prepayments for property, plant and equipment		3	0	3
Property, Plant and equipment		**72**	**82**	**154**
Deposits		5	0	5
Deferred tax assets		8	0	8
Fixed asset investment		**13**	**0**	**13**
Non-current assets		**435**	**54**	**489**
Raw materials and consumables		38	0	38
Work in progress		15	0	15
Manufactured goods and goods for resale		35	0	35
Inventories		**88**	**0**	**88**
Trade receivables		67	0	67
Receivables from group enterprises		117	0	117
Other receivables		5	0	5
Prepayments		3	0	3
Receivables		**192**	**0**	**192**
Cash		**75**	**0**	**75**
Total current assets		**355**	**0**	**355**
Total assets		**790**	**54**	**844**

Notes to consolidated financial statements

	Notes	ÅRL - 31.12.19 DKK'm	IFRS Adjustments	IFRS - 31.12.19 DKK'm
Equity and Liabilities				
Share capital		10	0	10
Retained earnings		293	-30	263
Reserves		-1	0	-1
Dividend proposed for the year		250	0	250
Equity		**552**	**-30**	**522**
Deferred tax		41	0	41
Other provisions		20	0	20
Lease financial liabilities	A	0	65	65
Total non-current liabilities		**61**	**65**	**126**
Trade payables		95	0	95
Lease financial liabilities	A	0	19	19
Other payables		82	0	82
Total current liabilities		**177**	**19**	**196**
Total liabilities		**238**	**84**	**322**
Equity and Liabilities		**790**	**54**	**844**

Notes to consolidated financial statements

	Notes	ÅRL - 01.01.19 DKK'm	IFRS Adjustments	IFRS - 01.01.19 DKK'm
Assets				
Completed development projects		20	0	20
Acquired licences		14	0	14
Acquired trademarks		89	0	89
Acquired rights		21	0	21
Goodwill	B	197	-41	156
Development projcts in progress		23	0	23
Intangible assets		**364**	**-41**	**323**
Plant and machinery		45	0	45
Other fixtures and fittings, tools and equipment		13	0	13
Leasehold improvements		10	0	10
Right of use assets	A	0	97	97
Prepayments for property, plant and equipment		11	0	11
Property, Plant and equipment		**79**	**97**	**176**
Deposits		5	0	5
Deferred tax assets		10	0	10
Fixed asset investment		**15**	**0**	**15**
Non-current assets		**458**	**56**	**514**
Raw materials and consumables		36	0	36
Work in progress		13	0	13
Manufactured goods and goods for resale		39	0	39
Inventories		**88**	**0**	**88**
Trade receivables		78	0	78
Other receivables		3	0	3
Prepayments		8	0	8
Receivables		**89**	**0**	**89**
Cash		**91**	**0**	**91**
Total current assets		**268**	**0**	**268**
Total assets		**726**	**56**	**782**

Notes to consolidated financial statements

	Notes	ÅRL - 01.01.19 DKK'm	IFRS Adjustments	IFRS - 01.01.19 DKK'm
Equity and Liabilities				
Share capital		10	0	10
Retained earnings		463	-41	422
Reserves		-1	0	-1
Dividend proposed for the year		0	0	0
Equity		**472**	**-41**	**431**
Deferred tax		39	0	39
Other provisions		27	0	27
Lease financial liabilities	A	0	72	72
Total non-current liabilities		**66**	**72**	**138**
Trade payables		111	0	111
Lease financial liabilities	A	0	25	25
Other payables		77	0	77
Total current liabilities		**188**	**25**	**213**
Total liabilities		**254**	**97**	**351**
Equity and Liabilities		**726**	**56**	**782**

Notes to consolidated financial statements

	Notes	ÅRL - 2019 DKK'm	IFRS Adjustments	IFRS - 2019 DKK'm
Revenue		842	0	842
Production costs	A,B	-433	1	-432
Gross profit		**409**	**1**	**410**
Sales, distribution and marketing costs	A,B	-225	2	-223
Administrative expenses	A,B	-75	13	-62
Operating profit (EBIT)		**109**	**16**	**125**
Financial expenses	A	-5	-6	-11
Profit before tax		**104**	**10**	**114**
Tax on profit for the year		-27	0	-27
Profit for the year		**77**	**10**	**87**

Parent statement of profit and loss and other comprehensive income

	Notes	2020 DKK'm	2019 DKK'm
Revenue	1	685	598
Production costs	2,3	-401	-352
Gross profit/loss		**284**	**246**
Sales, distribution and marketing costs	2,3	-80	-86
Administrative expenses	2,3	-65	-57
Operating profit/loss		**139**	**103**
Income from investments in group enterprices		0	6
Other financial income	4	4	0
Other financial expenses	5	-7	-8
Profit/loss before tax		**136**	**101**
Tax on profit/loss for the year	6	-30	-21
Profit/loss for the year	7	**106**	**80**

Other comprehensive income

		2020 DKK'm	2019 DKK'm
Hedge reserve from effective hedges		1	0
Total comprehensive income for the year		**1**	**0**

Parent balance sheet at 31.12.2020

	Notes	2020 DKK'm	2019 DKK'm	As at 1st January 2019 DKK'm
Completed development projects		44	39	19
Acquired licences		16	12	13
Acquired trademarks		71	80	89
Acquired rights		16	18	21
Goodwill		156	156	156
Development projcts in progress		12	17	23
Intangible assets	8	**315**	**322**	**321**
Plant and machinery		38	48	44
Other fixtures and fittings, tools and equipment		9	8	7
Leasehold improvements		4	5	5
Right of use assets	10	41	51	63
Prepayments for property, plant and equipment		7	3	11
Property, Plant and equipment	9	**99**	**115**	**130**
Investments in group enterprises	12	107	107	107
Deposits	12	3	3	3
Deffered tax	14	2	2	2
Fixed asset investment		**112**	**112**	**112**
Non-current assets		**526**	**549**	**563**
Raw materials and consumables		40	34	33
Work in progress		21	15	13
Manufactured goods and goods for resale		11	11	8
Inventories		**72**	**60**	**54**
Trade receivables	15	25	24	24
Receivables from group enterprises		64	164	50
Other receivables		0	1	4
Prepayments	13	2	3	3
Receivables		**91**	**192**	**81**
Cash		**71**	**41**	**58**
Current assets		**234**	**293**	**193**
Assets		**760**	**842**	**756**

Parent balance sheet at 31.12.2020

	Notes	2020 DKK'm	2019 DKK'm	As at 1st January 2019 DKK'm
Contributed capital		10	10	10
Reserve for development expenditure		44	38	30
Retained earnings		165	217	394
Reserves		0	-1	-1
Dividend proposed for the year		150	250	0
Equity		**369**	**514**	**433**
Deferred tax	16	39	40	38
Other provisions		0	6	8
Provisions		**39**	**46**	**46**
Payables to group enterprises		166	90	65
Lease financial liabilities	11	31	41	52
Other payables		0	0	1
Non-current liabilities other than provisions		**197**	**131**	**118**
Trade payables		68	81	93
Lease financial liabilities	11	12	10	11
Income tax payable		8	17	18
Other payables	18	67	43	37
Current Liabilities other than provisions		**155**	**151**	**159**
Liabilities other than provisions		**352**	**282**	**277**
Equity and Liabilities		**760**	**842**	**756**

Financial risk management	17
Unrecognised rental and lease commitments	19
Contingent liabilities	20
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Parent statement of changes in equity for 2020

	Contributed capital DKK'm	Reserve for development expenditure DKK'm	Retained earnings DKK'm	Hedging reserve DKK'm	Proposed dividend DKK'm	Total DKK'm
2019						
Equity beginning of year	10	30	394	-1	0	433
Exchange rate adjustments	0	0	1	0	0	1
Other comprehensive income for the year, net of tax	0	0	0	0	0	0
Transfer to reserves	0	8	-8	0	0	0
Profit/loss for the year	0	0	-170	0	250	80
Equity end of year	**10**	**38**	**217**	**-1**	**250**	**514**
2020						
Equity beginning of year	10	38	217	-1	250	514
Exchange rate adjustments	0	0	-2	0	0	-2
Other comprehensive income for the year, net of tax	0	0	0	1	0	1
Transfer to reserves	0	6	-6	0	0	0
Paid dividend	0	0	0	0	-250	-250
Profit/loss for the year	0	0	-44	0	150	106
Equity end of year	**10**	**44**	**165**	**0**	**150**	**369**

Notes to parent financial statements

	2020 DKK'm	2019 DKK'm
1. Revenue		
Lighting fixtures, domestic	337	299
Lighting fixtures, abroad	348	299
	685	**598**

All the revenues are recognised at a point in time.

	2020 DKK'm	2019 DKK'm
2. Staff costs		
Wages and salaries	162	149
Pension costs	11	11
Other social security costs	0	1
Other staff costs	5	4
	178	**165**
Number of employees at balance sheet date	**332**	**309**
Average number of employees	**320**	**307**
Staff costs split by function:		
Production costs	117	107
Distribution, production and marketing costs	37	38
Administrationn costs	24	20
	178	**165**

	Remunera-tion of manage-ment 2020 DKK'm	Remunera-tion of manage-ment 2019 DKK'm
Execute Board	4	5
	4	**5**

Remuneration to three board members, incl. The Chairmen is paid by the ultimate parent, Deisgn Holding S.p.A.

Remuneration to two members of the Board of Directors is paid by Louis Poulsen A/S and amounts to mDKK 0,1 for 2020 and mDKK 0,1 for 2019.

Please see consolidated report for information on shared based payments

Notes to parent financial statements

	2020 DKK'm	2019 DKK'm
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible asstes	31	26
Depreciation on property, plant and equipment	28	27
Impairment losses on property, plant and equipment	2	2
	61	**55**
Split by function		
Production costs	40	34
Distribution, production and marketing costs	9	7
Administrationn costs	12	14
	61	**55**

	2020 DKK'm	2019 DKK'm
4. Other financial income		
Exchange rate adjustments	4	0
	4	**0**

	2020 DKK'm	2019 DKK'm
5. Other financial expenses		
Financial expenses from group enterprises	4	2
Lease liabilities	3	4
Other interest expenses	0	2
	7	**8**

Notes to parent financial statements

6. Tax on profit for the year

The details of taxes is as follows:

	2020 DKK'm	2019 DKK'm
Current tax	31	19
Change in deferred tax	-1	2
	30	**21**

The reconciliation between income taxes and the theoretical ones, resulting from the application of the current rate in Denmark to pre-tax profit for 2019 and 2020 is follow:

	2020		2019	
	%	DKK'm	%	DKK'm
Profit before tax		**136**		**101**
Corporate tax in Denmark, 22 %	22%	30	22%	22
Non-deductible expenses	0%	0	-1%	-1
Actual taxes recognised in Profit & Loss	22%	**30**	21%	**21**

	2020 DKK'm	2019 DKK'm
7. Proposed distribution of profit		
Proposed dividend for the financial year	150	250
Retaind earnings	-44	-170
	106	**80**

Notes to parent financial statements

2019	Completed development projects DKK'm	Acquired licences DKK'm	Acquired trademarks DKK'm	Acquired rights DKK'm
8. Intangible assets				
Cost beginning of the year	40	27	124	31
Additions	29	5	0	0
Disposals	-4	-5	0	0
Cost end of year	**65**	**27**	**124**	**31**
Amortisation and impairment losses beginning of year	-20	-13	-35	-10
Amortisation for the year	-8	-6	-9	-3
Reversal regarding disposals	2	4	0	0
Amortisation and impairment losses end of year	**-26**	**-15**	**-44**	**-13**
Carrying amount end of year	**39**	**12**	**80**	**18**

2019 continued	Goodwill DKK'm	Development projects in progress DKK'm
8. Intangible assets		
Cost beginning of the year	245	23
Additions	0	14
Disposals	0	-20
Cost end of year	**245**	**17**
Amortisation and impairment losses beginning of year	-89	0
Amortisation for the year	0	0
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	**-89**	**0**
Carrying amount end of year	**156**	**17**

Notes to parent financial statements

2020	Completed development projects DKK'm	Acquired licences DKK'm	Acquired trademarks DKK'm	Acquired rights DKK'm
8. Intangible assets				
Cost beginning of the year	65	27	124	31
Additions	20	12	0	0
Disposals	-2	-1	0	0
Cost end of year	**83**	**38**	**124**	**31**
Amortisation and impairment losses beginning of year	-26	-15	-44	-13
Amortisation for the year	-13	-7	-9	-2
Reversal regarding disposals	0	0	0	0
Amortisation and impairment losses end of year	**-39**	**-22**	**-53**	**-15**
Carrying amount end of year	**44**	**16**	**71**	**16**

2020 continued	Goodwill DKK'm	Development projects in progress DKK'm
8. Intangible assets		
Cost beginning of the year	245	17
Additions	0	10
Disposals	0	-15
Cost end of year	**245**	**12**
Amortisation and impairment losses beginning of year	-89	0
Amortisation for the year	0	0
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	**-89**	**0**
Carrying amount end of year	**156**	**12**

Notes to parent financial statements

Impairment of goodwill
In the impairment test, the recoverable amount was compraed with the carrying amount. The recoverable amount is based on a calculation of the value in use using cash flow estimates based on the budget for 2021 and expectations for the next 4 years. The long-term growth rate in the terminal period has been set so that it equals. The impairment test for 2019 and 2020 has shown no indication of the expected long-term rate of inflation.

In the impairment test a discount rate of 8% was used for 2020 and 8% for 2019.
Furthermore, the growth rate in the terminal period was 8,7% for 2020 and 8,4% for 2019.

Development projects
Development projects in progress comprise ongoing development of new lighting fixtures that have not yet been completed.

The cost of development projects comprises costs such as salaries, amortisation and indirect costs.

New lighting fixtures are developed for the domestic market as well as markets abroad. The development projects are regularty evaluated by management. In the evaluation the management evaluates the progress of the projects and the future market for the lighting fixtures.

2019	**Plant and machinery DKK'm**	**Other fixtures and fittings, tools and equipment DKK'm**	**Leasehold Impromlents DKK'm**	**Prepayments for Property and equipment DKK'm**
9. Property, Plant and equipment				
Cost beginning of the year	125	20	9	11
Additions	16	3	1	2
Disposals	-1	-2	0	-10
Cost end of year	**140**	**21**	**10**	**3**
Amortisation and impairment losses beginning of year	-81	-13	-4	0
Amortisation for the year	-12	-2	-1	0
Reversal regarding disposals	1	2	0	0
Amortisation and impairment losses end of year	**-92**	**-13**	**-5**	**0**
Carrying amount end of year	**48**	**8**	**5**	**3**

Notes to parent financial statements

2020	Plant and machinery DKK'm	Other fixtures and fittings, tools and equipment DKK'm	Leasehold Impròments DKK'm	Prepayments for Property and equipment DKK'm
9. Property, Plant and equipment				
Cost beginning of the year	140	21	10	3
Additions	2	3	1	5
Disposals	0	0	0	-1
Cost end of year	**142**	**24**	**11**	**7**
Amortisation and impairment losses beginning of year	-92	-13	-5	0
Amortisation for the year	-12	-2	-2	0
Reversal regarding disposals	0	0	0	0
Amortisation and impairment losses end of year	**-104**	**-15**	**-7**	**0**
Carrying amount end of year	**38**	**9**	**4**	**7**

2019	Land and Buildings DKK'm	Plant and machinery DKK'm	Total right of Use Asset DKK'm
10. Right of Use			
Cost beginning of the year	56	7	63
Additions	0	0	0
Disposals	0	0	0
Cost end of year	**56**	**7**	**63**
Amortisation beginning of year	0	0	0
Depreciation for the year	-9	-3	-12
Reversal regarding disposals	0	0	0
Amortisation end of year	**-9**	**-3**	**-12**
Carrying amount end of year	**47**	**4**	**51**

Notes to parent financial statements

2020	Land and Buildings DKK'm	Plant and machinery DKK'm	Total right of Use Asset DKK'm
10. Right of Use			
Cost beginning of the year	56	7	63
Additions	0	2	2
Disposals	0	0	0
Cost end of year	**56**	**9**	**65**
Amortisation beginning of year	-9	-3	-12
Depreciation for the year	-10	-2	-12
Reversal regarding disposals	0	0	0
Amortisation end of year	**-19**	**-5**	**-24**
Carrying amount end of year	**37**	**4**	**41**

11. Financial lease liability	2020 DKK'm	2019 DKK'm
Liability beginning of the year	51	63
Additions	2	0
Decreases	0	-1
Interest	3	3
Payments	-13	-14
Liability end of year	**43**	**51**
Current financial lease liability	**12**	**10**
Non-current financial lease liability	**31**	**41**

An explanation of the differences between the operating lease commitments previously disclosed in the Parent's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	DKK'm
Operating lease commitments disclosed as at 31 December 2018 (Danish GAAP)	81
Less: Leases with low value and short term	0
Less: discounting effects using weighted average incremental borrowing rate	-18
Lease liabilities recognised as at 1 January 2019	**63**

Notes to parent financial statements

	2020		2019		01.01.19	
	Investments in group enterprises DKK'm	Deposits DKK'm	Investments in group enterprises DKK'm	Deposits DKK'm	Investments in group enterprises DKK'm	Deposits DKK'm
12. Fixed assets investment						
Cost beginning of the year	107	3	107	3	107	3
Additions	0	0	0	0	0	0
Cost end of year	**107**	**3**	**107**	**3**	**107**	**3**
Accumulated revaluation beginning of the year	0	0	0	0	0	0
Exchange rate adjustment	0	0	0	0	0	0
Accumulated revaluation end of year	**0**	**0**	**0**	**0**	**0**	**0**
Carrying amount end of year	**107**	**3**	**107**	**3**	**107**	**3**

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

13. Prepayments

Prepayments comprise incurred insurance costs and other costs relating to subsequent financial years.

	Parent statement of financial position			Parent statement of profit or loss		
	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm
14. Deffered tax assets						
Fiscal losses carried forward	2	2	2	0	0	0
Deferred tax expence/(benefit)				**0**	**0**	**0**
Deffered tax assets	**2**	**2**	**2**			

15. Trade Receivables

The group's credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

At December 31, 2020, trade receivables total DKK 25 million net of the bad debt provision which amounts to DKK 1 million.

Notes to parent financial statements

15. Trade Receivables

The following table shows the breakdown by geographic areas of the amount of trade receivables, including the breakdown by geographic areas of the amount of the provision for write-down:

	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm
Domestic	22	16	19
Abroad	3	8	5
Total Trade Receivables	**25**	**24**	**24**

The changes in the provision for impairment of receivables are summarised below:

Provision for impairment of receivables	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm
Balance as of January 1, 2020	**0**	**0**	**0**
Usage of Provision	0	0	0
Allocation to Provision	-1	0	0
Exchange rate difference	0	0	0
Balance as of December 31, 2020	**-1**	**0**	**0**

Trade receivables, amounting to DKK 26 million, are broken down by maturity, without taking into account the Provision for Impairment of Receivables of DKK 1 million an Bad debts in litigation:

2020	Total as of December	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Past due more than
Domestic	23	18	4	1	0	0
Abroad	3	2	1	0	0	0
Total Trade Receivables	**26**	**20**	**5**	**1**	**0**	**0**

2019	Total as of December	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Past due more than
Domestic	16	11	5	0	0	0
Abroad	8	6	1	0	0	1
Total Trade Receivables	**24**	**17**	**6**	**0**	**0**	**1**

01.01.19	Total as of December	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Past due more than
Domestic	19	14	5	0	0	0
Abroad	5	4	1	0	0	0
Total Trade Receivables	**24**	**18**	**6**	**0**	**0**	**0**

Notes to parent financial statements

	Parant statement of financial position			Parant statement of profit or loss		
	2020	2019	01.01.19	2020	2019	01.01.19
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
16. Deffered tax liabilities						
Intangible assets	38	39	36	-1	1	3
Property, Plant and equipment	0	0	1	0	1	-1
Inventories	1	1	1	0	0	0
Deferred tax expence/(benefit)				**-1**	**2**	**2**
Deffered tax assets	**39**	**40**	**38**			

17. Financial risk management

Market risk
The group’s products are primarily positioned in the high-end markets. The economic development in the professional and private consumer markets will affect the financial results.

Currency risk
Due to sales activities in foreign markets, cash flow and net positions are influenced by changes in exchange rates for a number of currencies. Louis Poulsen A/S has entered into forward exchange contracts for the following 12 months to secure sales and cost of goods sold in the following currencies JPY 826 million, NOK 35 million, SEK 55 million and CNY 16 million. All contracts are subscribed with the company’s bank. Currency risk between DKK and EUR is not covered due to the Danish Goverment's fixed currency rate policy.

It is group policy to cover commercial exchange risks. Hedging is primarily used to cover open foreign exchange positions related to trading activities in the next twelve months based on the budget. Where the budgettet quarterly netposition is above DKK 3 million, 80% for the netposition is hedged.

The group does not use speculative hedging.

Notes to parent financial statements

17. Financial risk management

Interest rate risk
Louis Poulsen has no external interest-bearng debt and therefore no interest rate risk. Right of use liabilities are fixed and not influenced by interest rates.

Credit risk
The group's credit risks relate to trade receivables included in the balance sheet. The group has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

Liquidity risk
Louis Poulsen has focus on liqidity. Liqidity is budgettet each year and weekly follow up on deviations.
At year end the company has a DKK 147 million positive cash-flow position.

2019	Less than 1 year DKK'm	Between 1 - 5 years DKK'm	After 5 years DKK'm
Trade payables	95	0	0
Lease liabilities	19	38	27
Trade payables from group	0	0	0
Other payables	82	0	0
	196	38	27

2020	Less than 1 year DKK'm	Between 1 - 5 years DKK'm	After 5 years DKK'm
Trade payables	108	0	0
Lease liabilities	18	26	24
Trade payables from group	36	0	0
Other payables	103	0	0
	265	**26**	**24**

Notes to parent financial statements

17. Financial risk management

Derivatives

Louis Poulsen uses foreign currency swaps to hedge its exposure against fluctuations in foreign currency prices.

	Assets	Liabilities	Hedge reserve
2019			
Foreign currency swap	**0**	**-1**	**-1**

	Assets	Liabilities	Hedge reserve
2020			
Foreign currency swap	**0**	**0**	**0**

The fair value at 31 December 2020 and 2019 was measured in accordance with level 2 in the fair value hierarchy (IFRS 13). Level 2 is based on non-quoted prices, observable either directly or indirectly.
Prices from third party specialists are used to quote the prices for unrealisedderivative financial instruments.

The value of the financial instruments recognised in other comprehensive income will be re-cycled from equity to profit & loss at the time the underlying cash flows from the hedging item is recognised in profit & loss i.e. within 12 months. All derivatives are also presented as short term on the balance sheet as maturity is within 12 months.

Notes to parent financial statements

18. Other payables
Other debts include a negative fair value of forward exchange contracts of Dkk 0,3 million. Louis Poulsen hedges future exchange risks relating to sale and goods to subsidiaries. Louis Poulsen A/S has entered into forward exchange contracts for the following 12 months to secure sales and cost of goods sold in the following currencies JPY 826 million, NOK 35 million, SEK 55 million and CNY 16 million. All contracts are subscribed with the company's bank.

	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm
19. Unrecognised rental and lease commitments			
Liabilities under rental or lease agreements until maturity in tot	**67**	**74**	**81**

	2020 DKK'm	2019 DKK'm	01.01.19 DKK'm
20. Contingent liabilities			
Recourse and non-recourse guarantee commitments	3	1	1
Contingent liabilities in total	**3**	**1**	**1**

Louis Poulsen A/S is in a Danish joint taxation arrangement in which Luminous Designs Investments ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The Company is guarantor in a joint Revolver Facility Agreement amounting up to EUR 100 million, together with the parent company International Design Groups Holding S.p.A and its other subsidiaries. The Company has irrevocably and unconditionally jointly given guarantees to the lenders, agents etc. of the Revolver Facility Agreement.

Louis Poulsen UK Limited (company no. 01895479) is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

21. Assets charged and collateral
None

22. Related parties with controlling interest
Related parties with controlling interest:
- International Design Group S.p.A., Via Montenapoleone No29, Milan, Italy, parent
- Luminous Designs Investments, Kuglegårdsvej 19, Copenhagen K, parent

Notes to parent financial statements

23. Transactions with related parties	2020 DKK'm	2019 DKK'm
Revenue	248	219
Distribution costs	8	7
Administrative expenses	15	14
Other financial expenses	4	2
Receivables from group enterprises	64	164
Trade payables from group enterprises	166	90

24. IFRS 1 note

These financial statements, for the year ended 31 December 2020, are the first Louis Poulsen A/S has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2019, Louis Poulsen A/S prepared its financial statements in accordance with the Danish Financial Statement Act.

Accordingly, Louis Poulsen A/S has prepared financial sattements that comply with IFRS applicable at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared at 1 January 2019, Louis Poulsen A/S's date of transition to IFRS.

The purpose of this note is to show and explain the principal adjustments made by Louis Poulsen in restating its local GAAP financial statements, including the statement of financial position at 1 January 2019 and the financial statements as 31 December 2019.

The below paragraphs explain each adjustment made to the numbers from Danish GAAP to IFRS. The letters make reference to the adjustment in the actual below tables.

A. IFRS 16 Leasing

Under Danish GAAP, a lease is classified as a finance or operational lease. Operational lease payments are recognised as an operating expense in the statement of profit and loss on a straight-lnie basis over the lease term.

After adoption of IFRS, Louis Poulsen is now recognising leases in accordance with IFRS 16.
IFRS 16 requires that right of use assets and lease liabilities be recognised in the financial position.
Lease liability is reocgnised by discounting the remaining lease payments as at 1 January 2019 using the incrementatal borrowing rate for each individual lease.
Right of use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. January 2019).

Notes to parent financial statements

24. IFRS 1 note

A. IFRS 16 Leasing
An explanation of the difference between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are shown in note 14.

B. Goodwill
Under Danish GAAP, goodwill has been amortised based on a straigh line principal over a specific period.
In accordance with IFRS, goodwill is not amortised but tested for impairment.
The value of goodwill as at 31 December 2018, has been applied as deemed cost and amortisation from that date is reserved.

C. Investment in group enterprices
Under Danish GAAP investments in group enterprices was recognised based on equity value. After adoption of IFRS investments in Group Enterprises are now recognised at initial cost.

Notes to parent financial statements

		Local GAAP DKK'm	Remessure-ments DKK'm	IFRS for the year ended 31.12.2019 DKK'm
Revenue		598	0	598
Production costs	**A**	-354	2	-352
Gross profit/loss		**244**	**2**	**246**
Distribution costs		-86	0	-86
Administrative expenses	**A,B**	-51	-6	-57
Operating profit/loss		**107**	**-4**	**103**
Income from investments in group enterprices	**C**	-5	11	6
Other financial expenses	**A**	-4	-4	-8
Profit/loss before tax		**98**	**3**	**101**
Tax on profit/loss for the year		-21	0	-21
Profit/loss for the year		**77**	**3**	**80**

Notes to parent financial statements

		Local GAAP DKK'm	Remessure-ments DKK'm	IFRS as at 31. December 2019 DKK'm
Completed development projects		39	0	39
Acquired licences		12	0	12
Acquired trademarks	**C**	0	80	80
Acquired rights	**C**	0	18	18
Goodwill	**B**	74	82	156
Development projcts in progress		17	0	17
Intangible assets		**142**	**180**	**322**
Plant and machinery	**C**	32	16	48
Other fixtures and fittings, tools and equipment		8	0	8
Leasehold improvements		5	0	5
Right of Use assets	**A**	0	51	51
Prepayments for property, plant and equipment		3	0	3
Property, Plant and equipment		**48**	**67**	**115**
Investments in group enterprises	**C**	338	-231	107
Deposits		3	0	3
Deferred tax	**C**	0	2	2
Fixed asset investment		**341**	**-229**	**112**
Fixed assets		**531**	**18**	**549**
Raw materials and consumables		34	0	34
Work in progress		15	0	15
Manufactured goods and goods for resale	**C**	16	-5	11
Inventories		**65**	**-5**	**60**
Trade receivables		24	0	24
Receivables from group enterprises		164	0	164
Other receivables		1	0	1
Prepayments		3	0	3
Receivables		**192**	**0**	**192**
Cash		**41**	**0**	**41**
Current assets		**298**	**-5**	**293**
Assets		**829**	**13**	**842**

Notes to parent financial statements

		Local GAAP DKK'm	Remessure-ments DKK'm	IFRS as at 1. January 2019 DKK'm
Completed development projects		19	0	19
Acquired licences		13	0	13
Acquired trademarks	C	0	89	89
Acquired rights	C	0	21	21
Goodwill	B	79	77	156
Development projcts in progress		23	0	23
Intangible assets		**134**	**187**	**321**
Plant and machinery	C	27	17	44
Other fixtures and fittings, tools and equipment		7	0	7
Leasehold improvements		5	0	5
Right of Use assets	A	0	63	63
Prepayments for property, plant and equipment		11	0	11
Property, Plant and equipment		**50**	**80**	**130**
Investments in group enterprises	C	347	-240	107
Deposits		3	0	3
Deferred tax	C	0	2	2
Fixed asset investment		**350**	**-238**	**112**
Fixed assets		**534**	**29**	**563**
Raw materials and consumables		33	0	33
Work in progress		13	0	13
Manufactured goods and goods for resale	C	13	-5	8
Inventories		**59**	**-5**	**54**
Trade receivables		24	0	24
Receivables from group enterprises		50	0	50
Other receivables		4	0	4
Prepayments		3	0	3
Receivables		**81**	**0**	**81**
Cash		**58**	**0**	**58**
Current assets		**198**	**-5**	**193**
Assets		**732**	**24**	**756**

Notes to parent financial statements

		Local GAAP DKK'm	Remessure-ments DKK'm	IFRS as at 31 December 2019 DKK'm
Contributed capital		10	0	10
Reserve for development expenditure		38	0	38
Retained earnings	A,B	254	-38	216
Dividend proposed for the year		250	0	250
Equity		**552**	**-38**	**514**
Deferred tax		40	0	40
Other provisions		6	0	6
Provisions		**46**	**0**	**46**
Payables to group enterprices		90	0	90
Lease financial liabilities	A	0	41	41
Non-Current Liabilities other than provisions		**90**	**41**	**131**
Trade payables		81	0	81
Lease financial liabilities	A	0	10	10
Income tax payable		17	0	17
Other payables		43	0	43
Current Liabilities other than provisions		**141**	**10**	**151**
Liabilities other than provisions		**231**	**51**	**282**
Equity and Liabilities		**829**	**13**	**842**

Notes to parent financial statements

		Local GAAP DKK'm	Remessure-ments DKK'm	IFRS as at 1. January 2019 DKK'm
Contributed capital		10	0	10
Reserve for development expenditure		30	0	30
Retained earnings	A,B	432	-39	393
Equity		**472**	**-39**	**433**
Deferred tax		38	0	38
Other provisions		8	0	8
Provisions		**46**	**0**	**46**
Payables to group enterprices		65	0	65
Lease financial liabilities	A	0	52	52
Other payables		1	0	1
Non-Current Liabilities other than provisions		**66**	**52**	**118**
Trade payables		93	0	93
Lease financial liabilities	A	0	11	11
Income tax payable		18	0	18
Other payables		37	0	37
Current Liabilities other than provisions		**148**	**11**	**159**
Liabilities other than provisions		**214**	**63**	**277**
Equity and Liabilities		**732**	**24**	**756**

Accounting policies

Reporting class

This Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU as well as additional Danish disclosure requirements applying to large reporting class C entities. Further they are prepared in accordance with FIRS as issued by the International Accounting Standards Board ("IASB").

For periods up to and including the year ended 31 December 2019, the Company prepared its financial statements in accordance with the Danish Financial Statement Act. These financial statements for the year ended 31 December 2020 are the first the Company has prepared in accordance with IFRS. Refer to note 29 for information on how the Company adopted IFRS and the effects from the change from the Danish Financial Statement Act to IFRS.

The Company's financial statement have been prepared based on the historical cost convention, except as disclosed in the accounting policies below from 1 January 2020.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are further described on page 71 of this document for both the consolidated and parent company.

The financial statements are presented in Danish kroner and all values are rounded to the nearest million (DKK'm), except when otherwise indicated.

New accounting policies and disclosures

The Company has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2020 as part of the conversion to IFRS. See note 29 to the consolidated financial statements and note 24 to the parent company financial statements for more on the impact from Danish GAAP to IFRS.

Recognition and measurement

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

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

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

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

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts

Accounting policies

attributable to this financial year.

Functional and presentation currency

The consolidated financial statements are presented in Danish kroner, DKK, which is also the functional currency of the Parent Company. Each subsidiary determines its own functional currency, and items recognised in the financial statements of each entity are measured using that functional currency.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries). Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, until the date that such control ceases.

Basis of consolidation

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

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

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

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from

Accounting policies

the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Accounting policies

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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

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

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

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

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement at the point of time, when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs
Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment

Accounting policies

attached to the distribution process.

Administrative expenses
Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

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

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its ultimate owner and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill

Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised value of the identifiable assets and liabilities acquired. Goodwill comprises future growth expectations, buyer-specific synergies, the workforce in place and know-how. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, and impairment losses charged in previous years cannot be reversed.

Accounting policies

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Leases

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.
On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease commitment:

- Fixed payments.
- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate.
- Payments overdue subject to a residual value guarantee.
- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Group will exercise.

Accounting policies

- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.
On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.
Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.
The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.
Leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Cars	1-4 years
Office supply	3 years
Properties over lease term	1-15 years

The Group presents the leased asset and the lease commitment separately in the balance sheet.
The Group has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5-14 years

Accounting policies

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises in the parent financial statement
Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

Inventory obsolescence

In general the majority of the products are evergreens. Finish goods are very rarely sold at prices lower than production prices. Risk on inventories more relates to raw materials or semi fished goods were either quantities are too high compared to consumptions or goods are related to discontinued products.

Procedures and policies are in place to identify and write down on goods, where costs exceeds net realisable value.

Accounting policies

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

Cash
Cash comprises cash in hand and bank deposits.

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

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

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

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

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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

Significant accounting judgements, estimates and assumptions

Leases – Estimating the incremental borrowing rate and lease term

The Company cannot readily determine the implicit borrowing rate, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

Impairment of goodwill

In accordance with IAS 36, Goodwill is not subject to amortisation and it is instead tested for impairment at least once a year.

For impairment test purposes Louis Poulsen is considered as one single Cash Generating Unit.

The recoverable amount has been determined based on the calculation of value in use. In which the projections of the cash flows were those assumptions made in the initial business plan.

The calculation of the value in use in particular senitive to the following assumptions:

- Revenue trends
- Marginality
- disclount rate
- growth rates

Please refer to note 8 of the consolidated financial statements.