

EGMONT FONDEN

Annual Report 2020

CVR No. 11456111

Egmont Fonden
Vognmagergade 11
1148 Copenhagen K
Denmark
Telephone: +45 3330 5550
www.egmont.com
egmont@egmont.com
Registered office: Copenhagen

Contents

Management's Review	4
Consolidated Financial Highlights.....	4
The Group.....	6
TV 2, Norway.....	7
Nordisk Film.....	9
Story House Egmont.....	11
Egmont Books.....	13
The Charitable Activities.....	14
Result in Egmont Fonden.....	16
Corporate Social Responsibility.....	17
Outlook for 2021.....	18
Foundation and Corporate Governance.....	19
Distribution Policy.....	19
Organisation.....	19
Board of Trustees and Management Board of Egmont Fonden.....	19
 Consolidated Financial Statements	
Income Statement of the Group.....	22
Statement of Comprehensive Income of the Group.....	23
Statement of Financial Position of the Group.....	24
Cash Flow Statement of the Group.....	26
Statement of Changes in Equity of the Group.....	27
List of Notes to the Consolidated Financial Statements.....	28
Notes to the Consolidated Financial Statements.....	29
 Statements	
Statement by the Board of Trustees and Management Board.....	74
Independent Auditor's Report.....	75
 Financial Statements of Egmont Fonden	
Income Statement of Egmont Fonden.....	78
Statement of Financial Position of Egmont Fonden.....	79
Statement of Changes in Equity of Egmont Fonden.....	80
Notes of Egmont Fonden.....	81

Management's Review

CONSOLIDATED FINANCIAL HIGHLIGHTS	2020	2019	2018 ^(*)	2017 ^(*)	2016 ^(*)
Key figures (EUR million)					
Revenue	1,542.0	1,681.7	1,602.8	1,515.0	1,559.9
Profit before net financials, depreciation, amortisation and impairment losses (EBITDA)	224.6	249.6	190.3	159.1	170.2
Operating profit	97.8	125.3	85.0	78.7	73.7
Profit/(loss) from investments in associates	3.4	(32.2)	2.2	2.6	(4.5)
Operating profit after result from associates	101.2	93.1	87.2	81.3	69.2
Financial income and expenses, net	(16.4)	(12.8)	(5.8)	(3.1)	1.0
Profit before tax (EBT)	84.8	80.3	81.4	78.2	70.2
Profit for the year	74.4	55.2	50.8	60.7	62.1
Total assets	1,948.6	1,885.7	1,711.4	1,693.0	1,621.0
Investments in intangible assets	60.5	76.5	58.2	72.5	52.6
Investments in property, plant and equipment	18.8	26.0	20.4	39.2	27.1
"Net interest-bearing debt/ (net interest-bearing deposits)"	121.1	169.6	69.1	(40.3)	(46.8)
Equity	885.8	885.9	869.3	829.6	833.3
Cash generated from operations **	223.2	255.2	133.1	203.2	103.3
Financial ratios (%)					
Operating margin	6.3	7.5	5.3	5.2	4.7
Equity ratio	44.8	46.8	50.5	48.7	51.2
Return on equity	7.8	6.3	6.1	7.3	7.8
Average number of full-time employees	4,310	4,264	3,959	3,787	3,866

* Comparative figures for 2016-2018 are not restated in connection with the implementation of IFRS 16 on 1 January 2019

** Calculated before net financials and tax

Financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's "Recommendations & Ratios".

We bring stories to life – is the essence of Egmont. We are innovators in media, entertainment and online retail with a Nordic touch providing our users with insight, inspirations and choice. We are committed to significant stories and journalism. And we believe in unleashing creativity and entrepreneurship by applying technology in creating strong products and user experiences.

Our companies are build on content, curation, communities and commerce within TV, streaming, films, cinemas, gaming, magazines, books, education, E-commerce and agencies.

More than 4,000 employees contribute through our four divisions TV2, Nordisk Film, Story House Egmont and Books. We publish media in about 30 countries, but focus is the Nordics where more than 90% of our revenue is generated.

Egmont is a commercially operating foundation. We reinvest all our profits in building great media positions and support vulnerable children and young people through social programmes. In 2020, Egmont Fonden celebrated its 100 years anniversary. EUR 11.9 million was donated in Denmark and Norway combined.

Egmont delivered a solid result in 2020 and continued the digital growth within TV-streaming, games and E-commerce. We were succesful in content with strong filmtitles, TV-programmes, books, magazines and games while cinemas were hit hard by Covid-19 and forced close downs of the business.

TV 2 had a good performance and maintained a stable commercial market share. The streaming customer base increased throughout 2020 and TV 2 Nyhetskanalen saw

an impressive growth in viewers. For the first time TV 2 Play (formerly TV 2 Sumo) exceeded 500,000 paid subscribers during the fall of 2020 and there was an overall marked increase in viewing.

Nordisk Film delivered a good result under challenging conditions. The result is based on strong performance in many of Nordisk Films business areas with local films dominating the box office, Sony's PlayStation 5 release, and the portfolio of computer game studios experiencing an increase in consumer demand for online computer games. On the other hand, revenue and profit was especially negative affected from the Cinema business as Covid-19 pandemic caused closures, operating restrictions and a limited international film slate.

Story House Egmont (formerly Egmont Publishing) delivered strong results in 2020. High growth in revenue and profit was driven by a great year across the line for our E-commerce businesses helped by the Covid-19 pandemic creating a huge consumer demand for online shopping. The media business showed solid performance in 2020 in an increasingly challenging market with key markets like Sweden and Norway realizing strong results. The magazine and digital media subscription business showed a smaller decline than expected, while the advertising business was somewhat affected by the Covid-19 pandemic. In general, the performance of the marketing agencies portfolio companies was strong and better than expected.

In Egmont Books, Lindhardt og Ringhof had a strong year with significant growth in revenue and all-time high earnings. Investments in digitalization continued in the rapidly growing activities of SAGA. Today SAGA is a leading digital publisher

in the Nordics, Germany, Poland and Spain with almost 20,000 yearly publications in more than 30 languages worldwide. By the end of 2020, SAGA had also established new editorial teams for the French, Italian, Dutch and English markets at the Copenhagen office. Our joint venture Cappelen Damm also had a strong 2020 with high growth in the educational business where growth especially was driven by development and sale of digital products.

THE GROUP

Revenue

Egmont's total revenue for 2020 amounted to EUR 1,542.0 million, a decrease of 4.7% against 2019 adjusted for currency, which was largely driven by the impact from Covid-19 on cinemas, and film content, and from the divestment of certain book businesses in Story House Egmont. Egmont's growth businesses had strong growth in revenue, especially E-commerce.

Earnings

Profit before net financials, depreciation and amortisation (EBITDA) amounted to EUR 224.6 million. The EBITDA margin came to 14.6% against 14.8% in 2019.

The pre-tax profit (EBT) in 2020 amounted to EUR 84.8 million compared to EUR 80.3 million the year before. All divisions except Nordisk Film, that were hit by Covid-19 in the Cinema business, performed better than last year.

Tax on profit for the year amounted to an expense of EUR 10.4 million, corresponding to an effective tax rate of 12.3% compared to 31.2% the year before. The effective tax rate in 2020 was affected by utilisation of tax losses carried forward and not previously recognised in the balance sheet, as well as adjustments for prior year. Adjusted for this the effective tax rate was in the level of 19%.

The net profit for the year was EUR 74.4 million in 2020 against EUR 55.2 million the year before and better than expected considering the Covid-19 situation.

Balance sheet

Total assets amount to EUR 1,948.6 million which is at the same level as in 2019.

The Group's net interest-bearing debt amounted to EUR 121.1 million compared to EUR 169.6 million in 2019.

Egmont's equity at end-2020 amounted to EUR 885.8 million, which is at the same level as in 2019. The equity was affected by positive earnings and reduced by value adjustments of hedging instruments, foreign exchange adjustments on translation of foreign entities (lower Norwegian exchange rate) and donations.

Return on equity was 7.8% compared to 6.3% the year before.

The equity ratio at end-2020 came to 44.8% compared to 46.8% the year before.

Cash flow

Cash generated from operations amounted to EUR 223.2 million against EUR 255.2 million in 2019. Cash flows from change in working capital was negatively affected by prepayments of sports broadcasting rights. Cash flows from investing activities amounted to an expense of EUR 115.4 million, primarily regarding acquisition of film rights, and further investments in subsidiaries, associates and other investments.

TV 2, Norway

Revenue in 2020: EUR 464 million (2019: EUR 509 million)

Operating profit after result from associates in 2020: EUR 45 million (2019: EUR 43 million)

Employees in 2020: 979 (2019: 923)

TV 2 is Norway's leading commercial public service broadcaster with headquarters in Bergen and operating eight TV channels, TV 2 Play – the largest Norwegian paid streaming service in terms of revenue, and the news site tv2.no, which ranks among the top-three commercial websites in Norway.

Most of 2020 was affected by Covid-19. The pandemic struck Norway in early Spring and immediately led to massive changes in TV 2's operations and day-to-day activities. In this way, the uncertain market conditions following the pandemic also had an impact on the revenue of 2020. Especially, the advertising market was affected in the wake of the initial lockdown of the Norwegian society in March but partly bounced back throughout Summer and Fall. Operating profit after result from associates for 2020 was EUR 45 million against EUR 43 million in 2019. TV 2's market share in the commercial market was stable while the total market share decreased slightly especially due to major sporting events being postponed and negotiations with Telia-owned telco Get leading to TV 2's channels being removed from Get for the entire month of June. The streaming customer base increased throughout 2020 and TV 2 Nyhetskanalen saw an impressive growth in viewers.

TV 2 CHANNELS

In the commercial market (20-49-year-old target group), TV 2's share for all TV 2 channels was 48.7%, on-par with 2019. The total market share was 29.2% in the 20-49-year-old target group (down 1.1%).

TV 2's main channel demonstrated high ratings on flagship concepts like *Farmen* and *Skal vi danse*. New concepts, such as *Kompani Lauritzen* and *Heksejakt*, were also well received in the market, delivering impressive results on both TV 2 Play and on linear channels.

TV 2 Nyhetskanalen, Norway's only 24-hours TV-news channel, had a remarkable increase in viewers throughout 2020. An increase of 3.0% in the commercial market (20-49-year-old target group) leaves the channel with a total share of 7.1%. In some months, TV 2 Nyhetskanalen has been the third largest commercial channel in the market. The channel is first choice for breaking news TV viewers and has gained new viewers on important events during Covid-19.

TV 2 Sport 1 maintained a market share of 0.7% in the 20-49-year-old target group. TV 2's other genre channels maintained their position, and the total market share of the genre channels was a stable 9.9% in 2020 in the 20-49-year-old target group.

TV 2 PLAY

TV 2 has further developed the offering and technical capabilities of TV 2 Play and reached some important milestones in 2020. TV 2 Play exceeded 500,000 paying subscribers and there was an increase in viewing on the service. Through strengthened AI capability and enhanced user segmentation, TV 2 Play now allows for increased personalisation of content, providing an improved,

customised user experience. Combined with an increased focus on content quality, TV 2 Play has succeeded in increasing customer retention rates throughout the year.

PREMIUM CHANNELS

TV 2's Premier League channels continued delivering strong ratings in 2020. TV 2 Sport Premium 1 was able to uphold a stable total market share of 1.3%.

RIGHTS ACQUISITIONS

TV 2 continued to strengthen its range of international sports rights in 2020. Attractive live sports are key drivers for viewing and revenues, and the collective sports rights provide a strategic opportunity to strengthen TV 2's position in the TV market and cater a continued demand for attractive live sports content. Despite losing the Premier League rights from 2023, TV 2 has expanded the portfolio within football as well as other sports.

In 2020, TV 2 acquired the rights to show Norwegian football in a six-year deal from 2023. The rights to Norwegian football complement the acquisition of the rights to the national leagues within basketball, volleyball, ice hockey and handball. TV 2 has also secured a broad portfolio of football

rights, such as UEFA Champions League, UEFA Nations League, UEFA Euro Qualifiers, FIFA World Cup Qualifiers and La Liga. Furthermore, TV 2 strengthened the collaboration with NRK, securing the rights to FIFA World Cup in 2026, UEFA Euro 2024 and UEFA Nations League 2028 and biathlon. TV 2 has also obtained the rights to Tour de France until 2025.

VIMOND MEDIA SOLUTIONS

Vimond Media Solutions continued its growth in 2020, adding new clients and increasing annual license revenues by 18.3%. With its SaaS based solutions, Vimond was able to develop and service existing clients and to onboard new ones throughout the year. Increased focus on digital sales and marketing channels and increasing demand for online video technologies, provided a pipeline of prospects expected to develop into further growth in 2021.

Nordisk Film

Revenue in 2020: EUR 366 million (2019: EUR 541 million)

Operating profit after result from associates in 2020: EUR 15 million (2019: EUR 34 million)

Employees in 2020: 1,320 (2019: 1,413)

Nordisk Film is a leading Nordic entertainment company that enriches its customers with storytelling through award-winning blockbuster films, TV series and immersive computer game experiences. Nordisk Film produces, distributes and markets local and international films and series and operates a major cinema chain in Denmark, Norway and Sweden. Computer games is a growth area for Nordisk Film that is the owner or co-owner of a range of game development studios and also the long-term distributor of PlayStation in the Nordic and Baltic countries.

Revenue in 2020 was EUR 366 million with operating profit after result from associates of EUR 15 million. The extraordinary decline in revenue and earnings compared to 2019 can mainly be attributed to the cinema business being affected by Covid-19 that caused closures, operating restrictions and a limited international film slate. Nordisk Film's other business areas showed a solid performance with local films dominating the box office, Sony's PlayStation 5 being released to the market ultimo 2020, and the computer game studios experiencing an increase in consumer demand for online computer games.

FILM & TV

Through its own and associated production companies and through collaborations with some of the best creative forces in the Nordics and on the international film market, Nordisk Film in 2020 provided its customers with high quality film and TV content across cinemas, digital platforms, streaming services and broadcasters.

Nordisk Film was co-investor and distributor of several Nordic film successes and secured a record market share of 28% in the total Nordic theatrical market, despite very difficult market conditions attributed to Covid-19. The

top-three grossing Danish films were all released by Nordisk Film, and included *Klovn: The Final* (437,000 tickets sold), Thomas Vinterberg's *Another Round* (802,000 tickets sold) and Anders Thomas Jensen's *Riders of Justice* (457,000 tickets sold). The two latter were produced by Nordisk Film's associated company Zentropa with *Another Round* being shortlisted for the Academy Awards. In Norway, Nordisk Film released Fante Film's WW2 drama *Betrayed*. In Finland, Nordisk Film was behind titles such as *The Renovation* (156,000 tickets sold) and the celebrated biopic *Tove* (150,000 tickets sold). Sam Mendes' WW1 epic *1917* from Amblin Partners was the year's biggest international title for Nordisk Film (725,000 tickets sold across the Nordics) and very successful on home entertainment.

The fully owned production company, Nordisk Film Production, had a high level of activity and success. Danish debutant director Malou Reymann's film *A Perfectly Normal Family* was well received; Amanda Kernell's *Charter* was featured at both Sundance Film Festival and Gothenburg Film Festival; *My Father Marianne* starring Rolf Lassgård was the highest grossing Swedish film in 2020; *Another Happy Christmas* was an instant hit in Norway; and the award-winning documentary series *Scandinavian Star* won prizes and drew huge attention.

CINEMAS

Nordisk Film operates a total of 46 cinema multiplexes in the Nordics (23 in Denmark, 21 in Norway and 2 in Sweden) and is continuously improving the cinema experience. The number of cinema tickets sold in 2020 was reduced significantly due to Covid-19 that led to closed cinemas in Q2 and cinemas operating under strict safety regulations and new lockdowns in Q3 and Q4. As a result of government restrictions and a postponed/changed film slate, the number

of admissions was more than halved in the Nordic territory compared to 2019. Government grants in Norway, Denmark and Sweden and local cost savings helped to reduce the financial impact.

Nordisk Film opened one new full recliner multiplex in Malmö, Sweden, in 2020 and continued to refurbish from classic seats to recliners seats and now operates nine full recliner cinemas across Denmark, Norway and Sweden.

COMPUTER GAMES

Computer games is an important growth area with high consumer interest, and Nordisk Film now has a portfolio of eight successful European game studios, developing global IPs and rich gaming experiences for millions of consumers worldwide. The companies have shown solid growth in both revenue and profits in 2020.

Fully owned Avalanche Studios Group launched the game *Second Extinction* in “early access” receiving good user scores, while *theHunter: Call of the Wild* kept strengthening its position as the world’s largest hunting simulator. *Star Stable* reinforced its position as the world’s leading online adventure horse game with an impressive growth rate from the previous year. The indie publisher Raw Fury launched a range of new games and engaged in several large partnerships, and Flashbulb Games saw solid growth with *Trailmakers*.

Nordisk Film continues to grow this business area both organically and through acquisitions, and during 2020 invested in Finnish game studio Nitro Games and Spanish game studio Mercury Steam, acquiring a 40% ownership

share in both companies. Nordisk Film also made follow up investments in Star Stable Entertainment, now holding a 44% ownership share.

Nordisk Film Interactive is bringing Sony’s PlayStation and Activision Blizzard products to the market in the Nordic and Baltic countries. In 2020, Sony released great and critically acclaimed content from PlayStation Studios, including *The Last of Us 2* and *Ghost of Tsushima*. From Activision Blizzard came *Call of Duty: Black Ops Cold War*. On November 19, the long-awaited PlayStation 5 console was launched in the Nordics. Both reviews and demand for the console were strong – with the revolutionary DualSense controller and games like *Spiderman: Miles Morales* ensuring a true next generation experience.

GIFTING

GoGift is a leading Nordic gifting company with an increasingly global reach. The company delivered double-digit growth in 2020 and continued its development of new innovative and globally scalable gifting concepts. A cooperation with MobilePay, peer-to-peer payments market leader in Denmark and Finland, was launched allowing users to easily send personalized gifts to one another through the MobilePay app with the marketplace managed by GoGift.

Story House Egmont

Revenue in 2020: EUR 645 million (2019: EUR 575 million)

Operating profit after result from associates in 2020: EUR 47 million (2019: EUR 27 million)

Employees in 2020: 1,605 (2019: 1,564)

Story House Egmont has market-leading media positions within magazines and has built strong portfolios of Nordic E-commerce companies and digital agencies. Throughout its three business areas, Story House Egmont provides inspiration, navigation, curation and insights to its many customers around interest areas and passions.

Story House Egmont was named Egmont Publishing until 2021. The division's name was changed to Story House Egmont to reflect the significant business development it has gone through in recent years.

Revenue in 2020 reached EUR 645 million, reflecting a continued high growth from EUR 575 million in 2019. This can especially be attributed to the E-commerce portfolio that realized substantial increase in revenue while media saw a small decline.

Operating profit after result from associates was EUR 47 million, a very substantial increase of EUR 20 million from 2019 driven by E-commerce and agencies, and with media also performing well.

MEDIA

Story House Egmont publishes magazines and weeklies contributing to a diverse and quality-based media landscape in the Nordics, across Europe and in several international markets. Story House Egmont also has a range of digital media, digital services and lifestyle sites.

With strong growth in companies within E-commerce and agencies and with an extensive media business focused on magazines, the strategic decision was to sell the children's book companies in the UK and Poland in addition to part of the book business in Germany to Harper Collins. While being profitable businesses with strong titles, these publishing units needed to grow considerable to become market-leading. The sale gave Story House Egmont a one-time gain.

In general, the media business showed solid performance in 2020 in a challenging market. Key markets like Sweden and Norway realized strong results. Performance reflects impairments on trademarks. The magazine subscription business showed a smaller decline than expected, while the advertising business was affected negatively by Covid-19.

Story House Egmont is present in the influencer market with the company People that strives to be the absolute leading influencer agency in Norway.

The Chinese joint venture Children's Fun Publishing delivered strong performance in 2020. The joint ventures in Finland with Sanoma showed solid performance.

E-COMMERCE

Story House Egmont has a portfolio of leading Nordic E-commerce companies focused on niche areas in lifestyle segments. All companies are category expert businesses, that create strong communities by helping audiences live out

their hobbies and passions, and by building own brands and telling stories. 2020 proved to be a great year in E-commerce with Covid-19 creating a huge consumer demand for online shopping. Total portfolio revenue increased considerably to EUR 546 million in 2020 (up from EUR 363 million in 2019).

Fjellsport, Outnorth, Bagaren och Kocken (including KitchenOne), Med24, Nicehair, Garnius and Jollyroom are all high-growth companies specializing in distinct categories, such as "outdoor", "parenting", "hobby", "health & beauty", "home and interior" and "kitchen". During 2020, they demonstrated substantial growth. Some companies saw up to 80% growth, while the average growth was about 50%. Profitability increased, and in some segments the earnings were above the long-term expected level of 5-8%.

In 2020, Story House Egmont invested in Skittfiske, the leading fishing site in Norway, and increased its ownership in Jollyroom to 49% and Garnius to 51%. Just before New Year's Eve, Story House Egmont signed an agreement to acquire Royal Design Group AB (closing 3 February 2021), which holds a market-leading position within home and interior products in the Nordics and selected European markets. Story House Egmont acquired all shares and assumed full ownership of the company when the deal was closed, making the acquisition the by far largest in the division's history.

AGENCIES

Story House Egmont has the ambition of obtaining a leading Nordic market-position within performance marketing through targeted M&A activities and organic growth. Story House Egmont has majority and minority ownership shares

in a range of successful Nordic agencies specialized in connecting brands and consumers in an increasingly digital world, helping other companies tell their stories and build their brands.

At the beginning of 2020, the portfolio consisted of seven agencies: Sempro, KAN, Belong, s360, Klintberg Nilèhn, Ingager and Markedspartner. Some of the agencies are clearly focused on performance marketing, while others have a more creative and content-based profile on top of tech and data.

In general, the performance of the companies was rather strong. Except from Belong, all agencies delivered profits close to or in line with previous years, and s360 and Ingager even delivered all-time high results.

A share in the Norwegian agency Cloud Media was acquired in 2020 in addition to an add-on acquisition in Okto (owned by KAN). Further consolidation is expected to take place in the market both at a national and Nordic level, and Story House Egmont continues its acquisition activities, potentially outside the Nordics as well.

Egmont Books

Revenue in 2020: EUR 63 million (2019: EUR 53 million)

Operating profit after result from associates in 2020: EUR 9 million (2019: EUR 0 million)

Employees in 2020: 271 (2019: 241)

Egmont Books comprises Norway's leading publishing house, Cappelen Damm, and the prominent Danish publishing house Lindhardt og Ringhof

LINDHARDT OG RINGHOF

Lindhardt og Ringhof had a very strong year with significant growth in revenue to EUR 63 million and all-time high earnings. Consumer demand for books – print, digital and audio – was high both on a national and international level.

Lindhardt og Ringhof is strategically focused on building SAGA, a global digital publishing house. With rapidly growing activities, SAGA is today a leading digital publisher in the Nordics, Germany, Poland and Spain with 80,000 digital publications in more than 30 languages worldwide. By the end of 2020, SAGA had established new editorial teams for the French, Italian, Dutch and English markets at the Copenhagen office. 25,000 new titles are expected to be added to SAGA's publishing slate in 2021.

Lindhardt og Ringhof's book publications include novels from promising debutants, local and international bestsellers, and literature from prize-winning authors. Lindhardt og Ringhof is the publisher of many of the best crime authors in Denmark, among them Leif Davidsen, Niels Krause-Kjær, Anna Grue, Steffen Jacobsen, Michael Katz Krefeld and Anne Mette Hancock. On the literary fiction scene, Lindhardt og Ringhof holds a solid position that was maintained in 2020 through new books by, among others, Mich Vraa, Bent Haller and Anne-Marie Vedsø Olesen. Also, high-profile titles from international authors such as Kate Elizabeth Russell, Margaret Atwood, Karl Ove Knausgård and Camilla Grebe was published. Without comparison, the most prestigious international publication was the first volume of Barack Obama's *A Promised Land*.

Lindhardt og Ringhof's educational business Alinea grew both organically and by acquisitions. Alinea acquired 100% of EduLab; a company that is behind MatematikFessor, the most successful teaching aid in mathematics.

Praxis Forlag A/S was founded together with Praxis Fonden and prepares for further expansion within secondary education. 60% of GoTutor, a service offering homework assistance, was also acquired.

CAPPELEN DAMM

Cappelen Damm is Norway's largest publishing house, co-owned by Egmont and Bonnier, and publish more than 1,500 new titles every year. Cappelen Damm covers general literature in all genres and formats as well as educational products in a variety of forms – textbooks and open educational resources, structured and flexible, digital and print. Cappelen Damm owns the distribution business Sentraldistribusjon and co-owns the audiobook streaming service Storytel AS 50/50 with Storytel AB.

2020 was a strong year for Cappelen Damm with a revenue of approximately EUR 122 million. Education grew by 30% compared to 2019, achieving great progress especially related to the development and sale of digital products. At the same time, the publishing business was characterized by all over commercial and literary success. Norwegian authors such as Beate Grimrud, Vigdis Hjorth, Tore Renberg and Roy Jacobsen together with international titles from authors such as Lucinda Riley, Lars Kepler and Barack Obama won literary awards, achieved great reviews and wallpapered the bestseller lists.

The Charitable Activities

Egmont Fonden's charitable activities help children and young people get life skills and acquire learning. The foundation's work is based on social indignation and empathy. The foundation was founded in 1920 by Egmont Harald Petersen's wife, Elisabeth, and their children with the aim to alleviate the consequences for children and families living in poverty.

In 2020, Egmont Fonden turned 100 years. Today, the aim is to safeguard young people against "modern poverty" – the lack of learning and life skills. Egmont Fonden focuses on the approximately 15% who are at risk of not completing an upper secondary education. Egmont Fonden contributes to ensuring that by 2030 all young people are able to complete an upper secondary education, and the foundation thereby also contributes to UN's sustainable development goal number four on quality education. Egmont Fonden strives to involve the perspective of children and young people in all its charitable activities.

Egmont Fonden uses a variety of philanthropic instruments: The programme called *A Helping Hand* which distributes support directly to children and families at risk, donations, partnerships, incubator grants, and catalytic activities. In 2020, Egmont Fonden spent a total of EUR 11.9 million on philanthropic activities aimed at supporting children and young people's learning and life skills and film talents through the Nordisk Film Fonden. Since 1920, Egmont Fonden has donated approx. EUR 424 million to charitable activities.

THE COVID-19 PANDEMIC

The Covid-19 pandemic and the lockdown periods had a big impact on children and young people in Denmark and Norway where the foundation has charitable activities. It affected their well-being as well as their learning. Many children and young people at risk – who constitute the target

groups of the foundation – were in dire straits and had a profound need for support. Covid-19 thus left a significant mark on Egmont Fonden's catalytic activities in 2020 and on the foundation's grant recipients.

As a consequence, Egmont Fonden gathered information on the consequences of the pandemic seen from the perspective of children and young people and was in ongoing dialogue with its grant recipients and conducted two dialogue rounds in order to map the consequences and challenges for the grant recipients. The Egmont Report 2020 was published in August and shed light on how the crisis has affected young people's lives, well-being, and learning during the Covid-19 lock down. The report showed that Covid-19 was a major upheaval for every fourth young person in 8th grade; Some got better, while others found the crisis challenging. The result shows the necessity to listen to young people in order to support them efficiently.

Egmont Fonden allocated EUR 1.6 million for initiatives aimed at meeting the needs resulting from the pandemic (including extra grants under the program *A Helping Hand* of EUR 0.8 million for direct support to children and families affected by the pandemic). The organizations which received support were Learn for Life, Children's Rights National Association and five partner organizations under *A Helping Hand* (Danish Red Cross, Norwegian Women's Public Health Association, Børnehjælpsdagen, Efterskoleforeningen and The Foundation for Social Responsibility). They have all experienced an increased demand for their support during the crisis.

Egmont Fonden distributed a total amount of EUR 2.3 million via *A Helping Hand* through partnerships with organizations in Denmark and Norway that are directly in contact with children and young people at risk. The support was relatively high in 2020 (18% of the philanthropic budget) as the need

for support increased enormously due to the crisis. It has proven to be an effective program to support children and young people at risk during the Covid-19 lockdown.

100TH ANNIVERSARY

The evergreen dual purpose of the foundation – to commercially develop the business and to give back to society to help children and young people – was centre in the anniversary. The achievements through a century, the change created, the agendas set, and the purpose reaching forward make the first 100 years of Egmont Fonden remarkable.

Two anniversary grants of each EUR 0.1 million had special recipients. Læs for Livet (Read for your Life) was awarded the prize in recognition of its work on creating social change by providing vulnerable children with books and reading experiences, on the marking of the anniversary. The same day, Egmont Fonden launched a study that demonstrates that reading for pleasure and access to books increases children's educational opportunities.

In regards to the second prize, employees of Egmont voted for the grant recipient which made them most proud and which, throughout the foundation's history, had made a big and positive difference for children and young people at risk. The Egmont Foundation's Employee Prize was presented to Børn, Unge og Sorg (A part of the Danish National Center for Grief).

CHILDREN AND YOUNG PEOPLE PLACED IN CARE

Egmont Fonden established a 5-year partnership with Learn for Life (Lær for livet) with a total grant sum of EUR 3.2 million. In partnership with Egmont Fonden, Learn for Life will contribute to ensuring that more children placed in care and children at risk are able to complete an upper secondary education. In 2020, Learn for Life – which is an organisation

created by Egmont Fonden – documented that 75% of their learning kids finish 9th grade with a diploma and enrol in upper secondary education as opposed to only 50% of other children placed in care.

In 2020, the government's focus on children placed in care intensified. Learn for Life's communication of the perspective of children contributed to this. Six learning kids wrote an article which resulted in a visit of 25 learning kids at the Prime Minister's residence. The main focus in the Prime Minister's New Year speech 2020 was children placed in care, and she mentioned the visit by these children and the article. A reform of the area is in process and Learn for Life, the foundation and several of its grantees have contributed to this.

SCHOOL ABSENTEEISM

Egmont Fonden and the Children's Rights National Association published a report on school absenteeism. The release was marked with an event at the Danish parliament where school chairs symbolized the 75,000 children who are absent from school more than 10% of the time. The campaign and report generated profound media coverage, set the agenda politically and resulted in debates in parliament on how to reduce absenteeism. Egmont Fonden and the Children's Rights National Association support children, families and teachers directly who are affected by problems of long-term absenteeism.

SUPPORTING YOUNG CHILDREN

In January 2020, the Pledge to Support Young Children celebrated its 2nd birthday. So far, 181 organizations and persons have signed the Pledge including 25 municipalities. The Pledge was initiated by Egmont Fonden in collaboration with several key stakeholders. For several years Egmont Fonden has focused on reducing the learning gap experienced by many young children and has invested very

much in this area in terms of grant-giving, networking activities, and the generation of knowledge. In 2020 the foundation e.g supported Mødrehjælpen's work regarding the first 1,000 days of a child's life.

NORDISK FILM FONDEN

In 2020, Nordisk Film Fonden donated EUR 0.7 million for initiatives empowering film talents to a future based on real-time technologies and new creative opportunities in filmmaking. Five initiatives received Isbjørn Project Donations: (1) WorldSum Story World Building – a method to develop strong visual cinematic experiences. (2) The Super16 Film School – the Film Talents of Tomorrow. (3) New technology in films by emerging talents delivered by the four Danish Film workshops. (4) An analysis of the future vocational continuing education in the Danish film industry. And (5) Picture This - Film Tech Conference – exploring new methods in filmmaking and storytelling. The Nordisk Film Award in Denmark went to director Malou Reymann and in Norway to

script supervisor Gjyljeta Berisha. The Balling Award went to cinematographer Louise McLaughlin and the Ove Sprogø Award to actress Mille Dinesen. 54 talents received the scholarships Lille Isbjørn and Store Isbjørn to grow their talent and seek new knowledge abroad.

Result in Egmont Fonden

the result reported by Egmont Fonden, the parent entity of the Egmont Group, excluding dividends from equity investments in subsidiaries, was EUR 2.0 million (2019: 2.5 million). Egmont Fonden's commercial activities primarily comprise royalty income from the Foundation's publishing rights and management of the Foundation's assets.

Corporate Social Responsibility

Since 2013, Egmont has been a signatory to the UN Global Compact, supporting the 10 principles of human and labour rights, protection of the environment and anti-corruption. Hence, Egmont's statutory report on Corporate Social Responsibility (CSR) includes the UN Global Compact guiding principles for Communication on Progress (COP). The full CSR report can be downloaded at: www.egmont.com/key-figures-reports. The CSR report also includes Egmont's report on targets and policy with respect to sections 99a and 99b of the Danish Financial Statements Act on corporate social responsibility, and on the underrepresented gender, respectively.

The highlights from Egmont's CSR report 2020 are set out below.

Environment and climate

During 2020, Egmont has built a strong foundation for assessing its direct and indirect climate and environmental impacts. This enables the Egmont Group to formulate an ambition, set specific targets for reducing CO₂ in own operations, and move towards more sustainable solutions together with relevant suppliers and business partners in high emission areas outside Egmont's direct control and influence.

Anti-corruption and business ethics

Egmont has had a clear policy on anti-corruption since 2013. Egmont does not tolerate any corruption. Egmont's Business Ethics Policy, which was launched in 2019, incorporates a number of legal compliance areas such as anti-corruption, bribery, and conflicts of interest. The Business Ethics e-learning, which was also launched in 2019, presents the employees with dilemmas and cases, which they may encounter in their daily business. By the end of February 2021, 98% of all relevant employees had completed the Business Ethics training. The training is automatically assigned to all new, relevant employees. During 2020, Egmont has not detected any corruption or bribery in Egmont or in the supply chain or had reports of any.

Whistleblowing policy and system

Egmont has a whistleblowing policy which can be accessed online by employees in the Egmont Group and by external parties (via Egmont.com). During 2020, continued communication around the whistleblowing system has been provided in Egmont in connection with online training. In 2020, three whistleblower reports were submitted in Egmont's whistleblowing system. They all related to the same matter regarding the management and working environment in one of Egmont's Danish companies. The matter was handled internally and resulted in organisational changes within the company in question.

Employee engagement

Egmont's leaders are vital to the well-being and development of its people, and it is crucial for Egmont's continued success that its leaders understand how to guide their employees through the rapid changes in business models. Therefore, Egmont continues to invest in leadership training, which aims at unfolding Egmont's strategy in a set of key leadership principles. By the end of 2020, approx. 240 leaders had completed the "Committed to Lead" programme. This corresponds to approx. 45% of the total leadership population. Egmont's engagement remains at a high level, both in terms of participation rate in surveys (88%) and the overall engagement level (8.1 on a 10-point scale) according to the latest survey in November 2020. This constitutes a 0.1-point increase compared to the engagement level in November 2019.

Gender composition in management

Egmont's total workforce consists of 48% females and 52% males, whereby Egmont is aligned with the standards of equal balance between genders. The same goes for the total management pool across the divisions with a gender split of 49% females and 51% males. Except for Egmont Fonden and Egmont International Holding A/S, all relevant companies have one female board member elected by the general meeting out of three or four board members

on the Supervisory Board, which is considered equal representation under Danish law. For Egmont Fonden and Egmont International Holding A/S, the target to have at least one female board member on the Board of Trustees, was met in 2020. The new target is that Egmont aims to have at least two female board members on the Board of Trustees appointed by the annual meeting no later than by 2024.

Egmont social compliance programme

Egmont continued its focus on the commitment to respect human rights and labour rights throughout the supply chain through a number of policies and initiatives promoting the principles in Egmont and at its manufacturers. In 2020, Egmont continued to monitor its manufacturers' social compliance level via social audits, and on-going dialogue to remedy audit findings. The audit results of social audits conducted during 2020 provided a picture of improved compliance at our suppliers. At the same time, product safety and quality inspections were also continued as an efficient method to ensure that Egmont's products aimed at children comply with all relevant product safety and quality legislation and regulations and are safe to use.

Environmental compliance

Manufacturers of Egmont products and Egmont business partners shall comply with all applicable environmental laws and the requirements in Egmont's Code of Conduct. Via the

Egmont Social Compliance Programme, Egmont monitors the environmental compliance level of third party first tier/core suppliers on an on-going basis.

Outlook for 2021

Continued Covid-19 outbreaks or new pandemics will have an effect on Egmonts economy, where especially the cinemas business have been affected by the close down, operating restrictions and limited international film slate.

Egmont is overall expecting a slight increase in activity level for 2021. Profit before tax (EBT) is expected to be impacted by continued investment in developing our business resulting in a positive result but at a lower level than 2020. Egmont will carry on developing media platforms, continuously adapting its media products to changing consumer needs and new technology and run profitability programmes and efficiency-enhancing measures. The greatest uncertainty is associated with advertising revenue, which is sensitive to economic fluctuations and changes in consumer habits, the increasing cost of TV content and development in circulation of magazines.

Foundation and Corporate Governance

Based on the legal requirements in Egmont Fonden's Charter as well as the most recent recommendations from the Committee on Foundation Governance and the Committee on Corporate Governance, the Board of Trustees and the Management Board have established the governance framework for Egmont.

Egmont Fonden fully supports the Danish Recommendations on Foundation Governance and complies with most of the recommendations. Egmont Fonden's Statutory Report on Foundation Governance for the financial year 2020 can be reviewed and downloaded at: www.egmont.com/foundationgovernance. The report includes a full description of Egmont's approach to each of the recommendations from the Committee on Foundation Governance.

The Board of Trustees has also prepared a Report on Corporate Governance for the financial year 2020 based on the Recommendations on Corporate Governance. The report can be reviewed and downloaded at: www.egmont.com/corporategovernance.

DISTRIBUTION POLICY

The Board of Trustees has set the framework for distributing donations in *The Strategy for Charitable Work 2017-2021*. During the year, the Funding and Grant Administration presented individual proposals for donations to be distributed within that framework to the Board of Trustees. A new charitable strategy for the years following 2021 will be prepared by the Board of Trustees during 2021.

Egmont Fonden's Statutory Report on Distribution Policy, cf. section 77b of the Danish Financial Statements Act, can be reviewed and downloaded at: www.egmont.com/distributionpolicy.

ORGANISATION

In connection with the Annual Meeting in March 2020 Torben Ballegaard Sørensen was reappointed for another one-year period and Merete Eldrup was appointed for a four-year period to the Board of Trustees.

In connection with the Annual Meeting in March 2021 Torben Ballegaard Sørensen will resign from the Board of

Trustees, having reached retirement age under the terms of the foundation's Charter. Torben Ballegaard Sørensen has been a member of the Board of Trustees since 2006 and has been its Vice Chair since 2017.

At the Annual Meeting in March 2021 Per Bank will be appointed to the Board of Trustees.

BOARD OF TRUSTEES AND MANAGEMENT BOARD OF EGMONT FONDEN

Board of Trustees

Lars-Johan Jarnheimer (Chair)¹³⁵

Director, born 1960, appointed 2011 and 2015, election period expires 2023

Chairman of the Funding and Grant Committee
Member of the boards of Egmont International Holding A/S (C), Ejendomsselskabet Vognmagergade 11 ApS (C), Ejendomsselskabet Gothersgade 55 ApS (C), Nordquist HAB, Sweden, SAS Group, Sweden, SSRS-holding, Sweden, INGKA Holding BV (C), the Netherlands, Telia Company AB (C), Sweden

Special competences: international business and management experience, digital and telecoms, acquisitions, strategy implementation

Participated in ten out of eleven board meetings.

Torben Ballegaard Sørensen (Vice Chair)¹⁵

Director, born 1951, appointed 2006 and 2015, election period expires 2021

Member of the boards of Egmont International Holding A/S (VC), Ejendomsselskabet Vognmagergade 11 ApS, Ejendomsselskabet Gothersgade 55 ApS, SofaKompagniet A/S (C), Dena Group A/S (C), NaturePlanet A/S (C), Nowaco A/S (VC), Fonden Holstebro Musik Teater (C), Axlab A/S (C)

Special competences: international business and management experience, global BtB and BtC sales, multiplatform marketing and branding, digital transformation, strategy development and implementation

Participated in all eleven board meetings.

Jeppe Skadhauge^{1 3 5}

Attorney (H), Bruun & Hjejle, born 1954, appointed 2009, election period expires 2022

Member of the Funding and Grant Committee
Member of the boards of Egmont International Holding A/S, Blindes Støttefond (C), Tømmerhandler Johannes Fogs Fond (C), Designmuseum Danmark (VC), the Danish Institute of Arbitration (C), The Danish Arbitration Association (C)

Special competences: international business and management experience, commercial foundations, media, acquisitions, regulatory, dispute resolution

Participated in all eleven board meetings.

Martin Enderle^{1 3 5}

Managing Director allmyhomes GmbH, Germany, born 1965, appointed 2014, election period expires 2022

Member of the boards of Egmont International Holding A/S, Delivery Hero SE (C), Germany and allmyhomes GmbH, Germany

Special competences: international management experience, growth markets, digital marketplaces, classifieds, food delivery, mergers & acquisitions, venture capital, strategy implementation

Participated in ten out of eleven board meetings.

Josh Bottomley^{1 3 5}

Principal, CVC Capital Partners, UK, born 1967, appointed 2017, election period expires 2021

Member of the board of Egmont International Holding A/S

Special competences: international business and management experience, digital transformation, strategy design and implementation

Participated in ten out of eleven board meetings.

Christian Wegner^{1 3 5}

CEO Südwestdeutsche Medienholding (SWMH), Germany, born 1974, appointed 2017, election period expires 2021

Member of the board of Egmont International Holding A/S

Special competences: international business and management experience, performance management, portfolio management, strategy and execution, digital transformation, growth markets, M&A, venture capital

Participated in nine out of eleven board meetings.

Merete Eldrup

Director, born 1963, appointed 2020, election period expires 2024

Member of the board of Egmont International Holding A/S, University of Copenhagen (C), Rockwool Fonden (C), Nykredit Realkredit A/S (C), Nykredit Holding A/S (C), Kalaallit Airports International and Ramboll.

Special competences: media, finance, strategy, management

Participated in nine out of nine board meetings.

Peder Høgild^{1 4}

Media operator, Nordisk Film Biografer, born 1958, appointed 2019, election period expires 2023

Participated in all eleven board meetings.

Katrin Lyngby Kristensen^{2 4}

Frontend developer, Alinea, born 1973, appointed 2019, election period expires 2023

Participated in all eleven board meetings.

Anna von Lowzow^{2 4}

Journalist and director, Nordisk Film Production A/S, born 1961, appointed 2016, election period expires 2023

Participated in all eleven board meetings.

Management Board

Steffen Kragh

President and CEO, born 1964

Member of the boards of Lundbeckfonden (C),

Lundbeckfond Invest A/S (C)

Chair, vice chair or member of boards of Egmont Group companies

C: Chair

VC: Vice Chair

None of the board members own shares, options, warrants or similar in the foundation's subsidiaries, joint ventures and associated companies.

No members are appointed by authorities or providers of grants etc.

Hans J. Carstensen

Executive Vice President and CFO, born 1965

Member of the board of Freja Ejendomme A/S (C)

Member of the board of Parken Sport & Entertainment A/S,

Lalandia A/S, Lalandia Billund A/S

Chair, vice chair or member of boards of Egmont Group companies

¹ Male

² Female

³ Independent board member

⁴ Employee representative, commercial activities

⁵ General and charitable activities

All information as of 12 March 2021.

Income Statement of the Group

(EURk)

Note		2020	2019
2	Revenue	1,541,985	1,681,670
3	Other operating income	45,978	17,710
	Raw materials and consumables	(86,255)	(91,649)
	Other external expenses	(940,113)	(995,689)
4	Personnel expenses	(333,336)	(356,137)
5	Depreciation, amortisation and impairment losses	(126,790)	(124,344)
	Other operating expenses	(9,469)	(5,554)
13	Profit/(loss) after tax from investments in joint ventures	5,833	(709)
	Operating profit	97,833	125,298
14	Profit/(loss) after tax from investments in associates	3,376	(32,233)
	Operating profit after result in associates	101,209	93,065
6	Financial income	2,253	4,188
7	Financial expenses	(18,650)	(16,948)
	Profit before tax	84,812	80,305
8	Tax on profit for the year	(10,442)	(25,062)
	Net profit for the year	74,370	55,243
	Net profit for the year attributable to:		
	Egmont Fonden	68,424	54,570
	Non-controlling interests	5,946	673
	Total	74,370	55,243

Statement of Comprehensive Income of the Group

(EURk)

Note	2020	2019
Profit for the year	74,370	55,243
Items that will not be reclassified to the income statement in subsequent periods:		
Actuarial gains/(losses) on defined benefit pension plans	(718)	(783)
Other equity transactions in joint ventures and associates	67	(5,848)
Tax on items that will not be reclassified to the income statement in subsequent periods	52	172
	(599)	(6,459)
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange adjustments on translation to presentation currency	1,663	(279)
Foreign exchange adjustments on translation of foreign entities	(46,430)	9,122
20 Net value adjustment of hedging instruments	(18,798)	(4,987)
Tax on items to be reclassified to the income statement in subsequent periods	3,935	926
	(59,630)	4,782
Other comprehensive income after tax	(60,229)	(1,677)
Total comprehensive income	14,141	53,566
Total comprehensive income attributable to:		
Egmont Fonden	8,194	52,892
Non-controlling interests	5,947	674
Total	14,141	53,566

Statement of Financial Position of the Group at 31 December

(EURk)

Note	Assets	2020	2019
	Film rights and other acquired rights, etc.	49,713	60,054
	In-house produced film rights	35,378	33,451
	Goodwill	429,126	423,978
	Trademarks	161,524	176,301
	Intangible assets in progress and prepayments for film rights	15,036	15,665
9	Intangible assets	690,777	709,449
	Land and buildings	130,807	130,289
	Plant and machinery	17,980	18,781
	Tools and equipment	15,846	20,613
	Leasehold improvements	10,600	15,839
	Property, plant and equipment under construction	5,030	4,476
10	Property, plant and equipment	180,263	189,998
11	Investment properties	30,917	30,791
12	Lease assets	135,965	150,122
13	Investments in joint ventures	36,951	38,695
14	Investments in associates	125,135	62,739
	Other investments	6,282	8,367
28	Receivables from joint ventures and associates	17,048	16,192
23	Deferred tax	4,445	5,228
	Other non-current assets	189,861	131,221
	Total non-current assets	1,227,783	1,211,581
15	Inventories	105,814	114,913
27	Trade receivables	206,028	214,913
28	Receivables from joint ventures and associates	1,148	2,926
	Other receivables	62,946	52,843
16	Prepayments	158,522	127,929
	Receivables	428,644	398,611
17	Securities	106,420	108,029
18	Cash and cash equivalents	79,940	52,544
	Total current assets	720,818	674,097
	TOTAL ASSETS	1,948,601	1,885,678

Statement of Financial Position of the Group at 31 December

(EURk) (Continued)

Note	Equity and liabilities	2020	2019
	Capital fund	29,571	29,451
	Retained earnings and other reserves	843,728	852,455
	Egmont Fonden's share of equity	873,299	881,906
	Non-controlling interests	12,487	4,013
19	Equity	885,786	885,919
22	Pension obligations and similar obligations	3,802	3,858
23	Deferred tax	41,891	50,758
24	Other provisions	23,027	14,522
27	Mortgage debt	111,444	107,542
27	Other credit institutions	51,220	54,872
27	Lease liabilities	148,343	151,918
	Other payables	14,990	8,701
29	Deferred income	3,121	3,674
	Non-current liabilities	397,838	395,845
27	Mortgage debt	221	3,885
27	Other credit institutions	0	8,032
27	Lease liabilities	11,189	19,421
	Prepayments from customers	46,378	42,623
27	Trade payables	207,445	190,126
27,28	Payables to joint ventures and associates	1,790	330
	Corporate income tax	17,356	15,474
	Other payables	236,270	206,494
24	Other provisions	69,856	54,725
29	Deferred income	74,472	62,804
	Current liabilities	664,977	603,914
	Total liabilities	1,062,815	999,759
	TOTAL EQUITY AND LIABILITIES	1,948,601	1,885,678

Cash Flow Statement of the Group

(EURk)

Note	2020	2019
Operating profit	97,833	125,298
<i>Adjustment for non-cash operating items, etc.:</i>		
Other non-cash operating items, net	(13,510)	(10,723)
5 Depreciation, amortisation and impairment losses	126,790	124,344
Profit/(loss) after tax from investments in joint ventures	(5,833)	709
Provisions and deferred income	36,897	3,128
Cash generated from operations before change in working capital	242,177	242,756
Change in inventories	(303)	(241)
Change in receivables	(47,759)	40,751
Change in trade payables and other payables	29,114	(28,091)
Change in working capital	(18,948)	12,419
Cash generated from operations	223,229	255,175
Interest received	3,143	4,385
Interest paid	(7,071)	(7,845)
Interest expense, lease liabilities	(7,979)	(8,429)
Corporate income tax paid	(13,467)	(13,486)
Cash flows from operating activities	197,855	229,800
Acquisition of intangible assets	(60,066)	(75,702)
Acquisition of property, plant and equipment	(18,094)	(27,309)
Disposal of property, plant and equipment	818	4,024
Acquisition of financial assets	(61,803)	(12,883)
Disposal of financial assets	47	540
Acquisition of securities	0	(43,205)
Disposal of securities	2,024	1,455
32 Acquisition of subsidiaries	(6,212)	(13,910)
32 Disposal of subsidiaries	27,903	(389)
Cash flows from investing activities	(115,383)	(167,379)
Acquisitions of minorities	(2,350)	(4,919)
Disposal of minorities	0	1,988
27 Repayments to credit institutions, etc.	(13,005)	(24,980)
27 Instalments on lease liabilities	(25,670)	(22,627)
Dividends from joint ventures and associated companies	3,616	2,885
Dividends to non-controlling shareholders	(72)	(452)
Donations	(11,852)	(13,012)
Cash flows from financing activities	(49,333)	(61,117)
Net cash flows from operating, investing and financing activities	33,139	1,304
Cash and cash equivalents at 1 January	48,823	45,703
Foreign exchange adjustment of cash and cash equivalents	(5,740)	1,816
18 Cash and cash equivalents at 31 December	76,222	48,823

The cash flow statement cannot be derived directly from the balance sheet and income statement.

Statement of Changes in Equity of the Group

(EURk)

Note	Capital fund	Reserve for hedging transactions	Reserve for foreign exchange adjustments	Retained earnings	Non-controlling interests	Total equity	
	Equity at 1 January 2020	29,451	(3,975)	(154,470)	1,010,900	4,013	885,919
	Net profit for the year	0	0	0	68,424	5,946	74,370
21	Other comprehensive income	120	(15,100)	(46,825)	1,575	1	(60,229)
	Total comprehensive income in 2020	120	(15,100)	(46,825)	69,999	5,947	14,141
	Used for charitable purposes and associated costs	0	0	0	(11,852)	0	(11,852)
	Acquisition/disposal, non-controlling interests	0	0	0	(4,949)	2,599	(2,350)
	Dividends, non-controlling interests	0	0	0	0	(72)	(72)
	Equity at 31 December 2020	29,571	(19,075)	(201,295)	1,064,098	12,487	885,786
	Equity at 1 January 2019	29,460	(7)	(163,549)	980,923	5,881	852,708
	Net profit for the year	0	0	0	54,570	673	55,243
21	Other comprehensive income	(9)	(3,968)	9,079	(6,780)	1	(1,677)
	Total comprehensive income in 2019	(9)	(3,968)	9,079	47,790	674	53,566
	Used for charitable purposes and associated costs	0	0	0	(13,012)	0	(13,012)
	Acquisition/disposal, non-controlling interests	0	0	0	(4,801)	(2,090)	(6,891)
	Dividends, non-controlling interests	0	0	0	0	(452)	(452)
	Equity at 31 December 2019	29,451	(3,975)	(154,470)	1,010,900	4,013	885,919

List of Notes to the Consolidated Financial Statements

NOTE

- 1 Accounting policies
- 2 Revenue
- 3 Other operating income
- 4 Personnel expenses
- 5 Depreciation, amortisation and impairment losses
- 6 Financial income
- 7 Financial expenses
- 8 Taxes
- 9 Intangible assets
- 10 Property, plant and equipment
- 11 Investment properties
- 12 Leases
- 13 Investments in joint ventures
- 14 Investments in associates
- 15 Inventories
- 16 Prepayments
- 17 Securities
- 18 Cash and cash equivalents
- 19 Equity
- 20 Hedging instruments
- 21 Other comprehensive income
- 22 Pension obligations and similar obligations
- 23 Deferred tax
- 24 Other provisions
- 25 Fees to auditors
- 26 Contingent liabilities and collateral
- 27 Financial risks and financial instruments
- 28 Related parties
- 29 Deferred income - Contract liabilities
- 30 Standards and interpretations not yet adopted
- 31 Subsequent events
- 32 Acquisition and divestment of businesses
- 33 Group entities

1 Accounting policies

The annual report of Egmont Fonden for 2020 comprises both the consolidated financial statements of Egmont Fonden and its subsidiaries (the Group) and the separate financial statements of Egmont Fonden.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and additional requirements in the Danish Financial Statements Act.

The separate financial statements of Egmont Fonden have been prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter (the Foundation's financial statements).

Due to Covid-19 Egmont was entitled to governments grants in 2020. These are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Rent concessions regarding Covid-19 are not accounted for as lease modifications.

BASIS OF PREPARATION

The functional currency of Egmont Fonden is Danish kroner (DKK). The consolidated financial statements are presented in euro (EUR).

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, securities and investment properties (which are measured at fair value).

The accounting policies have been applied consistently to the financial year and to the comparative figures for 2019.

Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment, positively or negatively, to the carrying amount of assets or liabilities affected in future periods.

The most significant estimates and judgements for the Group include the following:

- Impairment testing related to intangible assets, including asset groups with indefinite life such as goodwill and certain trademarks as well as investment in associates. Outcome of impairment testing are dependent of the critical assumptions applied related to cash flow forecasts but also other factors such as discount rates and growth rates, cf. note 9 for further information.
- Acquisition of businesses where a number of estimates and judgments are carried out related to allocation of the purchase consideration to identifiable net assets including intangible assets/goodwill as well as value adjustments (step-up acquisitions). Please refer to note 32 for further information.
- For film rights and in-house produced film rights estimates on the useful lives and period over which the rights are amortised are based on estimated sales, which by nature is associated with uncertainty. Please refer to note 9 for further information.
- Impairment testing related to sports rights are based on estimated sales on both linear TV and streaming.

1 Accounting policies (continued)

- Write down of inventories to net realisable values relates to books and game consoles. Estimated write-downs are dependent on expected future sales that by nature within consumer products and the business areas of Egmont is subject to some uncertainty. Please refer to note 15 for further information.
- Other provisions include items such as goods sold with a right of return and warranty provisions include estimates and judgements related to how many goods are expected to be returned or exchanged and to what extent warranties compensations are needed. Please refer to note 24 for further information.
- Deferred taxes are subject to some elements related to whether tax assets may be utilised. Please refer to note 23 for further information.
- For leases where contracts include extension and termination options, which judgement is required in determining whether these options are reasonably expected to be exercised. Please refer to note 12 for further information.
- Covid-19 has had an effect on all business areas in Egmont. Some business areas have experienced an increased demand from customers (E-commerce, gaming and books) while other business areas like Cinemas have experienced decreasing revenue and profit due to regulated closings as well as postponed film slate. An amount of EUR 6.7 million has been impaired as a consequence of the current Covid-19 situation.

Consolidated financial statements

The consolidated financial statements comprise Egmont Fonden and subsidiaries in which Egmont Fonden has control of financial and operating policies in order to obtain returns or other benefits from its activities. Control is usually

obtained when the Group holds more than 50% of the voting rights, whether directly or indirectly, or otherwise has a controlling interest in the relevant entity.

Entities in which the Group has significant influence, but not a controlling interest, are considered associates. Significant influence is typically obtained when the Group, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

When assessing whether Egmont Fonden exercises control or significant influence, the potential voting rights that are exercisable at the end of the reporting period are taken into account.

The consolidated financial statements have been prepared by consolidating the financial statements from Egmont Fonden and the individual subsidiaries, prepared in accordance with the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on transactions between the consolidated entities are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the associate. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

The non-controlling interests' shares of the profit for the year, comprehensive income and of the equity of subsidiaries not wholly owned are included in the Group's net profit for the year, comprehensive income and equity, respectively, but are disclosed separately.

Business combinations

Businesses acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Businesses disposed of or wound up

1 Accounting policies (continued)

are recognised in the consolidated financial statements until the date of disposal or winding-up. The comparative figures are not restated for newly acquired businesses. Discontinued operations are disclosed separately.

The acquisition method is used for acquisitions of new businesses over which Egmont Fonden obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax is recognised in respect of the fair value adjustments made.

The acquisition date is the date when Egmont Fonden effectively obtains control of the acquired business. Costs attributable to business combinations are expensed as incurred.

Step acquisitions, where either control, joint control or significant influence is obtained, the existing equity interest is remeasured at fair value and the difference between the fair value and carrying amount is recognised in the income statement. The additional equity investments acquired are recognised at fair value in the balance sheet.

Any excess (goodwill) of the consideration transferred, the value of non-controlling interests in the acquired entity and the fair value of any existing equity interest over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test at least annually.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency of Egmont Fonden

are treated as assets and liabilities belonging to the foreign entity and upon initial recognition translated into the foreign entity's functional currency at the exchange rate at the transaction date.

Negative differences (negative goodwill) are recognised in profit for the year at the acquisition date.

The consideration for an acquired business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it subsequently becomes apparent that the identification or measurement of the consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the determination is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and the comparative figures are restated. Subsequently, goodwill is not adjusted. Changes to estimates of contingent considerations are recognised in the income statement.

The acquisition of further non-controlling interests after obtaining control is considered an owner's transaction, and the difference between acquisition cost and the share of such non-controlling interests acquired is recognised directly in equity.

Gains or losses on the disposal or winding-up of subsidiaries, jointly controlled entities and associates are stated as the difference between the selling price or the disposal

1 Accounting policies (continued)

consideration and the carrying amount of net assets, including goodwill, at the date of disposal, less the cost of disposal. If the disposal of either control, joint control or significant influence takes place in stages, the retained equity investment is measured at fair value, and the difference between the fair value and carrying amount is recognised in the income statement.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the ownership share or at the proportionate share of the fair value of the acquired business' identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share of the acquired business is thus recognised, while, in the latter scenario, goodwill in relation to the non-controlling interests is not recognised. The measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired businesses.

Foreign currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest

financial statements is recognised in the income statement as financial income or financial expenses.

In the consolidated financial statements, the income statements of entities, joint ventures and associates with another functional currency than the presentation currency (EUR) are translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign entities at the exchange rates at the end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised directly in other comprehensive income and presented in equity under a separate translation reserve. The exchange rate adjustment is allocated between Egmont Fonden and the non-controlling interests.

Foreign exchange adjustments of intra-group balances which are considered part of the total net investment in foreign entities with another functional currency than the presentation currency (EUR) are recognised in other comprehensive income and presented in equity under a separate translation reserve.

On disposal of wholly-owned foreign entities, associates or jointly controlled entities with another functional currency than the presentation currency (EUR), the exchange rate adjustments that have been recognised in other comprehensive income and are attributable to the entity are reclassified from other comprehensive income to the income statement together with any gains or losses from the disposal.

On partial disposal of foreign subsidiaries with another functional currency than the presentation currency (EUR) without a loss of control, a proportionate share of the

1 Accounting policies (continued)

translation reserve is transferred from the Group to the non-controlling interests' share of equity.

On partial disposal of associates and jointly controlled entities, the proportionate share of the accumulated translation reserve recognised in other comprehensive income is transferred to the income statement for the year together with any gains or losses from the disposal.

Any repayment of intra-group balances which constitute part of the net investment in the foreign entity is not considered a partial disposal of that subsidiary.

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and a set-off of positive and negative values is only made when the entity has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in other comprehensive income in equity under a separate hedging reserve until the hedged cash flows affect the income statement. At that time, any gains or losses resulting from such hedged transactions are transferred to other comprehensive income and recognised under the same item as the hedged item.

If the hedging instrument no longer qualifies for hedge accounting, the hedge will cease to be effective.

The accumulated change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows affect the income statement. If the hedged cash flows are no longer expected to be realised, the accumulated change in value will be transferred to the income statement immediately. The portion of a derivative financial instrument not included in a hedge is recognised under financial items.

For derivative financial instruments that do not qualify for treatment as hedging instruments and changes in fair value are currently recognised in the income statement under financial items.

INCOME STATEMENT

Revenue

Egmont recognises revenue from the following significant revenue streams;

- Sale of goods and services
- Magazine sales
- TV and film production
- TV and cable broadcasting distribution
- Advertising
- Gaming

Egmont separates customer contracts into performance obligations and recognises revenue from these separately. For customer contracts that includes more than one performance obligation, Egmont allocates the transaction price to the individual performance obligations proportionate to their stand-alone selling price.

The Group recognises revenue when or as control passes to the customer. Revenue is measured at its fair value, which comprise net present value when payments exceed 12 months.

Revenue is measured excluding VAT and taxes, and including all types of discounts provided to customers.

All types of variable consideration such as rebates, return rights or penalties etc. are recognised as revenue only to the extent that it is highly probable that a significant reversal will

1 Accounting policies (continued)

not occur subsequently. When the customer holds a right to return the good, Egmont estimate the expected number of goods that will be returned based on historical return and postpone recognition of such revenue.

Revenue from sale of goods and services

Revenue from sale of goods comprise sale of playstation products, sale from E-commerce, sale of gift cards etc. are recognised at point in time when control is transferred. For goods sold with a right of return Egmont only recognises revenue to the extent that it is highly probable that a subsequent reversal will not occur.

Revenue from sale of cinema tickets is recognised as the services are rendered.

When consideration is received before control is transferred this is recognised as a contract liability and presented as deferred income.

Revenue from magazine sales

Egmont recognises revenue from sale of magazines, both subscription and single-copy sales, and ads related to magazines at the publication date of the magazine, which is considered a point in time.

Magazine subscriptions are considered as a number of discrete performance obligations which are satisfied over the course of the subscription period as magazines are published.

For circulation sales, where customer's holds a right of return, Egmont only recognises revenue from the sale of magazines to the extent that it is highly probable that a subsequent reversal will not occur.

Revenue from TV and film production

Revenues from sale of TV and film productions to TV stations (availability rights) and distribution companies is recognised at point in time, on the availability date, when it becomes available (accessible) to the customer.

Consideration received for TV and film productions before the availability date is a contract liability and is presented in the balance sheet as deferred income. Deferred income is measured at fair value.

TV and cable distribution

Revenue from TV and cable distribution (cable fee) is based on number of subscribers and is recognised on straight-line basis over the period of the relevant agreements. The number of subscribers is based on reports received from the distribution companies.

Revenue from advertising

Revenue from advertising is recognised when the adverts are broadcasted on TV or in the Cinema.

If the transaction price is variable based on the number of viewers, Egmont constrains revenue to the extent that it is highly probable that a significant reversal will not occur subsequently.

Gaming revenue

Gaming revenue include revenue derived from work for hire contracts (fixed hourly rate), self-published games and subscriptions.

Work for hire

Work for hire contracts usually comprise one performance obligation that is satisfied over time as Egmont delivers hours at a fixed hourly rate, thus having a right to consideration that corresponds directly with the value transferred to the customer to date. Revenue deriving from work for hire is recognised at the amount that Egmont has a right to invoice.

Self-published games

Revenue from self-published games without no future material free content communicated at time of release, is recognised at the time of delivery to the customer (download).

1 Accounting policies (continued)

When Egmont promises to deliver future material free content, the customer contract includes an additional performance obligation. Egmont allocates the transaction price in such arrangements by determining the stand-alone selling price of the performance obligations that is recognised upon release.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the entities, including gains and losses on the disposal of businesses, intangible assets and property, plant and equipment and right-of-use assets, as well as recognition of goodwill and value adjustments of investment properties at fair value. Gains and losses on the disposal of entities, intangible assets and property, plant and equipment are determined as the selling price less disposal costs and the carrying amount at the date of disposal.

Government grants

Government grants from Covid-19 relief packages, are recognised in the income statement as other operating income. There are no unfulfilled conditions or other contingencies attached to the received subsidies.

Government grants from film and ticket subsidies for in-house produced films are recognised when there is reasonable assurance that they will be received. Film subsidies for in-house produced films recognised in the balance sheet are offset against the cost of in-house produced films. Ticket subsidies are recognised in the income statement under other operating income.

TV 2, Norway has a public service broadcasting agreement with the Norwegian state, which compensates TV 2 for additional cost regarding production of Norwegian news, film and TV content of EUR 4.7 million (expected amount) in 2020 (2019: EUR 13.1 million). Compensation under the agreement with the Norwegian state is recognised in the income statement as a deduction of the related expenses.

Share of results from investments in joint ventures and associates

The proportionate share of the joint ventures' and associates results after tax and non-controlling interests and after

elimination of the proportionate share of intra-group gains/losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, amortisation of financial assets and liabilities including leases and foreign exchange adjustments. Furthermore, changes in the fair value of derivative financial instruments which are not designated as hedging instruments as well as the ineffective portion of the hedges are also included.

Borrowing costs relating to general borrowing or loans directly relating to the acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax for the year

Tax for the year, comprises current tax and changes in deferred tax.

BALANCE SHEET

Film rights, etc.

Film rights comprise film, transactional home entertainment (DVD, TVOD, streaming) and TV rights. Film rights are recognised as an intangible asset at the time when control over the asset is transferred. Prepayments for film rights are recognised in the balance sheet as a prepayment for intangible assets, and when control is gained over the assets, prepayments are reclassified to film rights.

Film rights are measured at cost which is allocated proportionally to the cinema, transactional home entertainment and TV media, as well as to markets. Film rights are amortised according to a revenue-based method over the period during which they are expected to generate income on the respective market and in the respective media.

Other intellectual property rights with a definite useful life, such as domain names and magazine titles, are measured at cost on initial recognition and amortised on a straight-line basis over the useful life (typically 5 to 10 years).

1 Accounting policies (continued)

In-house produced film rights

In-house produced film rights are measured at cost, which includes indirect production costs, less grants received, accumulated amortisation and impairment, or at the recoverable amount where this is lower.

In-house produced film rights are amortised according to a revenue-based method over the period during which they are expected to generate income.

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The identification of cash-generating units is based on the management structure and internal financial control.

Trademarks

Acquired intellectual property rights, including trademarks, are measured at cost on initial recognition. Trademarks with a finite useful life are amortised on a straight-line basis over the useful life (typically 5 to 50 years). Trademarks with an indefinite useful life are not amortised but are tested for impairment at least once annually.

Intangible assets in progress

Intangible assets in progress are measured at cost and consist mainly of prepaid film rights.

Property, plant and equipment

Land and buildings, plant and machinery equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment. Cost comprises

the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Subsequent costs, e.g. in connection with replacing components of property, plant and equipment, are recognised in the carrying amount of the relevant asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

When individual components of an item of property, plant and equipment have different useful lives, the cost of such individual components is accounted for and depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives, based on the following estimates of the useful lives of the assets:

Corporate properties (head offices)	25 - 50 years
Properties used for operational purposes	25 years
Installations and conversions <i>(the useful life depends on the nature of conversion)</i>	10, 15, 25 years
Plant and machinery	3 - 15 years
Equipment	3 - 5 years
Leasehold improvements	5 - 10 years

Land is not depreciated.

Depreciation is made on the basis of the asset's residual value less any impairment losses. The residual value and useful life of the assets are reassessed every year. If the residual value exceeds the carrying amount, depreciation is discontinued.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the

1 Accounting policies (continued)

selling price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under other operating income or other operating costs, respectively.

Investment properties

Investment properties are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, consisting of the acquisition cost of the property and any costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recognised in the income statement as a value adjustment of investment properties under other operating income/costs in the financial year in which the change occurs.

Leases

Lease assets

Lease assets are recognised at the commencement date of the lease which is the date the underlying asset is available for use. Lease assets are measured at cost, less any accumulated depreciation and potential impairment, adjusted for any remeasurement of lease liabilities. The cost includes the amount of lease liabilities recognised, initial direct costs incurred less any lease incentives received. Lease payments on short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as expense on a straight-line basis over the lease term in profit and loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets – which is typically 2-10 years.

If ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The lease assets are also subject to impairment.

The Group has applied the short-term lease recognition exemptions to its short-term leases (lease term of 12

months or less) and applies also the lease of low-value assets recognition exemptions to leases. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term in profit and loss.

Lease liabilities

Lease liabilities are measured at the net present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that do not depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in profit and loss in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, because the interest rate implicit in the lease is not readily determinable.

After the commencement date the carrying amount of lease liabilities is remeasured if there is a modification whether it's a change in the in-substance fixed lease payments, a change lease term (termination or extension), or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in the interest-bearing debt.

Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are recognised in the consolidated financial statements according to the equity method, which means that the investments are

1 Accounting policies (continued)

measured in the balance sheet at the proportionate share of the joint ventures' and associated companies' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group gains and losses and plus any excess values on acquisition, including goodwill. Investments in joint ventures and associated companies are tested for impairment when impairment indicators are identified.

Investments in joint ventures and associated companies with negative net asset values are measured at EUR 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the joint venture and associated company, such deficit is recognised under liabilities.

On the acquisition of investments in joint ventures and associated companies, the acquisition method is used; see description of business combinations.

Other investments

Equity investments where the Group does not have significant influence or control and not classified as subsidiary, associate or joint venture are included under other investments and are measured as financial assets at fair value through the income statement.

Net gains and losses arising from changes in the fair value of financial assets are recognised in the income statement as financial income or expenses. Financial assets for which no active market exists are carried at fair value based on a valuation methodology.

Equity options

Equity options related to equity investments are included under derivatives (other receivables) and measured at fair value through the income statement. The fair value is based on a valuation methodology.

Net gains and losses arising from changes in the fair value of equity options are recognised in the income statement as financial income or expenses.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year and if there is any indication of impairment. Likewise, development projects in process are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit or groups of cash-generating units to which goodwill has been allocated. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount via the income statement. As a main rule, the recoverable amount is calculated as the present value of expected future net cash flows from the entity or activity (cash-generating unit or groups of cash-generating units) to which goodwill has been allocated.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for impairment indicators. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use. Value in use is the present value of future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement.

Impairment losses of goodwill are not reversed. Impairment losses on other assets are reversed only to the extent that changes in the assumptions and estimates underlying the calculation of impairment losses have occurred.

1 Accounting policies (continued)

Impairment losses are only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries as well as maintenance and depreciation of production machinery and equipment as well as administrative expenses and management costs.

The cost of acquired TV programmes are recognised as inventory at the time when the right to broadcast the TV programme begins. The cost of a TV programme is expensed proportionally over the period the TV programme is broadcast.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Trade receivables are held with the objective to collect the contractual cash flows. Receivables are therefore measured at fair value on initial recognition and are subsequently measured at amortised cost using the effective interest

method less any impairment. Receivables are impaired at initial recognition. The impairment equals lifetime expected credit loss allowance on receivables in accordance with the simplified approach.

Prepayments

Prepayments, such as prepaid royalty, prepaid authors' fees and prepaid TV programmes and sports broadcasting rights, which are recognised under assets, comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Securities

Securities consist mainly of listed bonds that are held for investment of excess liquidity and managed in accordance with a documented investment strategy. Securities are measured initially at the listed price at the trade date and subsequently at the listed price at the end of the reporting period using the fair value option. Value adjustments are recognised directly in the income statement under financial income/expenses.

Pension obligations and similar non-current liabilities

Defined contribution plans where the Group regularly pays fixed pension contributions to independent pension funds are recognised in the income statement in the period during which employees earn entitlement to them, and any contributions outstanding are recognised in the balance sheet under other payables.

For defined benefit plans, an actuarial calculation (the Projected Unit Credit method) is performed annually of the present value of future benefits payable under the defined benefit plan based on assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations.

1 Accounting policies (continued)

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial assumptions at the beginning of the year. Actuarial gain or loss and is recognised in other comprehensive income.

Current tax payable/receivable and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either result for the year or taxable income. Where different tax rules can be applied to determine the tax value, deferred tax is measured based on planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to be realised as current tax. Changes in deferred tax due to changed tax rates are recognised in the comprehensive income for the year.

Other provisions

Provisions are recognised when the Group incurs a legal or constructive obligation due to an event occurring before or at the end of the reporting period, and meeting the obligation is likely to result in an outflow of economic benefits. Provisions are measured at the best estimate of the costs required to settle the obligation. The costs

required to settle the obligation are discounted provided that such discounting would have a material effect on the measurement of the liability. A pre-tax discount rate is used that reflects the current market interest rate level plus risks specific to the liability.

Other provisions primarily consist of provisions for goods sold with a right of return, where, based on past experience or otherwise, the Group can make a reliable estimate of the amount of goods that will be returned as well as expected restructuring costs, etc.

Warranty provisions are recognised as the underlying goods are sold based on historical warranty costs experience in previous financial years.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan has been announced to the employees affected no later than at the end of the reporting period. On acquisition of businesses, provisions for restructuring in the acquiree are only included in goodwill when, at the acquisition date, the acquiree had an existing liability for restructuring.

A provision for onerous contracts is recognised when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Financial and non-financial liabilities

Financial liabilities are recognised at the date of borrowing as the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, such that the difference between the proceeds and the nominal value is recognised under financial expenses in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, including the sale of film broadcasting rights, is measured at cost.

1 Accounting policies (continued)

CASH FLOW STATEMENT

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition, and cash flows from disposals of businesses are recognised until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit for the year before net financials, adjusted for non-cash operating items, changes in working capital and corporate income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and disposal of businesses and activities and the acquisition and disposal of intangible assets, property, plant and equipment and other non-current assets, as well as securities.

Cash flows from financing activities comprise the raising of loans and repayment of interest-bearing debt including lease liabilities, donations made and transactions with non-controlling interests.

Cash and cash equivalents comprise cash and marketable securities with a residual term of less than three months at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rates at the transaction date.

FINANCIAL TERMS

In this annual report the following financial terms are used:

Operating profit (loss)	Profit (loss) before tax and net financials.
Operating profit after result from associates	Profit after results from associates.
EBITDA	Operating profit (loss) before net financials, depreciation, amortisation and impairment losses.
EBIT	Operating profit (loss)
EBT	Profit (loss) before tax

FINANCIAL RATIOS

Financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's "Recommendations & Ratios".

The financial ratios stated under financial highlights have been calculated as follows:

Operating margin

$$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity, excl. non-controlling interests} \times 100}{\text{Total assets}}$$

Return on equity

$$\frac{\text{Net profit for the year, excl. non-controlling interests} \times 100}{\text{Average equity, excl. non-controlling interests}}$$

2 Revenue

Geographical markets	Nordic Countries		Other European Countries		Total	
	2020	2019	2020	2019	2020	2019
Sale of goods	674,491	646,605	102,073	136,227	776,564	782,832
Sale of services	648,363	773,229	1,385	707	649,748	773,936
Royalty	105,386	114,626	602	822	105,988	115,448
Rental income	9,685	9,454	0	0	9,685	9,454
Total	1,437,925	1,543,914	104,060	137,756	1,541,985	1,681,670
At point in time	1,323,222	1,425,233	103,025	136,982	1,426,247	1,562,215
Transferred over time	114,703	118,681	1,035	774	115,738	119,455
Total	1,437,925	1,543,914	104,060	137,756	1,541,985	1,681,670

3 Other operating income

	2020	2019
Received Covid-19 grants in Nordisk Film	30,514	0
Received Covid-19 grants in Story House Egmont	683	0
Sale of book-activities in UK, Poland and Germany	9,015	0
Value adjustments of shares	926	9,744
Sale of Land and Buildings	0	1,746
Profits from sale of non-current assets	0	363
Miscellaneous	4,840	5,857
Total	45,978	17,710

4 Personnel expenses

	2020	2019
Wages and salaries	(281,782)	(299,359)
Defined contribution pension plans	(19,230)	(20,016)
Defined benefit pension plans	(82)	(122)
Other social security costs	(32,242)	(36,640)
Total	(333,336)	(356,137)

Average number of full-time employees 4,310 4,264

Compensation to Management Board amounted to 5,413 (2019: 5,721), of which pension contributions amounted to 416 (2019: 415).

Compensation to the Board of Trustees amounted to 560 (2019: 512).

4 Personnel expenses (continued)

Annual compensation to members of the Board of Trustees per task	2020	2019
<i>Egmont Fonden, general:</i>		
Member	10	10
Vice chair	15	15
Chair	20	20
<i>Egmont Fonden, charitable activities:</i>		
Member	7	7
Vice chair	10	10
Chair	13	13
<i>Funding and Grant Committee, charitable activities:</i>		
Member	13	13
Chair	27	27
<i>Egmont International Holding A/S:</i>		
Member	30	30
Vice chair	45	45
Chair	60	60

5 Depreciation, amortisation and impairment losses	2020	2019
Amortisation, intangible assets	(66,942)	(72,567)
Impairment losses, intangible assets	(7,112)	(4,529)
Depreciation, property, plant and equipment	(22,637)	(23,788)
Impairment losses, property, plant and equipment	(4,355)	(703)
Depreciation of lease assets	(25,744)	(22,757)
Total	(126,790)	(124,344)

6 Financial income	2020	2019
Interest income, financial assets, measured at amortised cost	1,917	3,570
Other financial income	336	618
Total	2,253	4,188

7 Financial expenses	2020	2019
Interest expenses, financial liabilities, measured at amortised cost	(2,642)	(4,660)
Foreign exchange loss, net	(3,771)	(21)
Interest expenses, derivative financial instruments	(2,291)	(1,627)
Change in fair value, securities, net	0	(62)
Interest expense on lease liabilities	(7,979)	(8,429)
Other financial expenses	(1,967)	(2,149)
Total	(18,650)	(16,948)

8 Taxes	2020	2019
Current tax	(17,920)	(19,816)
Deferred tax	3,643	(3,840)
Adjustments for prior years, current tax	1,747	(1,169)
Adjustments for prior years, deferred tax	2,088	(237)
Total	(10,442)	(25,062)

Tax on the profit for the year results as follows:

Calculated tax, 22.0% on profit before tax	(18,659)	(17,667)
Lowering of corporate tax rate in Sweden	297	0
Adjustment of calculated tax in foreign entities relative to 22.0%	529	401

Tax effect of:

Non-taxable income	4,074	2,827
Non-deductible expenses	(3,879)	(1,863)
Share of net profit/(loss) in joint ventures	1,283	(156)
Share of net profit/(loss) in associates	743	(7,091)
Utilisation and recognition of previously unrecognised tax losses	1,477	0
Adjustments for prior years	3,835	(1,406)
Withholding taxes	(142)	(107)
Total	(10,442)	(25,062)

Effective tax rate	12.3%	31.2%
--------------------	-------	-------

The effective tax rate in 2020 was affected by utilisation of tax losses carried forward and not previously recognised in the balance sheet, as well as adjustments for prior years. Adjusting for this, the effective tax rate for 2020 was in the level of 19%.

The effective tax rate in 2019 was affected by losses in associates. Adjusting for this, the effective tax rate for 2019 was in the level of 22%.

Tax recognised in other comprehensive income:

	2020	2019
Tax on value adjustment of hedging instruments	3,272	1,050
Foreign exchange adjustments on translation of foreign entities	663	(124)
Tax on actuarial gains/(losses) on defined benefit pension plans	52	172
Total	3,987	1,098

9 Intangible assets

	Film rights and other acquired rights, etc.	In-house produced film rights	Goodwill	Trade- marks	Intangible assets under development and pre- payments
Cost at 1 January 2020	467,919	208,014	501,194	199,116	15,665
Adjustments relating to previous years	(465)	0	(34)	0	0
Foreign exchange adjustments	(2,084)	15	(16,553)	(8,993)	64
Additions through business combinations	1,707	0	17,133	2,706	0
Additions	1,961	32,597	0	621	29,296
Government grants	0	(3,994)	0	0	0
Transferred	26,785	(75)	0	0	(26,710)
Disposals	(1,874)	0	(43)	(719)	(3,279)
Cost at 31 December 2020	493,949	236,557	501,697	192,731	15,036
Amortisation and impairment losses at 1 January 2020	(407,865)	(174,563)	(77,216)	(22,815)	0
Adjustments relating to previous years	287	0	0	0	0
Foreign exchange adjustments	1,763	(663)	4,606	(725)	0
Disposals	1,890	0	39	123	0
Impairment losses	(330)	(3,036)	0	(3,746)	0
Amortisation	(39,981)	(22,917)	0	(4,044)	0
Amortisation and impairment losses at 31 December 2020	(444,236)	(201,179)	(72,571)	(31,207)	0
Carrying amount at 31 December 2020	49,713	35,378	429,126	161,524	15,036

Goodwill

The carrying amount of goodwill is tested for impairment annually or if there is any indication of impairment. The impairment test is made for the Group's cash-generating units, based on their management structure and internal financial reporting.

	2020	2019
TV 2, Norway	168,417	180,431
Nordisk Film, Cinemas	60,524	63,369
Nordisk Film, Games	69,393	66,850
Story House Egmont, Norway	32,101	30,606
Story House Egmont, Sweden	58,172	54,359
Other units	40,519	28,363
Carrying amount	429,126	423,978

In the impairment test of the cash-generating units, the recoverable amount, equivalent to the discounted value of expected future net cash flows, is compared with the carrying amount of the cash-generating units.

9 Intangible assets (continued)

The recoverable amount is based on the value in use, determined by using expected net cash flows that are based on management-approved budgets and business plans for 2021, projections for subsequent years up to and including 2025, and average growth during the terminal period.

The key assumptions in the calculation of value in use for all cash-generating units are development in revenues and gross margins and determination of discount rates and growth rate during terminal period.

TV 2, Norway

The TV business is volatile due to various trends and factors shifting the business model and therefore affected by a generally larger uncertainty regarding the development in revenue and expenses. Combined with increasing prices for acquiring TV rights related to especially sports events and increasing programme cost for Norwegian TV productions, it may result in a more volatile EBITDA-margin in the coming years. The value of the business is primarily impacted by the development in advertising income, number of subscribers and the prices of TV content.

Average annual growth in revenues in the budget and forecast period is expected due to increase in revenue from subscription sales while advertising sales for traditional flow-TV is expected to decline.

Margins are expected to be maintained at more or less the same competitive level based on continued efficiencies as well as a focus on cost savings.

Nordisk Film, Cinemas

The Cinemas cash-generating unit is dependent on a strong line-up of both local and international titles to keep up ticket revenue (box office sales) as well as a strong performance in the gift cards business.

With continued expansion of the cinemas chain and introduction of new cinema concepts, such as the 4dx experience, and a successful roll-out of the global gifting concepts, revenues are expected to increase in the budget and forecast period.

Despite the impact of Covid-19 with cinemas being closed and international films being postponed, there continues to be surplus between the carrying amount and the recoverable amount.

Margins are expected to be overall stable through efficiencies and cost optimisation.

Nordisk Film, Games

Revenues in the Games cash-generating unit is expected to grow from an increased focus on self-published games and work for hire projects while at the same time maintaining a stable cost margin.

Story House Egmont

For both Story House Egmont, Norway and Story House Egmont, Sweden cash-generating unit revenues from the traditional publishing business is expected to be reduced. On the other hand revenue from other business areas such as E-commerce and agencies are expected to increase significantly while maintaining stable margins.

9 Intangible assets (continued)

Key assumptions

On average revenues are expected to grow between (negative) -2.0% and (positive) 8.0% in the forecast period.

Discount rates are determined for each cash-generating unit on basis of a risk-free rate, plus market risk premium and a small stock premium.

The risk-free rate is based on a 5 year-average of the risk-free rate for Denmark, Norway and Sweden.

The market risk premium is calculated as a general market risk premium of 6.0% multiplied by the non-leveraged beta value of each cash-generating unit. Further, a small-cap premium is added.

The non-leveraged beta values are based on the non-leveraged beta values for peer-group companies.

Expected growth during the terminal period is not estimated to exceed the long-term average growth rate in the business areas. For the Story House Egmont cash-generating units a negative growth during the terminal period is expected.

On this basis the following pre-tax discount rates and growth rates during terminal period have been applied:

	Pre-tax discount rates		Growth rate during terminal period	
	2020	2019	2020	2019
TV 2, Norway	9.8%	10.2%	2.0%	2.0%
Nordisk Film, Cinemas	8.1%	9.4%	2.0%	2.0%
Nordisk Film, Games	11.0%	12.0%	2.0%	2.0%
Story House Egmont, Norway	11.9%	12.8%	-5.0%	-5.0%
Story House Egmont, Sweden	11.2%	10.0%	2.0%	0.0%

Impairment tests for goodwill for 2020 regarding the identified cash-generating units of the Group show that the recoverable amount exceeds the carrying amount.

Sensitivity

The Group assesses that probable changes in the assumptions underlying the impairment calculations will not result in a need to write down goodwill for impairment in the Group's primary cash-generating units.

9 Intangible assets (continued)

Trademarks

The carrying amount of trademarks with an indefinite life is tested for impairment annually or if there is any indication of impairment.

	2020	2019
TV 2, Norway	132,809	142,302
Story House Egmont, Norway	3,187	3,414
Carrying amount	135,996	145,716

Trademarks for TV 2, Norway and Story House Egmont, Norway are tested by using the Relief from Royalty method to assess future cash flows from royalty income for the individual trademarks. The royalty rate, determined on the basis of the cash-generating unit's products and the reputation of such products, ranged from 4.5% to 7.0% (4.5% to 14.0% in 2019).

Key parameters used in the impairment models for the primary cash-generating units:

	Pre-tax discount rates		Growth rate during terminal period	
	2020	2019	2020	2019
TV 2, Norway	9.8%	10.2%	2.0%	2.0%
Story House Egmont, Norway	11.9%	12.8%	-	-

Impairment tests for trademarks with an indefinite life for 2020 show that the recoverable amount exceeds the carrying amount.

Sensitivity

The Group assesses that probable changes in the assumptions underlying the impairment calculations will result in insignificant changes in the future cash flow in the Group's primary cash-generating units.

Film rights and in-house produced film rights

The Group makes regular estimates of the remaining useful lives of film rights and in-house produced film rights based on its expected sales in the cinema, transactional home entertainment (DVD, TVOD, streaming) and TV media markets, which are naturally subject to uncertainty as actual sales may differ from estimated sales.

The Group continuously receives sales estimates, and if impairment indicators are identified, film rights and in-house produced film rights are written down for impairment. The useful lives of film rights and in-house produced film rights for 2020 were in general at the expected level.

10 Property, plant and equipment

	Land and buildings	Plant and machinery	Tools and equipment	Leasehold improvements	Property, plant and equipment under construction
Cost at 1 January 2020	222,884	50,663	94,242	38,011	4,476
Adjustments relating to previous years	0	13	(285)	0	0
Foreign exchange adjustments	885	(3,052)	(752)	(1,190)	(39)
Additions through business combinations	0	53	109	11	0
Additions	1,731	6,424	2,772	499	7,385
Transferred	6,362	0	(316)	746	(6,792)
Disposals	(1,312)	(643)	(10,026)	(2,308)	0
Cost at 31 December 2020	230,550	53,458	85,744	35,769	5,030
Depreciation and impairment losses at 1 January 2020	(92,595)	(31,882)	(73,629)	(22,172)	0
Adjustments relating to previous years	0	0	308	0	0
Foreign exchange adjustments	(373)	1,819	649	634	0
Disposals	969	643	10,027	2,306	0
Transferred	(739)	0	824	(85)	0
Impairment losses	0	(10)	(1,419)	(2,926)	0
Depreciation	(7,005)	(6,048)	(6,658)	(2,926)	0
Depreciation and impairment losses at 31 December 2020	(99,743)	(35,478)	(69,898)	(25,169)	0
Carrying amount at 31 December 2020	130,807	17,980	15,846	10,600	5,030

11 Investment properties	2020	2019
Fair value at 1 January	30,791	30,801
Foreign exchange adjustments	126	(10)
Fair value at 31 December	30,917	30,791

Investment properties consist of a rental property in Denmark, let under a long-term lease with a 24 month term of notice. The fair value is calculated according to the net rental method, and thus the value of the property has been calculated on the basis of its expected operating income (pre-tax return) of about 2,500 (2019: 2,400) and a required rate of return of 3.25% (2019: 3.50%), determined on the basis of the general market level and specific circumstances relating to the property (level 3).

If the required rate of return increase or decrease by 0.25%, the fair value of the investment property will be affected by approx EUR 4.0 million.

Rental income amounted to 2,050 (2019: 2,017) and operating costs to 490 (2019: 540).

12 Lease assets	2020	2019
Carrying amount at 1 January	150,122	147,596
Foreign exchange adjustments	(4,381)	(84)
Additions through business combinations	1,632	1,415
Remeasurement	3,798	6,250
Additions, net	10,538	17,702
Depreciation/impairment	(25,744)	(22,757)
Carrying amount at 31 December	135,965	150,122

An amount of EUR 2.5 million has been impaired reflecting the current Covid-19 situation, primarily in our Cinemas business.

The lease assets consists mainly of property leases (rent of cinemas, offices, stores and warehouses etc). The lease contracts are typically made for fixed periods of 2 to 10 years, but may have extension options included in the lease term. Lease terms are negotiated on an individual basis and contains different terms and conditions including payment terms, terminations rights, index-regulations, maintenance etc.

Extension and termination options are typically found in leases in order to maximise operational flexibility in terms of managing contracts.

Recognised in profit and loss:	2020	2019
Depreciation of lease assets	25,744	22,757
Interest expense on lease liabilities	7,979	8,429
Leasing expenses related to variable lease payments not included in the lease liabilities	981	1,748
Leasing payments relating to short-term building leases (under 12 months) and low-value leases	3,009	7,415

Some property leases contain variable payment terms that are linked to an index or revenue e.g. sale of cinema tickets.

13 Investments in joint ventures	2020	2019
Cost at 1 January	32,253	32,300
Foreign exchange adjustments	(829)	223
Additions	1,601	1,107
Disposals	(5,994)	(1,377)
Cost at 31 December	27,031	32,253
Adjustments at 1 January	6,442	15,630
Foreign exchange adjustments	(1,150)	93
Share of profit/(loss) for the year	5,833	(709)
Equity transactions in joint ventures	71	(6,030)
Dividends	(1,746)	(2,626)
Disposals	470	84
Adjustments at 31 December	9,920	6,442
Carrying amount at 31 December	36,951	38,695

Note 33 includes a list of the Group's investments in joint ventures.

	Cappelen Damm		Others	
	2020	2019	2020	2019
Comprehensive income				
Revenue	122,228	144,967	153,241	124,921
Net profit for the year	7,058	(6,477)	6,189	5,550
Dividend received	0	0	1,746	2,626
Balance sheet				
Non-current assets	56,070	78,054	17,643	11,134
Current assets	76,850	68,395	64,763	68,350
Non-current liabilities	47,462	70,319	21	2,328
Current liabilities	51,546	47,473	42,865	41,342
Equity	33,912	28,657	39,520	35,814
Egmont Fonden's share of equity	16,956	14,329	16,948	18,757
Goodwill	167	167	2,880	5,442
Investments in joint ventures	17,123	14,496	19,828	24,199

Cappelen Damm is the only material joint venture and the group "others" consists of more than 10 joint ventures.

14 Investments in associates	2020	2019
Cost at 1 January	86,267	87,973
Foreign exchange adjustments	1,985	(488)
Additions	62,803	9,145
Disposals	(2,552)	(10,363)
Cost at 31 December	148,503	86,267
Adjustments at 1 January	(23,528)	8,447
Foreign exchange adjustments	(1,428)	235
Share of profit/(loss) for the year	3,460	(358)
Impairment losses	(84)	(31,875)
Equity transactions in associates	(4)	182
Dividends	(1,870)	(259)
Disposals	86	100
Adjustments at 31 December	(23,368)	(23,528)
Carrying amount at 31 December	125,135	62,739

On 21 December 2020, Egmont acquired 40% of the shares in Mercury Steam. We are in the process of assessing their fair value. The acquisition cost is expected to relate primarily to goodwill, trademark and tax liability. As such the initial accounting (PPA) is not yet completed, why disclosures of the fair value of assets acquired cannot be provided.

Note 33 includes a list of the Group's investments in associates.

	RiksTV		Jollyroom		Others	
	2020	2019	2020	2019	2020	2019
Comprehensive income						
Revenue	120,801	132,564	165,248	134,492	144,784	146,986
Net profit for the year	1,636	4,473	1,804	(2,848)	8,023	3,087
Dividend received	0	0	0	0	1,870	259
Balance sheet						
Non-current assets	15,287	18,307	14,590	12,995	24,106	20,339
Current assets	24,329	21,779	48,023	48,482	45,213	43,088
Non-current liabilities	4,115	4,337	14,818	15,430	4,271	1,475
Current liabilities	39,808	41,442	20,518	40,016	28,930	29,267
Equity	(4,307)	(5,694)	27,277	6,031	36,118	32,686
Egmont Fonden's share of equity	(2,154)	(2,847)	13,360	2,211	17,559	15,055
Goodwill	6,097	6,017	22,302	6,319	67,971	35,984
Investments in associates	3,943	3,170	35,662	8,530	85,530	51,039

RiksTV and Jollyroom are the only material associates. The group "others" consists of more than 25 associates.

15 Inventories	2020	2019
Raw materials and consumables	4,647	5,117
Work in progress	3,698	2,101
Manufactured goods and goods for resale	85,608	94,077
TV programmes	11,861	13,618
Total	105,814	114,913

At the end of the reporting period, the Group estimates the write-down to realisable value for manufactured goods and goods for resale, which primarily relates to books and game consoles. The estimate is based on expected sales and therefore subject to some uncertainty.

The cost of inventories sold and write-down of inventories for the year amounted to 396,042 (2019: 354,135) and 15,054 (2019: 14,796), respectively. Reversed write-down of inventories in the income statement amounted to 1,233 (2019: 1,035). Inventories included capitalised payroll costs in the amount of 1,864 (2019: 2,156).

16 Prepayments
Prepayments of sports broadcasting rights are included with 20,749 (2019: 1,159), which expire more than 12 months from balance sheet day.

17 Securities
The average duration of the listed bonds is 2 months.

18 Cash and cash equivalents
Deposited in fixed-term deposit 42,021 (2019: 449) and cash and equivalents pledged as collateral 3,718 (2019: 3,721).

19 Equity
Egmont Fonden is a commercial foundation and thus subject to special conditions relating to its capital, as set out in the Foundation's Charter. The Foundation's assets are used for donations in connection with the Foundation's Charitable Activities. The balance of Egmont Fonden's assets is transferred to a reserve to ensure that the Foundation is provided with the necessary capital for consolidating and expanding in accordance with sound principles. Egmont Fonden's equity ratio stood at 44.8% (2019: 46.8%).

20 Hedging instruments	2020	2019
Value adjustments for the year	(10,146)	(15,769)
Value adjustments transferred to revenue	0	(517)
Value adjustments transferred to other external expenses	(10,616)	9,840
Value adjustments transferred to financial expenses	2,074	2,178
Value adjustments transferred to intangible assets	(110)	(719)
Total	(18,798)	(4,987)

21 Other comprehensive income

	Capital fund	Reserve for hedging transactions	Reserve for foreign exchange adjustments	Retained earnings	Non-controlling interests	Total equity
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	(718)	0	(718)
Equity transactions in joint ventures and associates	0	0	0	67	0	67
Foreign exchange adjustments on translation to presentation currency	120	(16)	(631)	2,174	16	1,663
Foreign exchange adjustments on translation of foreign entities	0	442	(46,857)	0	(15)	(46,430)
Net value adjustments of hedging instruments	0	(18,798)	0	0	0	(18,798)
Tax on other comprehensive income	0	3,272	663	52	0	3,987
Other comprehensive income 2020	120	(15,100)	(46,825)	1,575	1	(60,229)
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	(783)	0	(783)
Equity transactions in joint ventures and associates	0	0	0	(5,848)	0	(5,848)
Foreign exchange adjustments on translation to presentation currency	(9)	0	53	(321)	(2)	(279)
Foreign exchange adjustments on translation of foreign entities	0	(31)	9,150	0	3	9,122
Net value adjustments of hedging instruments	0	(4,987)	0	0	0	(4,987)
Tax on other comprehensive income	0	1,050	(124)	172	0	1,098
Other comprehensive income 2019	(9)	(3,968)	9,079	(6,780)	1	(1,677)

22 Pension obligations and similar obligations

	2020	2019
Defined benefit pension obligations	148	344
Other pension obligations	(3,950)	(4,202)
Total	(3,802)	(3,858)

Pensions:

The Group mainly has defined contribution pension plans, but also has collective pension plans (multi-employer plans) as well as defined benefit pension plans.

Multi-employer plans:

The Group has collective pension plans in Sweden that are entered into with other enterprises in the media business (ITP plans). ITP-plans are classified as multi-employer plans. Such plans are defined benefit plans, but are treated as defined contribution plans according to IAS 19. Contributions made to collective pension plans in Sweden in 2020 amount to EUR 2.8 million (2019: EUR 2.8 million). For 2021, the contributions are expected to be EUR 3.0 million.

22 Pension obligations and similar obligations (continued)

Defined benefit pension plans:

The Group has defined benefit pension plans in Norway. These pension plans are funded in whole or in part through collective insurance plans with Kommunal Landspensjonskasse who manages the administration and the investment of the members' pension funds. The Group is exposed to actuarial risks including risks on investment and interest rate and mortality. The Group's remaining defined pension plans in Norway are closed for new members.

Defined benefit pension obligations recognised in the balance sheet	2020	2019
Present value of defined benefit pension obligations	(15,147)	(16,365)
Fair value of pension plan assets	15,385	16,831
Payroll tax	(90)	(122)
Net asset/(liability) at 31 December	148	344

Composition of pension plan assets (%)

Bonds	45.8%	46.2%
Shares	24.2%	24.4%
Money market and the like	16.7%	17.5%
Property	13.3%	11.9%

The Group expects to contribute EUR 68 to defined benefit pension plans in 2021.

Maturity of pension obligations	2020	2019
Within 1 year	957	1,022
Between 1 - 5 years	4,849	5,314
After 5 years	9,341	10,029
Total	15,147	16,365

Key assumptions used for the actuarial calculations in the individual pension plans:

	2020	2019
Discount rate	1.7%	2.3%
Inflation rate	1.5%	1.5%
Salary increase	2.25%	2.25%
Pension increase	0.5 - 2.0%	0.5 - 2.0%
Mortality table	K2013/KU	K2013/KU

Sensitivity analysis:

The analysis shows that fluctuations are insignificant.

Other pension obligations:

The Group has recognised an obligation of EUR 4.0 million (2019: EUR 4.2 million) to cover other pension-like obligations, including primarily job security agreements in a number of subsidiaries. The benefit payments are conditional upon specified requirements being met.

23 Deferred tax	2020	2019
Deferred tax at 1 January	(45,530)	(42,853)
Adjustments relating to previous years	2,088	(237)
Foreign exchange adjustments	(321)	323
Additions through business combinations	(1,313)	(21)
Deferred tax for the year recognised in the income statement	3,643	(3,840)
Deferred tax for the year recognised in other comprehensive income	3,987	1,098
Deferred tax at 31 December	(37,446)	(45,530)

Deferred tax has been recognised in the balance sheet as follows:

Deferred tax, asset	4,445	5,228
Deferred tax liability	(41,891)	(50,758)
Deferred tax, net	(37,446)	(45,530)

Deferred tax assets are recognised for all unutilised tax losses to the extent it is considered probable that taxable profits will be realised in the foreseeable future against which the losses can be offset. The amount to be recognised in respect of deferred tax assets is based on an estimate of the probable time of realising future taxable profits and the amount of such profits.

The Group has assessed that deferred tax assets totalling 4,445 (2019: 5,228), primarily attributable to tax losses in Germany can be realised in the foreseeable future. This is based on the forecasted earnings of the enterprises in which tax assets can be utilised.

The deferred tax relates to	2020	2019
Intangible assets	(49,780)	(52,020)
Property, plant and equipment	4,309	3,248
Receivables	653	541
Inventories	1,616	1,951
Other current assets	(2,623)	(1,978)
Provisions	13,380	10,287
Other liabilities	(10,861)	(10,952)
Tax losses allowed for carryforward, etc.	5,860	3,393
Total	(37,446)	(45,530)

Unrecognised deferred tax assets relates to	2020	2019
Tax losses	922	5,075
Temporary differences	1,923	2,059
Total	2,845	7,134

24 Other provisions	Goods sold with a right of return	Other
Other provisions at 1 January 2020	37,921	31,326
Foreign exchange adjustments	(871)	(1,383)
Provisions made	59,215	40,440
Provisions used	(57,630)	(9,299)
Reversals	(294)	(6,542)
Other provisions at 31 December 2020	38,341	54,542

Goods sold with a right of return include magazines and books that the shops can return according to agreement. At the date of sale, the Group estimates how many goods are expected to be returned or exchanged based on historical experience of selling such goods. This estimate is naturally subject to uncertainty, as the quantity actually returned may deviate from the estimated quantity. However, the uncertainty concerning the return of magazines is limited due to the short period allowed for returning them.

Other provisions include warranty provisions, in respect of which expected partial compensation from the supplier is recognised in other receivables.

25 Fees to auditors	2020	2019
<i>Fee to EY:</i>		
Statutory audit	(1,393)	(1,233)
Tax consultancy	(206)	(160)
Other assurance statements	(59)	(82)
Other services	(781)	(643)
Total fees to EY	(2,439)	(2,118)
<i>Fee to other auditors:</i>		
Statutory audit	(49)	(95)
Tax consultancy	(30)	(50)
Other assurance statements	(216)	(253)
Other services	(549)	(245)
Total fees to other auditors	(844)	(643)
Total	(3,283)	(2,761)

26 Contingent liabilities and collateral

The Group has provided security to mortgage credit institutions of 111,036 (2019: 106,888) over domicile and investment properties, with a carrying amount of 131,886 (2019: 133,298).

The Group has entered into binding contracts concerning purchase of intangible film rights at the value of 31,643 (2019: 29,829).

Entities in the Group have furnished miscellaneous guarantees, etc., for 11,451 (2019: 10,878).

The Group's share of miscellaneous guarantees in joint ventures amounts to 1,112 (2019: 2,597).

The Group's share of miscellaneous guarantees to associates amounts to 1,680 (2019: 1,673).

27 Financial risks and financial instruments

As a result of its operations, investments and financing, the Egmont Group is exposed to certain financial risks. Primarily related to foreign exchange and interests.

Corporate Finance is responsible for centralised management of liquidity and financial risks in the Group's wholly owned entities. Corporate Finance operates as counterparty to the Group's entities, thus undertaking centralised management of liquidity and financial risks. Liquidity and financial risks arising in joint ventures are reported to Corporate Finance and thus managed on a decentralised basis. Management monitors the Group's financial risk concentration and financial resources on an ongoing basis.

The overall framework for financial risk management is laid down in the Group's Treasury Policy approved annually by the Board of Trustees. The Treasury Policy comprises the Group's currency and interest rate policy, financing policy and policy regarding credit risks in relation to financial counterparties and includes a description of approved financial instruments and risk framework. The overall framework is assessed on an ongoing basis.

The Group's policy is to refrain from engaging in speculative transactions. Thus, the Group's financial management focuses exclusively on managing financial risks that are a consequence of the Group's operations, investments and financing.

Currency risks

The Group is exposed to exchange rate fluctuations as a result of the individual consolidated enterprises entering into purchase and sales transactions and having receivables and payables denominated in currencies other than their functional currency. Forward exchange contracts are used to ensure that the actual exposure does not exceed the currency exposure limit of the Group.

The Group is using forward contracts to hedge currency risks related to purchase of film rights and sports broadcasting rights. The cumulative value adjustments recognised in other comprehensive income amount to EUR -6.7 million (2019: EUR 10.5 million), which will be recognised in the income statement during 2021-2025.

As at 31 December 2020, a drop of 5% in the EUR/NOK exchange rate and an increase of 5% in the USD/DKK exchange rate would affect other comprehensive income with EUR -25.0 million (2019: EUR -11,5 million). The sensitivity analysis is based on financial instruments recognised at 31 December and an effectiveness of 100% of hedge accounting.

Translation risks

The Group's primary currency risk exposure is denominated in NOK and relates to the Group's investments in wholly-owned entities and joint ventures, including long-term intra-group loans. As a main rule, these currency risks are not hedged, as ongoing hedging of such long-term investments is not considered to be the best strategy based on overall risk and cost considerations. Due to decrease in exchange rate, the equity in 2020 is affected negatively by EUR 46.9 million (2019: positively EUR 9,2 million).

A 5% drop in the exchange rates of NOK would have impacted the 2020 profits by about EUR -2.2 million (2019: EUR -1.0 million), and the equity at 31 December 2020 by about EUR -29.5 million (2019: EUR -31.2 million). A positive change in foreign exchange rates would have a reverse impact on profits and equity based on the financial instruments recognised at end-2020 and end-2019 all other things being equal.

Interest rate risks

As a result of its investment and financing activities, the Group has an exposure related to fluctuations in interest rate levels.

The Group's policy is to hedge interest rate risks relating to loans when it is assessed that interest payments may be secured at a satisfactory level. The Group's interest rate risks are managed by entering into interest swap contracts, with floating-rate loans being converted into fixed-rate interest loans. The principal amount of interest swap contracts concluded by the Group

27 Financial risks and financial instruments (continued)

for hedging purposes was EUR 53.4 million at 31 December 2020 and EUR 54.6 million at 31 December 2019. The cumulative fair value adjustments in other comprehensive income amounted to EUR -17.8 million at 31 December 2020 (2019: EUR -15.6 million), which will be recognised in the income statement over the coming 1-8 years (2019: 1-9 years).

As a result of the Group's use of derivative financial instruments to hedge its interest rate exposure relative to instruments of debt, changes in the fair value of the hedging instruments will impact the Group's reserve for hedging transactions under equity. A one percentage point drop in interest rates would reduce equity by about EUR 4 million. In addition, such an interest rate drop will not affect the income statement in any material way, because the effect by way of loss of interest income from net deposits and market value changes to derivative financial instruments equals out and in addition will be insignificant.

Liquidity risks

The Group's liquidity reserve comprises cash and cash equivalents, securities and unutilised credit facilities. To ensure optimum utilisation of cash and cash equivalents, the Group operates with cash pools. The Group has net interest-bearing debt of EUR 121.9 million (2019: net interest-bearing debts EUR 169.6 million).

The Group's financing consists primarily of Danish floating-rate mortgage loans expiring in 2039 and 2043 respectively and floating-rate loans denominated in NOK with the underlying facility having maturity in 2023. In the debt repayment schedule shown below, it is assumed that the loan facility will be continually extended.

The Group's liabilities other than provisions fall due as shown below. The debt repayment schedule is based on undiscounted cash flows incl. estimated interest payments based on current market conditions:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Mortgage debt	111,665	116,724	573	2,313	113,838
Other credit institutions	51,220	52,962	258	1,292	51,412
Finance lease liabilities	159,532	208,722	33,340	100,292	75,090
Trade payables	207,445	207,445	207,445	0	0
Payables to joint ventures and associates	1,790	1,790	1,790	0	0
Non-derivative financial instruments	531,652	587,643	243,406	103,897	240,340
Derivative financial instruments	26,295	27,538	10,107	12,912	4,519
31 December 2020	557,947	615,181	253,513	116,809	244,859
Mortgage debt	111,427	114,700	574	4,208	109,918
Other credit institutions	62,904	71,633	9,053	5,151	57,429
Finance lease liabilities	171,339	217,812	31,097	102,344	84,371
Trade payables	190,126	190,126	190,126	0	0
Payables to joint ventures and associates	330	330	330	0	0
Non-derivative financial instruments	536,126	594,601	231,180	111,703	251,718
Derivative financial instruments	25,512	18,805	3,202	10,068	5,535
31 December 2019	561,638	613,406	234,382	121,771	257,253

The total cash outflow for lease assets amounted to EUR 33.8 million (2019: EUR 31.0 million) of which instalment on lease assets amounted to EUR 25.8 million (2019: EUR 22.6 million).

27 Financial risks and financial instruments (continued)

Changes in liabilities arising from financing activities	Non-current borrowings	Non-current lease liabilities	Current borrowings	Current lease liabilities	liabilities from financing activities
1 January 2020	162,414	151,918	11,917	19,421	345,670
Additions through business combinations	0	1,632	0	0	1,632
Cash flows, net	(395)	(17,803)	(12,610)	(7,867)	(38,675)
Other *	0	15,507	0	0	15,507
Foreign exchange adjustments	645	(2,911)	914	(365)	(1,717)
31 December 2020	162,664	148,343	221	11,189	322,417
Carrying amount at 1 January 2019 (restated)	165,432	146,174	35,168	22,627	369,401
Additions through business combinations	0	1,415	360	0	1,775
Cash flows, net	(2,964)	0	(23,401)	(22,627)	(48,992)
New leases	0	23,868	0	0	23,868
Other *	0	(19,421)	0	19,421	0
Foreign exchange adjustments	(54)	(118)	(210)	0	(382)
31 December 2019	162,414	151,918	11,917	19,421	345,670

* Other includes additions and remeasurement of financial liabilities

Credit risks

The Group's credit risks relate primarily to trade receivables, securities and cash and cash equivalents. The Group is not exposed to any significant risks associated with a particular customer or business partner. According to the Group's policy for accepting credit risk, all major customers are regularly credit rated.

Trade receivables:

Lifetime expected loss allowance for group trade receivables is calculated on basis on a simplified approach. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics. The expected loss rates are based on historical credit losses experienced in the last 3 years (2017-2019). The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables on basis of development in corporate insolvencies in the geographical areas.

27 Financial risks and financial instruments (continued)

On that basis, the impairment can be determined as follows:

Trade receivables 2020	Expected loss (%)	Gross amount	Expected loss	Net
Not past due	-0.6%	168,181	1,000	167,181
Past due - up to 30 days	-0.4%	17,015	71	16,944
Past due - between 30 and 90 days	0.0%	8,474	0	8,474
Past due - over 90 days	-19.4%	16,667	3,238	13,429
Total		210,337	4,309	206,028

Trade receivables 2019	Expected loss (%)	Gross amount	Expected loss	Net
Not past due	-0.3%	183,514	547	182,967
Past due - up to 30 days	-3.8%	13,024	491	12,533
Past due - between 30 and 90 days	-0.7%	14,221	106	14,115
Past due - over 90 days	-42.2%	9,162	3,864	5,298
Total		219,921	5,008	214,913

For certain sales the Group receives collateral. This occurs typically in connection with the distribution of magazines where deposits are received. Trade receivables secured by collateral, with a consequent reduction in overall credit risk, amount to 52.864 (2019: 52,095). In addition, some of the Group's entities take out credit insurance against losses on trade receivables to the extent deemed relevant.

Trade receivables are grouped based on geographical areas with common characteristics. The impairment can be specified on the geographical areas as follows:

Geographical distribution of impairment 2020	Nordic Countries	Other European Countries	Total
Not past due	151	849	1,000
Past due - up to 30 days	70	1	71
Past due - between 30 and 90 days	0	0	0
Past due - over 90 days	2,392	846	3,238
Total	2,613	1,696	4,309

Geographical distribution of impairment 2019	Nordic Countries	Other European Countries	Total
Not past due	113	434	547
Past due - up to 30 days	69	422	491
Past due - between 30 and 90 days	106	0	106
Past due - over 90 days	2,160	1,704	3,864
Total	2,448	2,560	5,008

27 Financial risks and financial instruments (continued)

The development in the impairment of trade receivables can be specified as follows:

Impairment	2020	2019
Impairment at 1 January	5,008	4,355
Foreign exchange adjustments	(185)	41
Impairment in the year	3,157	2,525
Realised losses	(1,772)	(1,235)
Reversed impairment	(1,899)	(678)
Impairment at 31 December	4,309	5,008

Securities, cash and cash equivalents:

The Group is exposed to counterparty risk through its cooperation with financial counterparties via funds deposited, but also via credit commitments. The Group manages this risk by cooperating with banks with a sound credit rating.

Categories of financial instruments	2020	2019
Financial assets measured at fair value via the income statement	115,036	124,514
Financial assets used as hedging instruments	58	148
Financial assets measured at amortised cost	364,718	331,152
Financial liabilities measured at fair value via the income statement	784	2,938
Financial liabilities used as hedging instruments	25,511	22,574
Financial liabilities measured at amortised cost	531,652	536,126

The carrying amount of receivables and other financial liabilities (current) is equal to the fair value.

Mortgage debt and debt to other credit institutions (non-current) are floating-rate cash loans, and thus the fair value is equal to the carrying amount.

Securities are measured at listed prices (level 1). Derivative financial instruments are valued at fair value on the basis of inputs other than listed prices that are observable for the liability, either directly or indirectly (level 2).

28 Related parties

Egmont Fonden is a commercial foundation and has no owner with control.

The Egmont Group's related parties with significant influence comprise the foundation's Board of Trustees, Management Board and their close relatives, as well as enterprises in which this group of persons has material interests. The compensation paid to the Board of Trustees and Management Board is disclosed in note 4.

Related parties with significant influence also comprise joint ventures and associates; see notes 13; 14 and 33.

Transactions with joint ventures and associates:

	2020		2019	
	Joint ventures	Associates	Joint ventures	Associates
Receivables	13,166	5,030	15,936	3,182
Payables	1,790	0	185	145
Interest income	503	55	606	78

29 Deferred income - Contract liabilities

Contract liabilities comprise deferred income amounting to EUR 77.6 million at 31 December 2020 (2019: EUR 66,5 million).

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounts to EUR 62.8 million (2019: EUR 63,9 million).

30 Standards and interpretations not yet adopted

IASB has issued a number of amended standards which have not yet entered into force, and which have consequently not been incorporated into the consolidated financial statements for 2020.

31 Subsequent events

On 3 February 2021, Egmont acquired 100% of the shares in Royal Design Group Holding AB and on 24 February Egmont acquired further shares in Drive Studios A/S and now holds a majority stake in the company. We are in the process of assessing their fair value. The acquisition cost is expected to relate primarily to goodwill and trademark. As such the initial accounting (PPA) is not yet completed, why disclosures of the fair value of assets acquired and other disclosures required by IFRS 3 Business Combinations cannot be provided.

Apart from the above mentioned, no material events have occurred after the reporting period.

32 Acquisition and divestment of businesses

Acquisitions in 2020

In 2020, the Group has acquired a further 41.0% of the shares in Garnius AS (and now holds 51% of the shares) and a further 12.3% of the shares in Kanmalmö AB (and now holds 59.5% of the shares) as well as 100% of the shares in Edulab ApS. Furthermore, the Group has acquired other businesses for a total of EUR -0.4 million (due to assets transferred and large cash positions in the acquired companies).

Fair value at acquisition date	Garnius AS	Edulab ApS	Kanmalmö	Others	Total
Intangible assets	691	4,062	0	95	4,848
Property, plant and equipment	63	65	44	3	175
Other non-current assets	9	359	267	90	725
Current assets	3,627	656	3,756	2,413	10,452
Lease assets	454	407	517	254	1,632
Non-current financial liabilities	0	(3,219)	0	(20)	(3,239)
Other non-current liabilities	(1,166)	(826)	(517)	(254)	(2,763)
Other current liabilities	(1,075)	(1,900)	(2,130)	(1,138)	(6,243)
Identifiable net assets	2,603	(396)	1,937	1,443	5,587
Goodwill	3,287	7,312	3,920	2,181	16,700
Minority interest	(1,299)	0	(849)	(629)	(2,777)
Purchase consideration	4,591	6,916	5,008	2,995	19,510
Cash and cash equivalents, acquired	(1,393)	(455)	(1,864)	(1,705)	(5,417)
Contingent purchase consideration (Earn outs)	0	0	0	(180)	(180)
Fair value of assets transferred	(3,007)	0	(3,869)	(825)	(7,701)
Total cash consideration paid	191	6,461	(725)	285	6,212

Transaction costs attributable to the acquisitions are recognised in Other external expenses when incurred.

Garnius AS, Norway

The Group acquired a further 41.0% of the shares (and now holds 51% of the shares) in Garnius AS, a Norwegian E-commerce company, focusing on online sale of yarn in mainly the Norwegian market but also in Denmark and Sweden. The shares were mainly acquired from the founder on 6 January 2020.

The net cash purchase price is EUR 0.2 million. Goodwill is mainly related to the workforce and the knowhow within the company (strong management and competent purchase and marketing departments) related to driving the online sales, while the trademark Garnius was recognised as intangible assets.

The due diligence process was mainly handled inhouse and there were no significant external transaction costs in connection with the acquisition.

Edulab ApS, Denmark

The Group acquired 100% of the shares in Edulab ApS, a Danish provider of various maths solutions for educational institutions, with headquarters in Copenhagen. The entity has a market leading share in Denmark on digital learning resources for math and a growing presence in Sweden and Norway. The shares were acquired from Vækstfonden and the founders on 29 February 2020.

32 Acquisition and divestment of businesses (continued)

The net cash purchase price is EUR 6.5 million. Goodwill is mainly related to the workforce and the knowhow within the company related to 4 key employees as well as the skills of the general workforce. The trademark Edulab as well as the customer relationship (related to a high level of recurring revenue from MatematikFessor) were recognised as intangible assets.

The due diligence process was mainly handled inhouse and there were no significant external transaction costs in connection with the acquisition.

Kanmalmö AB, Sweden

The Group acquired a further 12.3% of the shares (and now holds 59.5% of the shares) in Kanmalmö AB, a Swedish full service digital marketing agency, with headquarters in Malmö and offices in Stockholm. The entity is market leading in the southern part of Sweden and also have clients in the rest of Sweden, Scandinavia and Europe. The shares were acquired from the founders on 30 March 2020.

The net cash purchase price is EUR (0.7) million. Goodwill is mainly related to the workforce and the knowhow within the company related to the management as well as the skills of the general workforce.

There were no transaction costs for advisory in relation with the acquisition as everything was handled inhouse.

Other

In 2020, Story House Egmont, Sweden, acquired a further 10% of the shares in Klintberg Niléhn Media AB (and now has a majority share of 59.0%) in order to continue to grow the business area Marketing Agencies. In addition to this Story House Egmont, Norway acquired 50% of the shares (but has control) in Cloud Media Services AS to grow the business area Marketing agencies in Norway. s360 has acquired 100% of the shares in Keyteq AS to gain access to a Google license in Norway. Lindhardt & Ringhof acquired 60% of the shares in GoTutor Denmark ApS.

Divestment 2020

The books businesses in UK, Germany (partly) and Poland were in 2020 carved out of the respective Story House Egmont businesses and sold to Harper Collins.

Fair value at divestment date	Focus Transaction
Intangible assets	335
Current assets	16,487
Net assets divested	16,822
Transaction costs	2,066
Profit/(loss)	9,015
Selling price on divestment of businesses	27,903
Cash and cash equivalents, disposed	0
Total cash consideration received	27,903

32 Acquisition and divestment of businesses (continued)

Acquisitions in 2019

In 2019, the Group has acquired a further 22.7% of the shares in Fjellsport AS (and had 65.9%, before this was converted to a total of 80.23% in Outnordic AB) as well a further 32.8% of s360 A/S (and had 66.5% but now holds 57.5%). Furthermore the Group has acquired other businesses for a total of EUR 4.2 million.

Fair value at acquisition date	Fjellsport AS	s360 A/S	Others	Total
Intangible assets	2,515	0	98	2,613
Property, plant and equipment	1,917	82	249	2,248
Other non-current assets	1,361	346	665	2,372
Current assets	11,538	2,606	6,525	20,669
Leases	1,136	281	0	1,417
Other non-current liabilities	(161)	(281)	(973)	(1,415)
Current financial liabilities	(349)	0	(11)	(360)
Other current liabilities	(8,334)	(2,896)	(4,083)	(15,313)
Identifiable net assets	9,623	138	2,470	12,231
Goodwill	10,460	14,077	7,746	32,283
Minority interest	(3,329)	(44)	(792)	(4,165)
Purchase consideration	16,754	14,171	9,424	40,349
Cash and cash equivalents, acquired	(1,596)	(606)	(2,056)	(4,258)
Fair value of assets transferred	(11,135)	(7,927)	(3,119)	(22,181)
Total cash consideration paid	4,023	5,638	4,249	13,910

Transaction costs attributable to the acquisitions are recognised in Other external expenses when incurred.

Fjellsport AS, Norway

The Group acquired a further 22.7% of the shares (and had 65.9%, before this was converted to a total of 80.23% in Outnordic AB) in Fjellsport AS, a Norwegian E-commerce company, focusing on online sale of outdoor sport equipment and clothes in mainly the Norwegian market but also in Sweden. The shares were mainly acquired from the founder on 3 January 2019.

The net cash purchase price is EUR 4.0 million. Goodwill is mainly related to the workforce and the knowhow within the company (strong management and competent purchase and marketing departments) related to driving the online sales, while trademarks (Fjellsport in Norway and Tindeberg in Sweden) was recognised as intangible assets.

Non-controlling interests in the acquiree is measured at the proportionate share of the fair value of the acquired business' identifiable assets, liabilities and contingent liabilities.

The transaction costs for advisory in relation with the acquisition is EUR 0.1 million.

32 Acquisition and divestment of businesses (continued)

s360 A/S, Denmark

The Group acquired a further 32.8% of the shares (and had 66.5% but now holds 57.5%) in s360 A/S, a Danish digital marketing agency, with headquarters in Aarhus and sales office in Copenhagen, focusing on PPC (Pay-per-click), SEO (Search engine optimisation) and analytics. The shares were mainly acquired from the two founders on 4 April 2019.

The net cash purchase price is EUR 5.6 million. Goodwill is mainly related to the workforce and the knowhow within the company related to both a strong management team as well as the client services which has a large share of attracting and retaining clients.

Non-controlling interests in the acquiree is measured at the proportionate share of the fair value of the acquired business' identifiable assets, liabilities and contingent liabilities.

The transaction costs for advisory in relation with the acquisition is close to 0.

Other

In 2019, Egmont Publishing Sweden, acquired a further 16.95% of the shares in Ingager AB (and now has a majority share of 59.3%) in order to continue to grow the business area Marketing Services. In addition to this Nordisk Film Biografer acquired the Viborg based cinema Fotorama Biograferne ApS through the acquisition of 100% of the shares. OY Nordisk Film acquired a further 11.02% of the shares in Nordic XR Startups OY (and now has a majority share of 60%), a company which supports digital startups in Finland.

Fjellspport Group AS, s360 A/S and Ingager AB was previously recognised as investments in joint ventures and associates. Gain from remeasurement of the existing equity interests at fair value amounts to EUR 9.7 million which is recognised under Other operating income in the income statement.

Egmont has during 2019 acquired shares from minorities and sold shares to minorities, while retaining control of the company. The net cumulative effect of the acquisitions and sales made in 2019 amounts to -4.8 million which has been recognised as a reduction to Egmont Group share of equity.

Divestment 2019

TV 2 Norway has in 2019 sold all the shares in the subsidiary, Screen Media AS, to Banijay AS.

Fair value at divestment date	Screen Media AS
Intangible assets	44
Property, plant and equipment	711
Current assets	1,719
Other current liabilities	(308)
Net assets divested	2,166
Profit/(loss)	(1,130)
Selling price on divestment of businesses	1,035
Cash and cash equivalents, disposed	(1,424)
Total cash consideration received	(389)

33 Group entities

Unless otherwise stated, the entities are wholly owned. The entities marked with * are owned directly by the Egmont Fonden.

Entities marked with ** do not prepare official annual reports.

SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2020	2019
Denmark	Egmont International Holding A/S *	Copenhagen		
	Story House Egmont A/S	Copenhagen		
	Egmont Printing Service A/S	Copenhagen		
	Egmont Creative Solutions A/S	Copenhagen		
	Belong Group A/S	Copenhagen		91.43%
	<i>Partnergruppen PWG ApS owns</i>		-	8.57%
	Belong A/S	Copenhagen		
	<i>Belong Group A/S owns</i>			100%
	GoShopping ApS	Herning		
	<i>Bagaren och Kocken AB owns</i>		100%	100%
	Unique Models of Copenhagen A/S	Copenhagen	60%	60%
	Unique Social A/S	Copenhagen		
	<i>Unique Models of Copenhagen A/S owns</i>		-	100%
	<i>(Merged with Unique Models of Copenhagen A/S)</i>			
	ABCiTY A/S	Copenhagen		
	s360 A/S	Aarhus	54.5%	57.5%
	Cooperante ApS	Aarhus		
	<i>s360 A/S owns</i>		52%	52%
	E-commerce Analytics ApS	Aarhus		
	<i>s360 A/S owns</i>		80%	80%
	Ingager ApS	Copenhagen		
	<i>Ingager AB owns</i>		100%	-
	Lindhardt og Ringhof Forlag A/S	Copenhagen		
	GoTutor Denmark ApS	Copenhagen	60%	-
	EduLab ApS	Copenhagen		-
	Nordisk Film A/S	Copenhagen		
	Nordisk Film Distribution A/S	Copenhagen		
	Nordisk Film Shortcut A/S	Copenhagen		
	Nordisk Film Production A/S	Copenhagen		
	Embassy Down A/S	Copenhagen		
	<i>(Merged with Nordisk Film A/S)</i>		-	
	Nordisk Film Biografer A/S	Copenhagen		
GoGift.com A/S	Copenhagen			
Kino.dk A/S	Copenhagen	74%	74%	
Nordisk Film Bridge Finance A/S	Copenhagen			
Dansk Reklame Film A/S	Copenhagen			
Egmont Administration A/S	Copenhagen			
Egmont Svensk Finansiering A/S	Copenhagen			
Egmont Finansiering A/S	Copenhagen			
Egmont Investering A/S	Copenhagen			
Ejendomsselskabet Vognmagergade 11 ApS *	Copenhagen			
Ejendomsselskabet Gothersgade 55 ApS *	Copenhagen			
MBG Sleeping Egmont A/S **	Copenhagen			
Partnergruppen PWG ApS	Copenhagen			
<i>(Merged with Story House Egmont A/S)</i>		-	73.34%	
VPH Sleeping Egmont A/S **	Copenhagen			

33 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2020	2019
Norway	Egmont Holding AS	Oslo		
	Egmont Kids Media Nordic AS	Oslo		
	Story House Egmont AS	Oslo		
	Cloud Media Service AS	Oslo	50%	-
	Fagmedia AS	Oslo		
	Nordiske Fagmedier AS	Oslo	75%	75%
	Sempro AS	Moss	69.63%	69.63%
	Garnius AS	Haugesund	51%	10%
	Belong Norge AS	Oslo		
	<i>Belong Group A/S owns</i>			100%
	Fjellsport Group AS	Sandefjord		
	<i>Outnordic Invest AB owns</i>		100%	100%
	Fjellsport AS	Sandefjord		
	<i>Fjellsport Group AS owns</i>		100%	100%
	Nordisk Film AS	Oslo		
	Nordisk Film Distribusjon AS	Oslo		
	Nordisk Film Production AS	Oslo		
	Nordisk Film ShortCut AS	Oslo	66%	66%
	Filmweb AS	Oslo	64.3%	64.3%
	Drammen Kino AS	Drammen	66.7%	66.7%
	Nordisk Film Kino AS	Oslo		
	Media Direct Norge AS	Oslo		
	Mortal AS	Oslo		
	Postcard AS	Oslo	-	
	<i>(Merged with Nordisk Film AS)</i>			
	Keyteq Technologies AS	Bergen		
	<i>s360 A/S owns</i>		100%	-
	TV 2 Gruppen AS	Bergen		
	TV 2 AS	Bergen		
	TV 2 Skole AS	Bergen		
	Nydalen Studios AS	Oslo		
	Broom.no AS	Oslo		
	Broommarked AS	Oslo		
	Electric Friends AS	Oslo	99.36%	72.57%
	Eventyrkanalen AS	Bergen		
	Vimond Media Solutions AS	Bergen		
	Wolftech Broadcast Solutions AS	Bergen	91%	91%
	TV 2 Invests AS	Fredrikstad		
	Screen Story AS	Stavanger	90.2%	90.2%
	Screen Story Film og TV AS	Stavanger		
<i>Screen Story AS owns</i>		100%	100%	
Aventia Media AS	Nøtterøy	68%	68%	

33 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2020	2019
Sweden	Egmont Holding AB	Malmö		
	Story House Egmont AB	Malmö		
	Egmont Publishing Subsidiary AB <i>(Merged with Story House Egmont AB)</i>	Stockholm	-	
	Belong Agency Sweden AB <i>Belong Group A/S owns</i>	Stockholm		100%
	Belong Studio AB <i>Belong Agency Sweden AB owns</i>	Stockholm	60%	60%
	Egmont Publishing Digital AB <i>(Merged with Story House Egmont AB)</i>	Stockholm	-	
	Ingager AB	Stockholm	59.3%	59.3%
	Bagaren och Kocken AB	Gothenburg	85.75%	85.75%
	Outnordic Invest AB	Växjö	84.75%	84.75%
	Outnorth AB <i>Outnordic Invest AB owns</i>	Växjö	100%	100%
	Tindeberg AB <i>Fjellsport Group AS owns</i>	Sandefjord	-	100%
	Nordisk Film Sverige AB	Stockholm		
	Nordisk Film Distribution AB	Stockholm		
	Nordisk Film Produktion Sverige AB	Stockholm		
	Avanti Film AB	Stockholm		
	Fatalist Partners AB	Stockholm		
	Fatalist Holdings AB	Stockholm		
	Fatalist Technologies AB	Stockholm		
	Fatalist Development AB	Stockholm		
	Fatalist Production 2 AB	Stockholm		
	Fatalist Production 3 AB	Stockholm		
	Fatalist Production 4 AB	Stockholm		
	Fatalist Production 5 AB	Stockholm		
	Systemic Reaction AB	Stockholm		
	Expansive Worlds AB	Stockholm		
	Nordisk Film Biografer Sverige AB	Stockholm		
	Kanmalmo AB	Malmö	59.5%	47.16%
Klintberg Nihlén Media AB	Stockholm	59%	49%	
Finland	Egmont Holding Oy/Egmont Holding Ab	Helsinki		
	Oy Nordisk Film Ab	Helsinki		
	Nordic XR Startups Oy <i>Oy Nordisk Film Ab owns</i>	Helsinki	60%	60%
	search360 OY <i>s360 A/S owns</i>	Helsinki	75%	75%

33 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2020	2019
Germany	Egmont Holding GmbH	Berlin		
	Egmont Ehapa Media GmbH	Berlin		
	Egmont Verlagsgesellschaften mbH	Berlin		
	Mitte-Editionen GmbH	Berlin		
	Egmont Ehapa Rights Management GmbH	Berlin		
	Egmont Ehapa Comic Collection GmbH	Berlin		
	Ingager GmbH <i>Ingager AB owns</i>	Berlin	100%	100%
	GoGift GmbH	Frankfurt am Main		
United Kingdom	Avalanche Studios Group Ltd.	London		-
	Egmont Holding Ltd.	London		
	Egmont UK Ltd.	London	-	
	Story House Egmont Ltd.	London		
Poland	Egmont Polska sp. z o.o.	Warsaw		
Estonia	Egmont Estonia AS	Tallinn		
Latvia	Egmont Latvija SIA	Riga		
Lithuania	UAB Egmont Lietuva	Vilnius		
Ukraine	Egmont Investment UA LLC	Kiev		
	Egmont Ukraine LLC <i>Egmont Investment UA LLC owns</i>	Kiev	30% 70%	30% 70%
Bulgaria	Egmont Bulgaria EAD	Sofia		
Croatia	Egmont d.o.o.	Zagreb		
USA	Vimond Media Solutions Inc	New York		
	Avalanche Studios New York Inc.	New York		
China	Egmont Sourcing Hong Kong Ltd.	Hong Kong		
Australia	Vimond Media Solutions Apac Pty Ltd	Sydney		

33 Group entities (continued)

JOINT VENTURES

Country	Entity	Registered office	Ownership share	
			2020	2019
Denmark	Nicehair ApS	Esbjerg	59%	59%
	Valida Care ApS <i>Nicehair ApS owns</i>	Esbjerg	100%	100%
	Med24.dk ApS	Løkken	49%	49%
	Praxis Forlag A/S	Copenhagen	51%	-
	RK af 2018 P/S	Copenhagen	50%	50%
	Komplementarselskabet RK af 2018 ApS	Copenhagen	50%	50%
	I/S Ugebladsdistribution **	Albertslund	50%	50%
Norway	Cappelen Damm Holding AS	Oslo	50%	50%
	Cappelen Damm AS <i>Cappelen Damm Holding AS owns</i>	Oslo	100%	100%
	Tanum AS <i>Cappelen Damm AS owns</i>	Oslo	100%	100%
	Sentraldistribusjon AS <i>Cappelen Damm AS owns</i>	Oslo	100%	100%
	Bazar Forlag AS <i>Cappelen Damm AS owns</i>	Eiksmarka	100%	100%
	Ex Libris Forlag AS <i>Cappelen Damm AS owns</i>	Oslo	100%	100%
	Teknologisk Forlag AS <i>Cappelen Damm AS owns</i>	Oslo	100%	100%
	Teknologisk Forlag 2 AS <i>Cappelen Damm AS owns</i>	Oslo	100%	100%
	Unibok AS <i>Cappelen Damm AS owns</i>	Oslo	50%	50%
	Storytel AS <i>Cappelen Damm AS owns</i>	Oslo	50%	50%
	Maipo Film AS	Oslo	50.1%	50.1%
	Finland	Solar Films Oy	Helsinki	50.1%
Egmont Kustannus Oy Ab		Helsinki	50%	50%
Turkey	Dogan Egmont Yayıncılık ve Yapımcılık A.S.	Istanbul	50%	50%
Australia	Hardie Grant Egmont Pty Ltd	Melbourne	-	50%
China	Children's Fun Publishing Company Ltd.	Beijing	49%	49%

33 Group entities (continued)

ASSOCIATES

Country	Entity	Registered office	Ownership share	
			2020	2019
Denmark	Zentropa Folket ApS	Hvidovre	50%	50%
	Flashbulb ApS	Copenhagen	42.97%	42.97%
	ES North A/S	Copenhagen	50%	50%
	Drive Studios ApS	Copenhagen	25%	25%
	Multiverse ApS	Copenhagen	-	45.07%
	Reto-Moto ApS	Copenhagen	35.63%	35.63%
	Publizon A/S	Aarhus	46%	46%
Finland	Nitro Games Oyj	Kotka	40%	-
Norway	Fantefilm AS	Oslo	28.5%	-
	Faktisk.no AS	Oslo	25%	25%
	Jollyroom AS <i>Jollyroom Group AB owns</i>	Sandefjord	100%	100%
	KinoSør AS	Kristiansand	49%	49%
	Markedspartner AS	Sarpsborg	25%	25%
	My Game AS	Oslo	22.3%	-
	Norges Mobil TV AS	Oslo	-	33.3%
	Norges Televisjon AS	Oslo	50%	50%
	The Oslo Company AS	Oslo	20%	20%
	Publish Lab AS	Oslo	50%	50%
	RiksTV AS	Oslo	50%	50%
	Skitt Fiske AS	Sandefjord	34.4%	-
Spain	Mercury Steam Entertainment S.L.	Madrid	40%	-
Sweden	Star Stable Entertainment AB	Stockholm	44.09%	41.59%
	Raw Fury AB	Stockholm	33.79%	33.79%
	Stella Nova Film AB	Stockholm	25%	25%
	Jollyroom Group AB	Möln dal	48.98%	37.5%
	Jollyroom AB <i>Jollyroom Group AB owns</i>	Möln dal	100%	100%
	Motorrad Nordic AB	Solna	44%	44%
	Okto AB <i>Kanmalmo AB owns</i>	Stockholm	40%	40%
United Kingdom	Wendy Promotion Ltd.	London	50%	50%
	Wendy Animation Promotions Ltd. <i>Wendy promotion Ltd. owns</i>	London	100%	100%

Statement by the Board of Trustees and Management Board

The Board of Trustees and Management Board have today discussed and approved the annual report of Egmont Fonden for the financial year 1 January – 31 December 2020.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional requirements according to the Danish Financial Statements Act. The financial statements of Egmont Fonden have been prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

In our opinion, the consolidated financial statements and the Foundation's financial statements give a true and fair view of

the Group's and the Foundation's financial position at 31 December 2020, and of the results of the Group's and the Foundation's operations and the consolidated cash flows for the financial year 1 January – 31 December 2020.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Group's and the Foundation's activities and financial matters, the net profit for the year and the Group's and the Foundation's financial position.

Copenhagen, 12 March 2021

MANAGEMENT BOARD:

Steffen Kragh
President and CEO

Hans J. Carstensen

BOARD OF TRUSTEES:

Lars-Johan Jarnheimer
Chair

Torben Ballegaard Sørensen
Vice Chair

Josh Bottomley

Merete Eldrup

Martin Enderle

Peder Høgild

Anna von Lowzow

Katrin Lyngby Kristensen

Jeppe Skadhauge

Christian Wegner

Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF EGMONT FONDEN

OPINION

We have audited the consolidated financial statements and the Foundation's financial statements of Egmont Fonden for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group and the Foundation, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated 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, and the Foundation's financial statements are prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2020 and of the results of the Group'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.

Further, in our opinion the Foundation's financial statements give a true and fair view of the financial position of the Foundation at 31 December 2020 and of the results of the Foundation's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the

"Auditor's responsibilities for the audit of the consolidated financial statements and the Foundation's financial statements" (hereinafter collectively referred to as "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 our procedures, we concluded 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 consolidated 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 the preparation of the Foundation's financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Foundation'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 Group or the Foundation 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 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 an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Foundation'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 Group's and the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Foundation 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 12 March 2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne21332

Jens Thordahl Nøhr
State Authorised
Public Accountant
mne32212

Income Statement of Egmont Fonden

(EURk)

Note		2020	2019
	Royalty income, etc.	1,283	1,432
2	Personnel expenses	(143)	(139)
	Other external expenses	(409)	(438)
	Operating profit	731	855
	Dividends from investments in subsidiaries	18,187	1,828
7	Financial income	1,597	1,707
7	Financial expenses	(216)	(5)
	Profit before tax	20,299	4,385
3	Tax on profit for the year	(139)	(105)
	Net profit for the year	20,160	4,280
	Distribution of net profit:		
	Transfer to reserve fund	4,024	850
	Transfer to charitable fund	12,072	850
	Transfer to liquid reserve fund	4,064	2,580
	Total	20,160	4,280

Statement of Financial Position of Egmont Fonden at 31 December

(EURk)

Note	Assets	2020	2019
4	Investments in subsidiaries	181,583	180,844
5	Loans to group enterprises	87,374	87,018
	Financial assets	268,957	267,862
	Total non-current assets	268,957	267,862
	Receivables from group enterprises	26,170	21,231
	Other receivables	4,301	2,169
	Receivables	30,471	23,400
	Securities	709	685
	Cash and cash equivalents	58	384
	Total current assets	31,238	24,469
	TOTAL ASSETS	300,195	292,331
	Equity and liabilities	2020	2019
	Capital fund	29,571	29,451
	Reserve fund	213,116	235,008
	Charitable fund	22,866	3,745
	Liquid reserve fund	17,644	5,526
	Total equity	283,197	273,730
	Payables to group enterprises	204	99
	Donations committed but not yet paid	14,117	14,059
	Other payables	2,677	4,443
	Current liabilities	16,998	18,601
	Total liabilities	16,998	18,601
	TOTAL EQUITY AND LIABILITIES	300,195	292,331

1 Accounting policies

6 Basis of distribution

7 Related parties

Statement of Changes in Equity of Egmont Fonden

(EURk)

	Capital fund	Reserve fund	Charitable fund	Liquid reserve fund		Total equity
				Use according to articles 6-10	Use according to article 11	
Equity at 1 January 2020	29,451	235,008	3,745	5,152	374	273,730
Foreign exchange adjustments	120	968	39	28	3	1,158
Transfer from Charitable fund	0	0	(3,745)	3,745	0	0
Transfer from Reserve fund	0	(26,884)	10,754	14,517	1,613	0
Transfer from distribution of net profit	0	4,024	12,073	3,658	406	20,161
Used for charitable purposes	0	0	0	(9,712)	(671)	(10,383)
Costs	0	0	0	(1,415)	(54)	(1,469)
Equity at 31 December 2020	29,571	213,116	22,866	15,973	1,671	283,197
Equity at 1 January 2019	29,460	234,233	8,308	9,101	838	281,940
Addition from merger	0	0	615	0	0	615
Foreign exchange adjustments	(9)	(75)	(4)	(5)	0	(93)
Transfer from distribution of net profit	0	850	850	2,322	258	4,280
Transfer	0	0	(6,024)	6,024	0	0
Used for charitable purposes	0	0	0	(10,829)	(668)	(11,497)
Costs	0	0	0	(1,461)	(54)	(1,515)
Equity at 31 December 2019	29,451	235,008	3,745	5,152	374	273,730

1 Accounting policies

The financial statements of Egmont Fonden have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C enterprises (large) and the financial reporting requirements of the Foundation's Charter.

The accounting policies applied in the presentation of the financial statement are consistent with those of the previous year.

No cash flow statement has been included for Egmont Fonden, as reference is made to the consolidated cash flow statement.

Fee to auditors, see note 25 in the consolidated financial statements.

The accounting policies of Egmont Fonden deviate from the Group's accounting policies in the following areas:

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost is lower than the recoverable amount, write-downs are made to this lower value.

Dividends

Dividends from investments in subsidiaries are recognised in the financial year in which the dividend is declared, typically at the time when the general meeting approves the distribution of dividend by the relevant company.

Equity

Profit is distributed according to the Foundation's Charter. The Charitable Activities' donations and associated expenses are charged directly to the liquid reserve fund under equity.

The foundation's equity consists of a capital fund and a reserve fund intended for the Commercial Activities. The capital fund is an undistributable reserve, while the reserve fund can only be distributed if it exceeds the consolidation requirements in the Foundation's Charter. The charitable fund serves to ensure the existence of funds required for Egmont Fonden's Charitable Activities. The liquid reserve fund is the amount which is to be used for charitable purposes under the Foundation's Charter within the scope of the Charitable Activities. The total of the charitable fund and the liquid reserve fund represent the Foundation's basis of distribution.

In the calculation of tax, due allowance is made for the deductibility of charitable donations made according to the Charter of Egmont Fonden. These are charged to equity. Tax provisions for future donations are also taken into account. Provision for deferred tax is made in case Egmont Fonden does not expect to use liquid funds for charitable purposes equal to the tax provisions.

2 Personnel expenses	2020	2019
Wages and salaries	(143)	(139)

Compensation to the Board of Trustees amounted to 213 in 2020 (2019: 196), of which 97 (2019:90) was included in the costs of the Charitable Activities.

The Management Board of the foundation is also employed by Egmont International Holding A/S, which pays all salaries to the Management Board. This administration is covered by an administrative fee to Egmont International Holding A/S.

3 Tax on profit for the year	2020	2019
Royalty tax paid	(139)	(105)

Tax on profit for the year consists of royalty tax.

4 Investments in subsidiaries	2020	2019
Cost at 1 January	180,844	180,902
Foreign exchange adjustments	739	(58)
Cost at 31 December	181,583	180,844

For a list of subsidiaries please see note 33 in the consolidated financial statement.

5 Loans to group enterprises	2020	2019
Cost at 1 January	87,018	87,046
Foreign exchange adjustments	356	(28)
Cost at 31 December	87,374	87,018

6 Basis of distribution	2020	2019
Balance at 1 January	9,271	18,247
Addition from merger	0	615
Foreign exchange adjustments	70	(9)
Used for charitable purposes	(10,383)	(11,497)
Costs	(1,469)	(1,515)
Transfer from distribution of net profit	16,137	3,430
Extraordinary transfer	26,884	0
Balance at 31 December	40,510	9,271

7 Related parties

Related parties are defined as Egmont Fonden's Board of Trustees and Management Board, close family members of those persons, as well as Egmont Fonden's subsidiaries, associates and joint ventures.

Related parties also comprise companies controlled or jointly controlled by the aforementioned persons.

There is a duality of membership between the Board of Trustees and Management Board of Egmont Fonden and Egmont International Holding A/S.

Egmont Fonden receives royalty income and dividends from subsidiaries. Egmont Fonden pays for rent and administrative services delivered by subsidiaries. Egmont Fonden receives interest on loans to subsidiaries. Related party transactions are made on arm's length terms.

The compensation paid to the Board of Trustees and Management Board is disclosed in note 4 in the consolidated financial statement.

Trading with subsidiaries	2020	2019
Service fee	117	173
Rent	(63)	(73)
Acquisition of services	(130)	(99)
Interest, subsidiaries (net income)	1,569	1,562
Capital transactions and balances with subsidiaries at 31 December	2020	2019
Dividends from group enterprises	18,187	1,828
Loans to group enterprises	87,374	87,018
Receivables from group enterprises	26,170	21,231
Payables to group enterprises	(204)	(99)