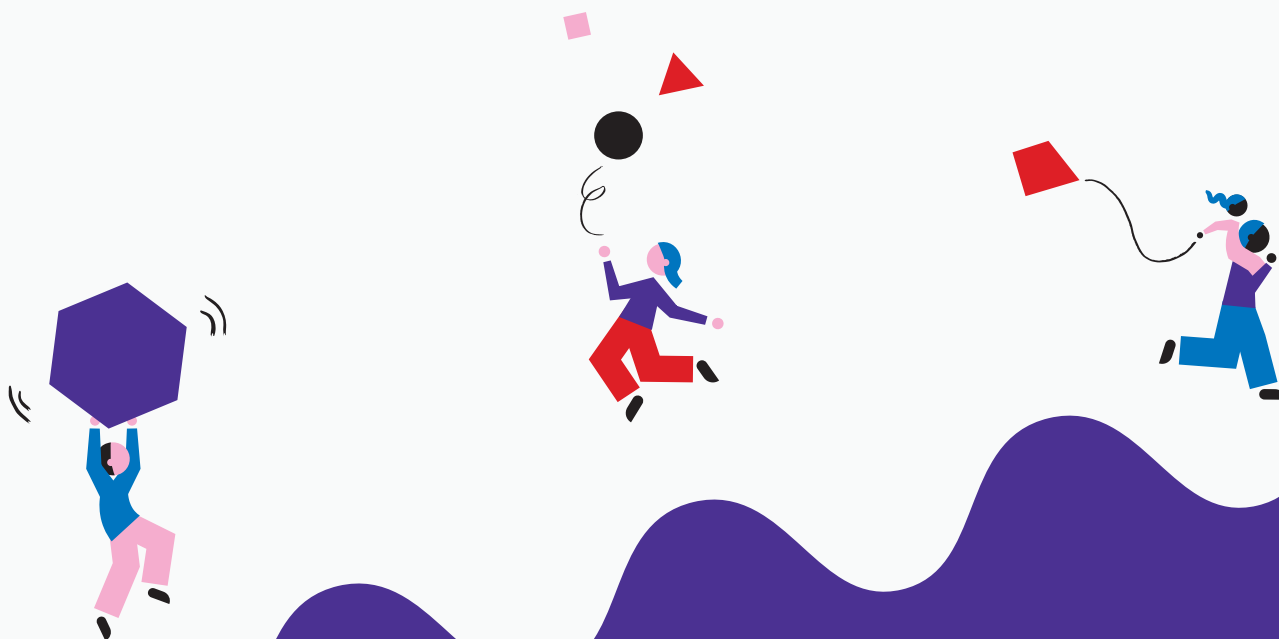


The LEGO Foundation



Annual Report 2020

Højmarksvej 8
7190 Billund
Denmark
CVR no. 12 45 83 39

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Management's review



Information about the LEGO Foundation

Name LEGO Fonden (in English: the LEGO Foundation)
Address Højmarksvej 8, 7190 Billund
Country Denmark
CVR no. 12 45 83 39

Leadership team as per 4 March 2021



John Paul Goodwin
Chief Executive Officer



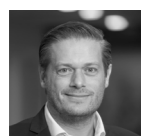
Søren Holm
Head of Experiences & Facilitation



Sarah Bouchie
Chief Impact Officer
(Head of Global Programmes until 31.12.2020)



Bo Stjerne Thomsen
Chair of Learning through Play



Kasper Ottosson Kanstrup
Head of Programmes
(Head of Focus Geographies until 31.12.2020)



Diana Ringe Krogh
Head of LEGO Collaboration & New Ventures



Amy Jo Dowd
Head of Evidence



Carsten Klokkeholm Wammen
Head of PMO & Operations



Euan Wilmshurst
Head of Advocacy & Communication



Charlotte Qvist Frandsen
Head of People & Governance

Legal overview

Koldingvej 2, Billund A/S

Koldingvej 2, Billund A/S is a 100%-owned subsidiary of the LEGO Foundation. The most significant activity in the company is the 25% shareholding in the LEGO Group.

Another significant activity in the company consists of ownership and operation of the LEGO® House, an experience house in Billund opened in September 2017 and designed to give LEGO fans of all ages the ultimate LEGO experience.

CoC Office A/S (CoC Playful Minds A/S)

CoC Office A/S (CoC Playful Minds A/S) is an independent public-private corporation, founded on 1 January 2012, in which the LEGO Foundation, through Koldingvej 2, Billund A/S, and Billund Municipality each own 50% of the shares.

"CoC" is an abbreviation of "Capital of Children" and the company is a unique partnership between a municipality and a foundation, with a shared desire to develop Billund into an outstanding place for children, play, learning and creativity, to benefit everyone who lives in Billund Municipality – and children all over the world.

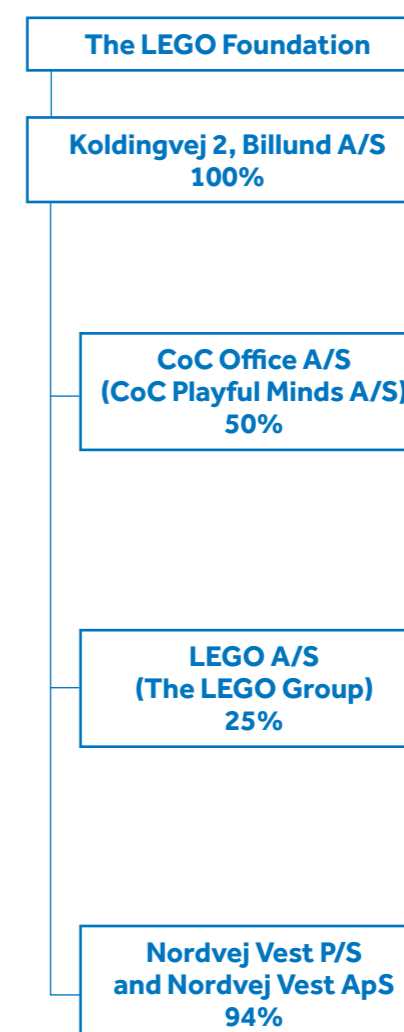
The LEGO Group

The LEGO Group is 25%-owned by the LEGO Foundation through the Koldingvej 2, Billund A/S share of ownership in LEGO A/S. The remaining 75% is owned through KIRKBI A/S by the Kirk Kristiansen family.

The LEGO Group is engaged in the development of children's creativity through play and learning. Based on the world-famous LEGO® brick, the company today provides toys, experiences and teaching materials for children in more than 140 countries. The head office is in Billund, Denmark.

Nordvej Vest P/S and Nordvej Vest 2018 Aps

The Nordvej Vest companies have built and rent out collegial housing at Danmarks Tekniske Universitet (DTU), Lyngby.



Board of Directors



Chairman of the Board
Thomas Kirk Kristiansen

Born: 1979

Gender: Male

Education: Degree in marketing

Year elected: 2013 (chairman since 2016)

Re-elected: Yes

Term expires: 2022

Short bio: Shareholder of KIRKBI A/S and representing the fourth generation of the LEGO® owner family. Deputy Chairman of the LEGO Brand Group

Special competences: Family-owned companies and board work

Other management positions: Chairman of the Board of LEGO A/S. Board member of KIRKBI A/S and one subsidiary of KIRKBI A/S. Executive Manager of Kirk og Kirk Holding ApS and management roles in four subsidiaries of Kirk og Kirk Holding ApS

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: Yes (shares in KIRKBI A/S, that owns 75% of LEGO A/S)

Appointed by authorities: No

Independent member: No

2020 board remuneration: DKK 0



1st Deputy Chairman of the Board
Kjeld Kirk Kristiansen

Born: 1947

Gender: Male

Education: MBA from IMD, Lausanne, CH

Year elected: 2000

Re-elected: Yes

Term expires: 2021

Short bio: Third generation of the LEGO® owner family and principal shareholder of the family-owned LEGO Group through KIRKBI A/S. President and CEO of the LEGO Group 1979-2004. Appointed Knight 1st Degree in 2008. Appointed Chamberlain in 2012 Appointed Commander of the order of Dannebrog in 2018

Special competences: Business development, sales, marketing, production, and board work

Other management positions: Chairman of the Board of KIRKBI A/S, Koldingvej 2 Billund A/S and Ole Kirk's Foundation. Board member of CoC Playful Minds A/S and four subsidiaries of KIRKBI A/S

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: Yes (shares in KIRKBI A/S, that owns 75% of LEGO A/S)

Appointed by authorities: No

Independent member: No

2020 board remuneration: DKK 0



2nd Deputy Chairman of the Board
Jørgen Vig Knudstorp

Born: 1968

Gender: Male

Education: Master's degree in economics and PhD from the University of Aarhus.

Year elected: 2008

Re-elected: Yes

Term expires: 2021

Short bio: Executive Chairman of the LEGO Brand Group. Former President and CEO of the LEGO Group from 2004-2016

Special competences: Business development, sales, marketing, production, and board work

Other management positions: Board member of LEGO A/S, LEGO Juris A/S, Merlin Entertainment Ltd., and Starbucks Coffee Company

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: No

Appointed by authorities: No

Independent member: No

2020 board remuneration: DKK 0



Member of the Board
Sidsel Marie Kristensen

Born: 1975

Gender: Female

Education: Master of Law from Aarhus University and Master of International and European Business Law from University of Leuven

Year elected: 2020

Re-elected: No

Term expires: 2021

Short bio: General Counsel at KIRKBI A/S

Special competences: Governance compliance, and board work

Other management positions: Chairman of LEGO Juris A/S. Board member of Merlin Entertainment Ltd., Koldingvej 2, Billund A/S, and 11 subsidiaries of KIRKBI A/S

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: No

Appointed by authorities: No

Independent member: No

2020 board remuneration: DKK 0



Member of the Board
Mette Morsing

Born: 1963

Gender: Female

Education: PhD at Copenhagen Business School

Year elected: 2010

Re-elected: Yes

Term expires: 2022

Short bio: Head of PRME Principles for Responsible Management Education, United Nations Global Compact, New York

Special competences: Responsible management education, corporate social responsibility and sustainability, and public-private research collaborations

Other management positions: Editorial Board Member at Cambridge University Press (BSVC series), Journal of Business Ethics and Business & Society

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: No

Appointed by authorities: No

Independent member: Yes

2020 board remuneration: DKK 100,000
Mette Morsing has waived Board Fee as from 01.05.2020



Member of the Board
Anne-Birgitte Albrechtsen

Born: 1967

Gender: Female

Education: Master of Law from Copenhagen University

Year elected: 2020

Re-elected: No

Term expires: 2022

Short bio: CEO of Plan International since September 2015

Special competences: International development, human rights, change management and diplomacy

Other management positions: Chair of the Board of the Global Partnership for Sustainable Development Data, and the International Civil Society Centre Board. Member of the United Nations Every Woman Every Child High Level Steering Group, and the UN Generation Unlimited Global Board

Owns shares, options, warrants or similar in the Foundation's subsidiary or associates: No

Appointed by authorities: No

Independent member: Yes

2020 board remuneration: DKK 225,000
Anne-Birgitte Albrechtsen has received Board Fee from 29.04.2020

A Board Fee of DKK 150.000 for the period until 29.04.2020 has been paid to William Ervin Hoover

Report on distribution policy*

In accordance with the LEGO Foundation charter, strategy, and distribution policy**, our aim is to build a future where Learning through Play empowers children to become creative, engaged, life-long learners.

Based on our charter and strategy with the goal of Systemically Reaching Children with Learning through Play, the Board of Directors laid down the framework for grants by approving the 2020 annual budget and plan. During the year and within that framework, the leadership team put forward individual grant proposals for the Board's approval.

For the financial year 2020 the Foundation's grant distribution supported the following areas:

- **Global Programmes** supported the need for quality early childhood development programmes targeted at children up to the age of twelve. The programme integrated Learning through Play into the pre-school and the educational system.
- **Humanitarian Assistance** sought to improve the lives of children in crisis context by improving their access to quality Learning through Play experiences that could support them and their caregiver.
- **Focus Geographies** targeted our four strategic countries South Africa, Mexico, Ukraine, and Denmark. Here we worked to create synergies through partnerships and collaboration across the full learning ecosystem in each country to support and increase the impact of Learning through Play. We also supported Capital of Children, a centre of excellence for Learning through Play in and around the town of Billund in Denmark, where both the Foundation and the LEGO Group have their headquarters.
- **Evidence** aimed to understand and communicate the role of Learning through Play to support a more creative and resilient society.

- **Experiences** demonstrated children's Learning through Play with unique products and experiences facilitated by the Foundation and Play Ambassadors.
- **COVID-19 Response** was the global LEGO Foundation emergency response supporting children, parents, caregivers, teachers, and education systems that were affected by the COVID-19 crisis.
- **Advocacy and Communication** positioned the Foundation as a thought leader by maximising the Foundation's voice and influence on Learning through Play while increasing visibility and engagement with key audiences to drive the goal of Systemically Reaching Children with Learning through Play.
- **LEGO Collaboration** enabled and drove the LEGO Brand's efforts to create a strong foundation for becoming a global force for Learning through Play.
- **Other charter-related programmes** included among others funding to the philanthropic foundation Ole Kirk's Foundation. The purpose of Ole Kirk's Foundation was to increase quality of life for children and their families, primarily in Denmark.



The grants were distributed accordingly between the areas:

(DKK million)	2020	2019
Global Programmes	135	162
Humanitarian Assistance	274	112
Focus Geographies	68	71
Evidence	10	11
Experiences	32	33
COVID-19 Response	349	0
Advocacy and Communication	5	5
LEGO Collaboration	84	82
Other charter-related	175	167
Total of current year's grant activity	1.132	643

The Foundation reports the list of individual grant recipients directly to the Danish Business Authority, in its list of grantees.

* "Lovpligtig redegørelse for fondens uddelingspolitik, jf. årsregnskabsloven § 77 b"

** The distribution policy is available at www.legofoundation.com/en/about-us/governance-and-policies/policies/



Governance and leadership

The LEGO Foundation is managed by a Board of Directors composed of six members elected in accordance with its charter. The Board approves the strategy of the Foundation and makes decisions about how the Foundation directs its use of resources, including grants.

Furthermore, the Board also supports and supervises the organisation, making sure that the Foundation is managed appropriately and in accordance with applicable legislation and its charter.

The Board of Directors has appointed a CEO who is responsible for the overall leadership and day-to-day management of the Foundation. In 2020 the CEO was supported by a leadership team of nine members. As a result of the increased activity level and to focus and delegate further professional management resources to the overall leadership, the Foundation appointed the former Head of Global Programmes as Chief Impact Officer as from 1 January 2021.

A minimum of four board meetings are held each year, supplemented by additional video calls when necessary. In 2020 certain board meetings were held as online video calls due to COVID-19 restrictions.

The work of the Board is regulated in its Rules of Procedure. The Rules of Procedure are drawn up to describe the responsibilities of the Board of Directors and the CEO, as well as regulating the operation of the board work.

The Board of the Foundation reviews the Foundation's strategy and the distribution policy on an annual basis and warrants that policies and procedures are in place to ensure good governance.

The six members of the Board are elected for a period of two consecutive years, taking the need for new talent and continuity in the Board's work into consideration. In compliance with the Recommendation on Foundation Governance, two members are independent.

In accordance with the Board's Rules of Procedure, the Board of Directors annually evaluates the competences and composition of the Board to ensure that the required collective competences are present to serve the overall purposes of the Foundation.

New board members are nominated and appointed with due respect to the rights in the Foundation's charter. Members of the Board are appointed based on their personal qualities and competences.

No one over the age of 75 can be elected or re-elected to the Board.

The independent members of the Board are rewarded a fixed remuneration that does not depend on the financial results. Board members associated with the founder's family or members receiving fee from an entity associated with the founder's family do not receive any remuneration for the Board work at the Foundation. The remuneration of each member is specified in the annual report. No board members received extraordinary remuneration for special tasks in 2020.

The Foundation is providing transparency with regards to all its activities via information on the LEGO Foundation website, where the activities of the year are described in more detail.

The LEGO Foundation Board of Directors has approved the LEGO Foundation 2020 Mandatory Report on Recommendations on Foundation Governance*.

With reference to the Danish Financial Statement Act (årsregnskabsloven § 77a, stk. 2 and BEK no. 558 01.06.2016) the Mandatory Report on Recommendation on Foundation Governance is published at the LEGO Foundation website: www.legofoundation.com/en/about-us/governance-and-policies/reports-on-foundation-governance/.

* Redegørelse for god fondsledelse jf. årsregnskabslov

Annual review

Income statement

The LEGO Foundation annual result for 2020 amounted to DKK 2,318 million compared to DKK 2,944 million in 2019.

The predominant contribution to this result is the DKK 2,549 million result from subsidiaries, where the 25% share of the result in the LEGO Group amounted to DKK 2,479 million (DKK 2,077 million in 2019).

In a very challenging global financial market, financial yields from investment activities in Koldingvej 2, Billund A/S decreased from DKK 1,077 million in 2019 to DKK 266 million in 2020.

Activity statement

In 2020 the global pandemic led to challenging times impacting children, parents, caregivers, teachers, and education systems around the world. In the light hereof, the Board of Directors of the Foundation approved an emergency response supporting children most in need and ensuring they continue to have access to Learning through Play during a global crisis. Throughout the year, DKK 390 million was committed to support COVID-19 initiatives across the globe.

The total activities for the Foundation in 2020 amounted to DKK 1,404 million compared with DKK 850 million in 2019.

Grant activities amounted to DKK 1,132 million in 2020, which is a significant increase compared to a level of DKK 643 million in 2019. During 2020 the Board of Directors approved approved new grants totalling DKK 1,154 million compared to last year's highest ever total commitments of DKK 1,832 million.

In 2020, the Foundation continued to apply substantial resources to strengthening its strategic focus to systemically reach children with Learning through Play. During 2020 the Foundation continued onboarding more employees (an increase of 26 people end-of-year

compared to last year) with a wide range of capabilities, to enable the Foundation to have an even stronger impact, that is needed to positively influence children's learning all over the world.

Expenses related to programmes increased during the year from DKK 155 million to DKK 195 million due to increased programme activities and expenses related to administration increased from DKK 52 million to DKK 77 million.

Balance sheet

At the end of the year, the LEGO Foundation assets totalled DKK 18,178 million compared with DKK 17,269 million in 2019. This increase is primarily due to an increase in the net assets of Koldingvej 2, Billund A/S. The LEGO Foundation equity at the end of the year is DKK 15,304 million compared with DKK 14,279 million in 2019. The equity ratio is 84% compared with 83% in 2019.

Cash flows

In 2020, cash flows from operating activities amounted to DKK -210 million compared with DKK -102 million in 2019. Cash flows from investment activities amounted to DKK 1,578 million compared with DKK 748 million in 2019. Cash flow from financing activities amounted to DKK -1,294 million compared with DKK -638 million in 2019.

Development in activities and financial position

2020 has been an extraordinary year, in which the global pandemic impacted how we live and work. Under the exceptional circumstances, the management is satisfied with the financial result for the Foundation, despite the decrease in profit compared to last year. The financial result for 2020 is in line with the expectations for the financial year.

The core Foundation showed an increased activity level as planned, despite being deeply impacted by the COVID-19 crisis.

The investment activities have been exposed to a challenging environment in 2020. Despite a negative return on investment in the first

half of 2020, the investment portfolio more than recovered in the second half of 2020, underpinning the resilience of the investment portfolio to extreme market conditions. The return of the investment portfolio in the subsidiary Koldingvej 2, Billund A/S resulted in a positive net return of DKK 266 million, equivalent to a return of 3.5%, compared to last year's return of 12.5%. Net interests in the LEGO Foundation recognised in the income statement in 2020 were positive, totalling DKK 40 million compared to last year's DKK 35 million.

Despite the challenges of the COVID-19, 2020 has been a very satisfactory year for the LEGO Group, with double digit growth in all major markets. The company achieved 13% revenue growth, and 21% growth in consumer sales, which outpaced the global toy industry growth. The LEGO Group continued to make significant investments in strategic initiatives designed to drive long-term growth and delivered a profit growth of 16% compared to 2019. The LEGO Group profit before tax in 2020 amounted to DKK 12,500 million compared to DKK 10,752 million in 2019.

Knowledge resources

The staff are the single most critical resource for the Foundation's activities. Due to the complexity of the social impact that the Foundation is looking to achieve, it requires staff that possess a wide range of skills and capabilities. Their motivation and commitment are critical for success, as is their ability to combine their talents for the collective objective.

At the end of the financial year 2020, the total number of employees in Billund (DK), Johannesburg (SA), Kiev (UA), Mexico City (MX) and Boston (US) was 110 compared with 84 at the end of 2019.

Research and development activities

The Foundation maintains an extensive network of partners working with research on children's development and learning, including many of the most reputable universities in the world.

Business Model

The Foundation has 25% ownership of the LEGO Group through its subsidiary Koldingvej 2, Billund A/S, and thereby receives 25% of the LEGO Group dividend distributed. This primarily is how the Foundation funds activities.

The Foundation seeks to systemically reach children with Learning through Play to enable them to become creative, engaged, lifelong learners with the skills they need to thrive in the 21st century.

Responsibility

The LEGO Foundation's core mission is rooted in a sense of responsibility and a promise to support the global society by promoting Learning through Play for the wellbeing and development of children.

The Foundation strives to observe and maintain high ethical standards in all operations carried out by the Foundation itself as well as when working with strategic partners. The Foundation wants to have a positive impact on its stakeholders and its surroundings.

The Foundation has standards and policies in place to ensure corporate responsibility during the Foundation's operations. These policies among others include a Child Protection Policy and an Anti-harassment Policy.

The LEGO Foundation Corporate Social Responsibility Report describes how the Foundation is working within the areas of human rights, labour standards, the environment, and anti-corruption, and is available at www.legofoundation.com/en/about-us/governance-and-policies.

Gender representation

The Board of Directors has adopted a general policy, recognising the value of a diversified organisation, and striving for a balance between genders.

For the Board of Directors, a specific commitment has been adopted keeping the minority gender at 25% or higher. The current Board of Directors consists of three men and three women, which is living up to the commitment.

The management level also shows a balanced composition of gender, as the leadership team consist of six men and four women.

Compliance status report

The LEGO Foundation governance and leadership are managed with respect for good governance in corporate foundations. A compliance status report from the Board of Directors is available at www.legofoundation.com/en/about-us/governance-and-policies.

Risks

The Foundation's financial risks primarily relate to the global markets where the LEGO Group is active, and to developments in the financial markets.

The Foundation has adopted a comprehensive set of standards and procedures to mitigate risks on its grant activities, including due diligence processes and randomly selected onsite external audits.

Expectations for 2021

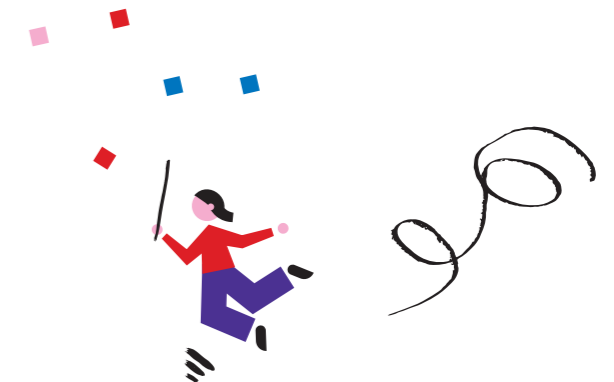
Based on a high level of grant commitments at the end of 2020, the Foundation expects increased core foundation activities for 2021 compared with 2020.

Koldingvej 2, Billund A/S expects normalisation of the return on financial investments and a level of 3% to 4% of the investment portfolio, however the uncertainty of the financial markets must be considered.

The LEGO Group expects single-digits growth in 2021, ahead of the global toy market. This is expected to be achievable due to continued focus on innovation, growth in established markets and continued growth in strategic markets, such as China. The LEGO Group also plans to continue

investing in initiatives to address evolving trends, including sustainability, and drive long-term sustainable growth.

The overall financial result for the LEGO Foundation in 2021 is expected to be at the same level as the result for 2020.

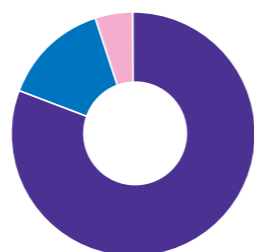


Financial highlights

(DKK million)	2020	2019	2018	2017	2016
Income statement					
Net result from subsidiaries	2,549	3,116	1,835	2,023	2,551
Other operating income	-	-	-	-	9
Result of financial items, net	40	35	4	8	4
Result before tax	2,318	2,944	1,697	1,919	2,442
Result for the year	2,318	2,944	1,697	1,919	2,442
Balance sheet at 31 December					
Total assets	18,178	17,269	14,899	13,620	12,024
Committed grants	2,783	2,922	1,728	949	1,009
Equity	15,304	14,279	13,135	12,616	10,981
Available capital ¹⁾	7,986	3,372	4,076	997	967
Activities and commitments					
Grant activities during the year	1,132	643	391	295	256
Expenses related to programmes	195	155	101	70	70
Expenses related to administration	77	52	40	42	51
Total activities during the year	1,404	850	532	407	378
Grant commitments during the year	1,154	1,832	1,169	252	210
Employees					
Average number (full-time) during the year	98	78	64	46	41
Financial ratios					
Portfolio cost share of total activities ²⁾	95%	94%	92%	90%	86%
Administration cost share of total activities ³⁾	5%	6%	8%	10%	14%

Definitions, key figures and ratios

- ¹⁾ Available capital = $\frac{\text{Equity – restricted capital (basic capital and reserve from the use of the equity method)}}{\text{Activities (Grant activities + Programme costs + Administration costs)}}$
- ²⁾ Portfolio cost share = $\frac{\text{Portfolio costs (Grant activities + Programme costs)}}{\text{Activities (Grant activities + Programme costs + Administration costs)}}$
- ³⁾ Administration cost share = $\frac{\text{Administration costs}}{\text{Activities (Grant activities + Programme costs + Administration costs)}}$



Activities

- Grant activities
- Programme costs
- Administration cost



Financial statements

Management's statement

The Board of Directors and executive management have today considered and adopted the annual report of the LEGO Foundation for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31 December 2020, and of the Foundation's

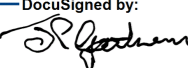
activities and cash flows for the financial year 1 January – 31 December 2020.

We believe the management's review includes a fair review of the development in the Foundation's activities and finances, the result for the year and the financial position of the Foundation, as well as a review of the most significant risks and elements of uncertainty facing the Foundation.

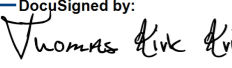
We recommend the adoption of the annual report at the annual ordinary meeting.

Billund, 4 March 2021

Executive management

DocuSigned by:

John Paul Egebo
CEO

Board of Directors


DocuSigned by:

Thomas Kirk Kristiansen
Chairman of the Board

DocuSigned by:

Kjeld Kirk Kristiansen
1st Deputy Chairman of the Board

DocuSigned by:

Jørgen Vig Knudstorp
2nd Deputy Chairman of the Board

DocuSigned by:

Sidsel Marie Knudsen
Member of the Board

DocuSigned by:

Mette Morsing
Member of the Board

DocuSigned by:

Anne Birgitte Albrechtsen
Member of the Board



Independent auditor's report

To the Board of Directors and executive management of the LEGO Foundation

Opinion

We have audited the financial statements of the LEGO Foundation for the financial year 1 January 2020 – 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31 December 2020 and of its operations and cash flows for the financial year 1 January-31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's report under "Auditor's responsibility for the audit of the financial statements". As required by the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Foundation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors and executive management for the financial statements

The Board of Directors and executive management are responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as

the Board of Directors and executive management consider 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, the Board of Directors and executive management are responsible for assessing 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 the Board of Directors and executive management either intends to liquidate the Foundation or to suspend operations or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is 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. Misstatements can arise from fraud or error and are considered material if it would be reasonable to expect that these – either individually or collectively – could influence the economic decisions taken by the users of financial statements based on these financial statements.

As part of an audit 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 risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement 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 Foundation's internal control.
- Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by the Board of Directors and executive management are reasonable.
- Conclude on whether the Board of Directors and executive management's use of the going concern basis of accounting in preparing the financial statements is appropriate, and, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions, which could cast significant doubt on 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 imply that the Foundation can no longer remain a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The Board of Directors and executive management are 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 form of opinion providing assurance regarding the management's review.

In connection with our audit of the financial statement, 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

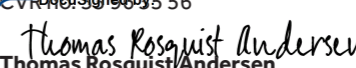
Moreover, it is our responsibility to consider whether the management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion 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 misstatements of the management's review.

Aarhus, 4 March 2021

Deloitte Statsautoriseret Revisionspartnerselskab

CVR no: 29057556

 Thomas Rosquist Andersen
 State-Authorised Public Accountant
 mne31482

DocuSigned by:

 Nikolaj Thomsen
 State-Authorised Public Accountant
 mne33276

Accounting policies

The accounting policies applied to the annual report in general are described below.

Legislation

The LEGO Foundation annual report for 2020 has been prepared in accordance with the provisions of the Danish Act on Commercial Foundations and presented in accordance with the provisions of the Danish Financial Statements Act pertaining to reporting on class C large enterprises.

The income statement presents "expenses related to programmes" and "expenses related to administration" to give a fair and true view of the Foundation's activities. The clarification has no impact on the result for the year or the equity at the beginning or the end of the year.

Consolidated financial statements

In accordance with the Danish Financial Statements Act section 111(3) no consolidated statements have been prepared.

Reporting currency

The annual report is presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currencies are translated into Danish kroner using the foreign exchange rates applicable on the transaction date. Monetary assets and liabilities in foreign currencies are translated into Danish kroner using the foreign exchange rates applicable on the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income statement under financial income and expenses, except exchange gains and losses related to grant commitments.

Recognition and measurement in general

Income is recognised in the income statement as earned. Furthermore, all expenses incurred to generate the year's earnings, including depreciation and amortisation, impairment losses and write-downs and provisions, are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the entity, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the entity and the value of such liabilities can be measured reliably. Upon initial recognition, assets and liabilities are measured at cost.

On recognition and measurement, allowance is made for foreseeable losses and risks arising before the time at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Income statement

Investments in subsidiaries

Income from investments in subsidiaries consists of the proportional share of its profit after tax and any adjustment of internal profit/loss and deduction of amortisation of goodwill on consolidation.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts related to the financial year. Financial income and expenses include interest income and interest expenses, realised and unrealised capital gains and losses on securities, payables, and transactions in foreign currencies.

Expenses

Expenses relate to programmes and administration and consist of operating expenses and employee expenses.

Operating expenses include expenses related to facilities, project costs, administration etc. Employee expenses include wages and salaries, pensions as well as other social security, contributions etc made to the the Foundations's employees.

Tax

The LEGO Foundation has opted to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of Koldingvej 2, Billund A/S

is considered to have been earned by the LEGO Foundation if the taxable income is distributed as dividends to the LEGO Foundation. Since the LEGO Foundation's taxable income is regularly offset against grants for the year and provisions for future grants, no current or deferred tax is recognised.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method based on the proportionally owned share of the subsidiaries' equity plus any consolidated goodwill and less intra-group gains and negative goodwill.

Securities etc.

Securities etc. consist of bonds and deposits. Securities are measured at fair value at the balance sheet date. For unlisted securities, fair value is determined based on internal models and calculations.

Other receivables

Other receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by provisions for expected losses.

Cash

Cash comprises cash at bank and in hand.

Liabilities

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

Committed grants

Committed Grants in the year by the Foundation are shown as an equity adjustment in the financial statements. Grants are considered equity movements and are recognised as a liability at the time when the grant has been approved by the Board of Directors and announced to the recipient. Committed grants not yet disbursed are recognised in non-current or current liabilities, respectively, including those grants that are conditional upon fulfilment of certain conditions.

Reserve for future grants

In accordance with the Danish Act for Commercial Foundations, a provision for grants has been set up in order for the Board of Directors to be able to approve and distribute grants during the financial year. The provision does not have to be used, but is continuously reduced with distributed grants. Every year at the Annual Meeting the Board of Directors will re-evaluate the size of the provision.

Cash flow statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise dividends received less dividends that has not yet been paid. Furthermore it includes repayment of interest-bearing debt and net investments in securities etc.

Cash flows from financing activities

Cash flows from financing activities comprise payments of committed grants adjusted for exchange rate adjustments.



Income statement

1 January – 31 December

(DKK thousand)	Note	2020	2019
Net result from subsidiaries		2,549,273	3,116,148
Financial income		40,864	42,023
Financial expenses		(1,189)	(6,890)
Total net income		2,588,948	3,151,281
Expenses related to programmes			
Employee expenses	1	(70,045)	(53,612)
Operating expenses	2	(124,665)	(101,157)
Total expenses related to programmes		(194,710)	(154,769)
Expenses related to administration			
Employee expenses	1	(31,456)	(26,265)
Operating expenses	2, 3	(45,269)	(25,755)
Total expenses related to administration		(76,725)	(52,020)
Total expenses		(271,435)	(206,789)
Result before tax		2,317,513	2,944,492
Tax on result for the year		0	3
Result for the year	4	2,317,513	2,944,495

Activity reporting

1 January – 31 December

(DKK thousand)	2020	2019
Grants (executed during the year)		
Grant to Ole Kirk's Foundation	(171,900)	(164,700)
Grant activities, other core programmes	(960,391)	(478,034)
Current year's grant activities	(1,132,291)	(642,734)
Expenses		
Expenses related to programmes	(194,710)	(154,769)
Expenses related to administration	(76,725)	(52,020)
Current year's expenses in total	(271,435)	(206,789)
Total activities during the year	(1,403,726)	(849,523)

Activity reporting

The income statement for the LEGO Foundation is prepared in accordance with the provisions of the Danish Act on Corporate Foundations and presented in accordance with the provisions of the Danish Financial Statements Act pertaining to reporting class C large enterprises (Danish GAAP).

The LEGO Foundation measures its "activities" as the sum of grant activities, expenses related

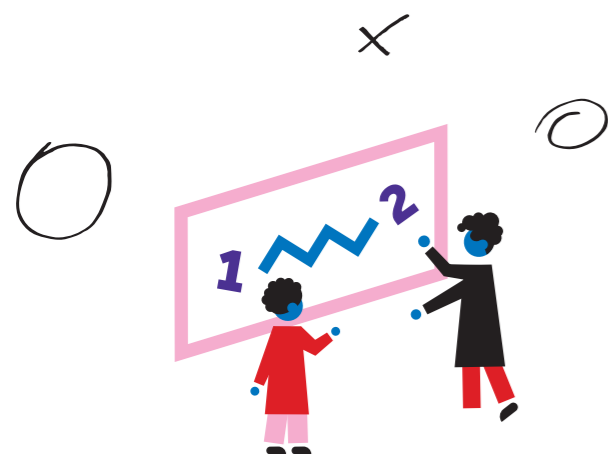
to programmes and expenses related to administration. The total activities for the year are specified above because this information cannot be seen directly in the income statement.

Grant activities for each programme described in the LEGO Foundations distribution policy have been summarised in the section "Report on distribution policy" as part of the management's review.

Balance sheet

at 31 December

(DKK thousand)	Note	2020	2019
ASSETS			
Financial non-current assets			
Investments in subsidiaries	5	13,714,430	12,603,157
Financial non-current assets		13,714,430	12,603,157
Total non-current assets		13,714,430	12,603,157
Current assets			
Receivables from subsidiaries		1,840,000	1,835,000
Other receivables		16,544	15,706
Securities etc.		2,428,925	2,711,620
Cash		177,623	103,760
Total current assets		4,463,092	4,666,086
Total assets		18,177,522	17,269,243



Balance sheet

at 31 December

(DKK thousand)	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Basic capital		262,453	262,453
Reserve from the use of the equity method		7,055,437	10,644,164
Reserved for future grants		4,170,630	3,324,938
Retained earnings		3,815,516	47,276
Total equity		15,304,036	14,278,831
Liabilities			
Non-current liabilities			
Committed grants	6	1,641,935	2,010,155
Total non-current liabilities		1,641,935	2,010,155
Current liabilities			
Short-term part of committed grants	6	1,140,649	912,343
Trade payables		15,942	10,212
Payables to subsidiaries		1,765	-
Payables to associates		54,070	34,011
Other payables		19,125	23,691
Total current liabilities		1,231,551	980,257
Total liabilities		2,873,486	2,990,412
Total equity and liabilities		18,177,522	17,269,243

Contingent liabilities and other obligations	7		
Related party transactions	8		

Statement of changes in equity

(DKK thousand)	2020	2019
Basic capital		
Balance at 1 January	262,453	262,453
Basic capital at 31 December	262,453	262,453
Reserve from the use of the equity method		
Balance at 1 January	10,644,164	8,797,016
Distribution of result	2,549,273	3,116,148
Other comprehensive income/(expenses)	(138,000)	31,000
Expected dividend	(6,000,000)	(1,300,000)
Reserve from the use of the equity method at 31 December	7,055,437	10,644,164
Reserved for future grants		
Balance at 1 January	3,324,938	1,406,783
Extraordinary reserved during the year	-	1,250,000
Distribution of result	2,000,000	2,500,000
Commitments during the year	(1,154,309)	(1,831,844)
Reserved for future grants at 31 December	4,170,630	3,324,938
Retained earnings		
Balance at 1 January	47,276	2,668,912
Extraordinary reserved during the year	-	(1,250,000)
Distribution of result	(2,231,760)	(2,671,653)
Expected dividend	6,000,000	1,300,000
Currency translation	-	17
Retained earnings at 31 December	3,815,516	47,276
Total equity	15,304,036	14,278,831

Cash flow statement

1 January – 31 December

(DKK thousand)	2020	2019
Result for the year	2,317,513	2,944,495
Net result from subsidiaries	(2,549,273)	(3,116,148)
Currency translation	-	17
Changes in receivables	(838)	37,028
Changes in payables	22,988	32,188
Cash flows from operating activities	(209,610)	(102,420)
Changes in receivables from subsidiaries	(5,000)	(1,552,274)
Dividend received	1,300,000	4,000,000
Investment in securities etc., net	282,695	(1,699,997)
Cash flows from investment activities	1,577,695	747,729
Grants paid	(1,132,291)	(642,734)
Other financing activities	(161,932)	5,187
Cash flows from financing activities	(1,294,223)	(637,547)
Net cash flows for the year	73,862	7,762
Cash and cash equivalents at 1 January	103,760	95,999
Cash and cash equivalents at 31 December	177,623	103,760

Notes

NOTE 1. EMPLOYEE EXPENSES

(DKK thousand)	2020	2019
Employee expenses related to programmes	(70,045)	(53,612)
Employee expenses related to administration	(31,456)	(26,265)
Total employee expenses	(101,501)	(79,877)
Which can be split into:		
Wages and salaries	(91,503)	(67,536)
Pension costs	(3,437)	(2,496)
Other staff and social security expenses	(6,561)	(9,845)
Total employee expenses	(101,501)	(79,877)
Salaries and remuneration for leadership team*	(21,859)	(19,250)
Remuneration for the Board of Directors	(475)	(400)
Average number of employees	98	78
Number of employees at 31 December	110	84
Average number of individuals in leadership team	10	9

*) Since the LEGO Foundation executive management consists of one person, the LEGO Foundation CEO, remuneration for management is disclosed as the total remuneration amount, including benefits, paid to the LEGO Foundation leadership team.

NOTE 2. OPERATING EXPENSES

(DKK thousand)	2020	2019
Operating expenses related to programmes	(124,665)	(101,157)
Operating expenses related to administration	(45,269)	(25,755)
Total operating expenses	(169,934)	(126,912)

NOTE 3. AUDITORS' FEES

(DKK thousand)	2020	2019
Statutory audit of the financial statements	(142)	(163)
Other assistance	(370)	(462)
Total auditors' fees	(512)	(625)

Notes

NOTE 4. DISTRIBUTION OF RESULT

(DKK thousand)	2020	2019
Extraordinary reserved during the year for future grants	-	1,250,000
Reserved for future grants	2,000,000	2,500,000
Reserve from the use of the equity method	2,549,273	3,116,148
Retained earnings	(2,231,760)	(3,921,653)
Total distribution of result	2,317,513	2,944,495

NOTE 5. INVESTMENTS IN SUBSIDIARIES

(DKK thousand)	2020	2019
Cost		
Cost at 1 January	658,992	658,992
Cost at 31 December	658,992	658,992
Value adjustment		
Value adjustment at 1 January	11,944,164	12,797,016
Share of result for the year	2,549,273	3,116,148
Dividend distributed	(1,300,000)	(4,000,000)
Other comprehensive expenses	(138,000)	31,000
Value adjustment at 31 December	13,055,437	11,944,164
Carrying amount at 31 December	13,714,430	12,603,157

Information about subsidiaries:

Name	Municipality	Ownership
Koldingvej 2, Billund A/S	Billund	100%

Notes

NOTE 6. COMMITTED GRANTS

(DKK thousand)	2020	2019
Committed grants at 1 January	2,922,498	1,728,201
Commitments during the year	1,154,309	1,831,844
Grant activities during the year	(1,132,291)	(642,734)
Currency adjustments	(161,932)	5.187
Committed grants at 31 December	2,782,584	2,922,498
Committed grants, due within one year (current liabilities)	1,140,649	912,343
Committed grants, due after one year (non-current liabilities)	1,641,935	2,010,155
Total committed grants	2,782,584	2,922,498

NOTE 7. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

The Foundation has lease obligations of DKK 5,0 million (2019: DKK 3,7 million).

The Foundations rental and professional service obligations have increased due to higher program activities for 2020 and an increased use of service agreements with its partners. Total contingent liabilities and obligations at 31 December 2020 amount to 35 million (2019: DKK 2,9 million), of which DKK 5 million are obligations to related parties (2019: DKK 2,9 million).

Notes

NOTE 8. RELATED PARTY TRANSACTIONS

The Foundation's related parties comprise the Board of Directors and the executive management of the LEGO Foundation. Related parties also comprise subsidiaries and associates and the Board of Directors and executive management in these companies.

There were no transactions in the financial year with the Board of Directors or the executive management besides remuneration, see note 1.

Transactions with subsidiaries and associates include the following:

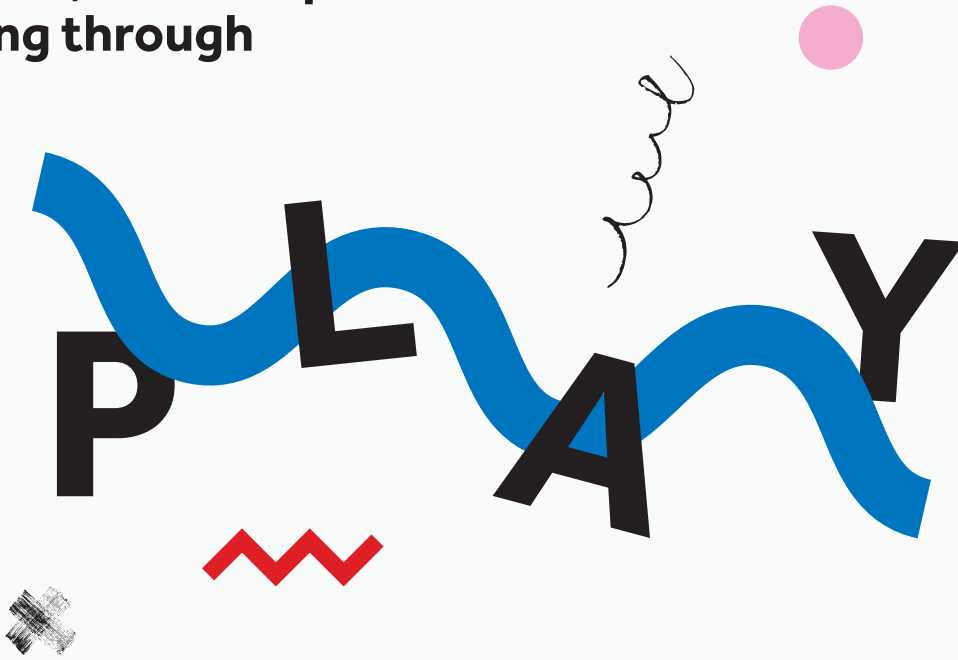
DKK thousand)	2020	2019
Grants	(140,016)	(104,580)
Purchase of goods and services	(14,454)	(15,694)
Total related party transactions	(154,470)	(120,274)

Receivables and liabilities related to subsidiaries and associates are specified in the balance sheet.

Transactions with related parties have been conducted at arm's length.



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learning through**



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