

LF Investment ApS

Tranegårdsvej 20, DK-2900 Hellerup

CVR no. 22 04 20 17

Annual report 2020

Approved at the Company's annual general meeting on 28 June 2021

Chairman:

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Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of LF Investment ApS for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of its operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 28 June 2021
Executive Board:

.....
Tommy Thomsen

.....
Inge Grønvold

Board of Directors:

.....
Tommy Thomsen

.....
Tristan Nicolai Boserup

Independent auditor's report

To the Board of Directors of LF Investment ApS

Opinion

We have audited the financial statements of LF Investment ApS 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. 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations 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 responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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 form of assurance conclusion thereon.

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

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

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

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

Torben Bender
State Authorised
Public Accountant
mne21332

Morten Weinreich Larsen
State Authorised
Public Accountant
mne42791

Management's review

Company details

Name	LF Investment ApS
Address, Postal code, City	Tranegårdsvej 20, DK-2900 Hellerup
CVR no.	CVR no. 22 04 20 17
Established	21 December 1999
Registered office	Hellerup
Financial year	1 January - 31 December
Telephone	+45 33 96 84 33
Board of Directors	Tommy Thomsen Tristan Nicolai Boserup
Executive Board	Tommy Thomsen Inge Grønvold
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The purpose of the Company is to conduct trade, industry, finance and investment activities, including investments in equity and real estate.

Financial review

The income statement for 2020 shows a loss of DKK 158,794 thousand against a loss of DKK 146,305 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 928,896 thousand.

The loss for the year is negatively impacted with DKK 110 million from value adjustment and investments in group entities and negative net impact of 38 mio. DKK from fair value adjustments on other securities, investments and income from these.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end. However, the magnitude of the impact from the Coronavirus is extremely difficult to predict and it's expected to have a negative effect on the company's investments in subsidiaries and associates.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Other operating income	950	650
	Expenses, property	-549	-1,058
	Other external expenses	-3,116	-4,748
	Gross profit	-2,715	-5,156
2	Staff costs	-8,231	-12,216
5	Depreciations	-1,370	-1,552
	Profit/loss before net financials	-12,316	-18,924
	Income/loss from investments in group entities	-109,952	-129,352
	Income/loss from investment in associates	0	200
3	Financial income	34,569	10,591
4	Financial expenses	-73,370	-12,460
	Profit/loss before tax	-161,068	-149,945
	Tax for the year	2,274	3,640
	Profit/loss for the year	-158,794	-146,305
	Proposed distribution of profit/loss		
	Retained earnings/accumulated loss	-158,794	-146,305
		-158,794	-146,305

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	39,009	39,460
	Other fixtures and fittings, tools and equipment	3,661	4,414
		<u>42,670</u>	<u>43,874</u>
	Investments		
6	Investments in group entities	466,605	620,112
	Receivables from group entities	75,918	98
6	Investments in associates	93,645	93,233
	Receivables from associates	97,534	75,149
7	Other securities and investments	207,534	242,548
	Other receivables	0	2,244
		<u>941,237</u>	<u>1,033,384</u>
	Total fixed assets	<u>983,907</u>	<u>1,077,258</u>
	Non-fixed assets		
	Receivables		
	Income taxes receivable	2,441	9,582
	Other receivables	0	2,045
		<u>2,441</u>	<u>11,627</u>
	Cash	8,095	61,004
	Total non-fixed assets	<u>10,536</u>	<u>72,631</u>
	TOTAL ASSETS	<u>994,443</u>	<u>1,149,889</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	150,000	150,000
	Retained earnings	778,896	981,243
	Total equity	<u>928,896</u>	<u>1,131,243</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Mortgage debt	16,195	16,742
	Credit institutions	46,082	0
		<u>62,277</u>	<u>16,742</u>
	Current liabilities other than provisions		
	Current portion of long-term liabilities	1,370	1,370
	Trade payables	382	146
	Other payables	1,518	388
		<u>3,270</u>	<u>1,904</u>
	Total liabilities other than provisions	<u>65,547</u>	<u>18,646</u>
	TOTAL EQUITY AND LIABILITIES	<u>994,443</u>	<u>1,149,889</u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2020	150,000	0	981,243	1,131,243
Capital increase	0	0	0	0
Transfer through appropriation of loss	0	0	-158,795	-158,795
Exchange adjustment	0	-43,552	0	-43,552
Transfer	0	43,552	-43,552	0
Equity at 31 December 2020	150,000	0	778,896	928,896

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of LF Investment ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements for LF Investment A/S and its group entities are part of the consolidated financial statements of Lauritzen Fonden.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	50 years
Other fixtures and fittings, tools and equipment	4-10 years

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured using the equity method at the Parent Company's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the Parent Company has a legal or constructive obligation to cover the deficit.

However, equity investments acquired with the sole purpose of subsequent sale, are measured at fair value. If the fair value cannot be reliably measured, cost is used as an alternative.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Other securities and investments

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted. If the fair value cannot be reliably measured, cost is used as an alternative.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which 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 profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

As management company for all the entities in the joint taxation arrangement, the Parent Company is liable for the subsidiaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

DKK'000	2020	2019
2 Staff costs		
Wages and salaries	7,860	11,863
Pensions	350	314
Other social security costs	21	39
	<u>8,231</u>	<u>12,216</u>
Average number of full-time employees	<u>7</u>	<u>7</u>
Total remuneration to Executive Board amounted to DKK 5,7 million (2019: DKK 5,8 million).		
3 Financial income		
Income from other securities and investments	32,750	9,413
Exchange adjustments	266	0
Other financial income	1,553	1,378
	<u>34,569</u>	<u>10,791</u>
4 Financial expenses		
Fair value adjustments on other securities and investments	70,965	11,650
Other interest expenses	236	417
Exchange adjustments	1,525	0
Interest surcharges	644	393
	<u>73,370</u>	<u>12,460</u>

Financial statements 1 January - 31 December

Notes

5 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	41,082	8,129	49,211
Additions	0	166	166
Cost at 31 December 2020	41,082	8,295	49,377
Impairment losses and depreciation at 1 January 2020	1,622	3,714	5,336
Depreciation in the year	451	920	1,371
Impairment losses and depreciation at 31 December 2020	2,073	4,634	6,707
Carrying amount at 31 December 2020	39,009	3,661	42,670

6 Investments

DKK'000	Investments in group entities	Investments in associates
Cost at 1 January	1,112,176	101,738
Additions	0	0
Disposals	0	0
Cost at 31 December	1,112,176	101,738
Value adjustments at 1 January 2020	-492,064	-8,505
Exchange adjustment	-43,555	0
Dividend distributed	0	0
Share of the profit/loss for the year	-109,952	412
Value adjustments at 31 December	-492,064	-8,093
Carrying amount at 31 December	466,605	93,645

Financial statements 1 January - 31 December

Notes

7 Other securities and equity investments

The carrying amount of securities and equity investments can be specified as follows:

Listed equity investments	120.653
Unlisted equity investments	86.881
Carrying amount at 31 December	207.534

Unlisted equity investments consist primarily of investment of DKK 25,8 million in Erhvervsinvest K/S II and investment of DKK 26,0 million in DEE4 Capital Fund I K/S. In addition hereto the amount includes investments in other unlisted entities. Investment in Erhvervsinvest K/S II is measured at fair value on basis of international private equity and venture capital guidelines (level 3 in fair value hierarchy) whilst other investments, in accordance with accounting policies, is measured at cost price since the fair value cannot be reliable measured.

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1st July 2012.

LF Investment ApS is obligated to invest an additional DKK 2,9 million (2019: DKK 3 million) in Erhvervsinvest II K/S.

LF Investment ApS is obligated to invest an additional DKK 7.9 million (2019: DKK 11.3 million) in DEE4 Capital.

LF Investment ApS is obligated to invest an additional DKK 18.9 million in NMI Fund IV KS.

The land and buildings with a total carrying amount of DKK 39,0 million (2019: DKK 39,4 million) have been pledged as security for mortgage on land and buildings and bank loans with a total carrying amount of DKK 17,6 million (2019: DKK 18,1 million).

9 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Lauritzen Fonden	Tranegårdsvej 20, 2900 Hellerup	www.Lauritzenfonden.dk

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Inge Grønvold

Direktion

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Tristan Nicolai Boserup

Bestyrelse

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Morten Weinreich Larsen

Statsautoriseret revisor

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