

# Horizons A/S

## Annual Report for the year 2021

The Annual General Meeting adopted the annual report on 04 04 2022

Chairman of the General Meeting

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Name      Claus H. Hejlesen

Horizons A/S  
Nytorv 5  
1450 Copenhagen K  
Denmark

Reg. no. 11 15 33 80

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# Statement by the Board of Directors and Management

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Horizons A/S (the Company) is a subsidiary of KILROY International A/S which is an international travel company with headquarters in Denmark.

The Board of Directors and the Managing Director have today discussed and approved the annual report for the financial year January 1 - December 31, 2021 for the Company.

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

It is our opinion that the Financial Statement gives a fair and true view of the company's assets, liabilities and financial position at December 31, 2021 and of the result of the Company's operations for the financial year January 1 - December 31, 2021.

In our opinion, the Management's review gives a fair review of the development in the company's activities and financial conditions of the results for the year and of the Company's financial position.

The Annual Report is send for approval for the annual general meeting.

Copenhagen, 2022

Managing Director:

Henrik Kaltoft

The Board of Directors:

Claus H. Hejlesen  
Chairman

Henrik Kaltoft

Lars Holst-Mikkelsen

Thomas Sand Pedersen

Mikkel Winther Andersen

# Independent Auditor's Report

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## To the shareholder of Horizons A/S

### Opinion

We have audited the financial statements of Horizons A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity, notes and 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 Company's assets, liabilities and financial position at December 31, 2021 and of the results of the Company's operations for the financial year January 1 - December 31, 2021 in accordance with the Danish Financial Statement Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibility 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 that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2022

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR nr. 25578198

Anja Bjørnholt Lûthcke  
State Authorised Public Accountant  
mne 26779

# Management's review

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## Company information

### Horizons A/S

Nytorv 5

1450 Copenhagen K

Phone: 70 15 40 15 / 70 20 19 15

Web: www.kilroy.dk / www.jr.dk

CVR-nr.: 11 15 33 80

Founded: September 2 1987

Registered in: Copenhagen K.

Accounting year: January 1 - December 31

### Board of directors:

Claus H. Hejlesen (Chairman)

Henrik Kaltoft

Lars Holst-Mikkelsen

Thomas Sand Pedersen

Mikkel Winther Andersen

### Managing Director:

Henrik Kaltoft

### Auditors:

KPMG

Statsautoriseret revisionspartnerselskab

Dampfærgevej 28

2100 Copenhagen

### Annual General Meeting:

The annual general meeting will take place on 4 April 2022 at the Company's office at Nytorv 5, 1450 Copenhagen K.

# Keyfigures

	2021	2020	2019	2018	2017	
<b>Profit &amp; Loss Accounts (mDKK)</b>						
Turnover .....	168	-56	658	600	581	
EBITDA .....	-8	-75	24	22	24	
Ordinary operating profit (EBIT) .....	-9	-76	23	21	23	
Net financial income .....	-1	0	2	0	1	
Profit before income tax (EBT) .....	-10	-75	25	21	24	
Net profit for the year .....	-8	-59	20	16	19	
<b>Balance Sheet (mDKK)</b>						
Non-current assets .....	21	19	3	4	2	
Current assets .....	103	133	168	169	150	
Total assets .....	124	152	171	173	152	
Share capital .....	5	5	5	5	5	
Equity .....	-48	-40	37	32	33	
Current liabilities .....	105	64	134	141	119	
Investments in tangible assets .....	0	0	0	3	0	
<b>Key Figures</b>						
EBITDA - Margin (%) .....	EBITDA / Turnover	N/A	N/A	3,7	3,7	4,1
Return on assets (%) .....	EBIT / total assets	-7	-50	14	12	15
Return on equity (%) .....	Net profit / average equity	N/A	N/A	58	51	62
Liquidity ratio (%) .....	Current assets / current liabilities	98	208	125	120	125
Equity ratio (%) .....	Equity / total assets	N/A	N/A	21	18	21
Average number of full-time employees (FTE)		69	109	137	130	116

# Management's review

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## **Main activities**

The main activity – which remains unchanged from previous years – is to carry on sale of travel related services under the two brands Jysk Rejsebureau and KILROY.

Sales are conducted from the eight shops in larger cities in Denmark and online channels.

## **Development in activities, finances, and other events during the year**

In 2021 the Company had a loss before tax of DKK -9,635 thousand compared to a loss in 2020 of DKK -75,315 thousand and a profit of DKK 25,041 thousand in 2019. Equity amounts to DKK -47,575 thousand on 31 December 2021.

The result for the year is not as expected and is a direct consequence of the Covid-19 pandemic, which also in 2021 continued to harass and restrict travel in general, but especially long-haul travel outside Europe, where the Company has its vast majority of destinations. Thus, it is fair to state that Covid-19 had a significant negative impact on results for the year.

Derived costs from and required actions pertaining to Covid-19 has resulted in substantial unforeseen costs for the Company.

The Company has received compensation for fixed costs and salaries totaling DKK 12.7 millions during 2021.

## **Capital resources**

Due to the losses in the past two years the Company has lost more than half of the subscribed capital and is therefore subject to the capital loss provisions in the Danish Companies Act. Management expects to re-establish the share capital by means of earnings in the coming years or capital contributions.

Therefore, in connection with issuing the financial statement a letter of comfort has been received from KILROY International A/S (Parent Company) dated 25 March 2022.

The Parent Company has announced its intention to support the Company financially in all respects, so the Company will be able to settle its obligations as they are due.

The letter of comfort is valid for at least one year from the date of approval of the 2021 Financial Statements by the directors of the Company.

Thus, it is Management's opinion that the financial resources are adequately secured for the Company to continue as a going concern for the coming financial year.

## **Uncertainty relating to recognition and measurement**

As a direct consequence of the COVID-19 pandemic increased risk on receivables from the business partners are experienced. The Company has reflected this risk in the recognition and measurement of receivables.



# Management's review

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## Risk assessment

Operating globally, the travel industry is by nature affected by numerous risks. The majority of these are beyond our control, such as war, terror, natural disasters, disease and political unrest.

Each year brings new and sometimes extraordinary challenges to the travel industry. The Covid-19 pandemic is a prime example. Every link in the value chain is constantly challenged, either by traditional suppliers, new players or by the customers themselves. As in many other industries, the Internet has created an atmosphere of "direct trading is cheapest." We address this challenge by constantly focusing on internal training and customer service, and by making value-addition tangible and apparent to our customers.

The financial risk of doing business in multiple countries and currencies is reduced through cautious execution by the KILROY Group's cash management function, which has established policies to ensure that currency exposure is mitigated to the extent possible.

The KILROY Group only hedges commercial exposures. The primary financial instruments include currency forward contracts.

## Guidance for 2022

In the beginning of 2022, the Company will still experience the aftershocks of the pandemic. However, important destinations were becoming available for tourism again, raising hopes that 2022, step by step, will restore some normalcy into the travel industry.

The budgeted expectation for 2022 was that the Company would deliver a profit (EBITDA) in the range of DKK 5 to DKK 15 million. At the time of the approval of the 2021 accounts, the market shows strong recovery trends. Thus, it is the management's view that the budgeted goal is achievable.

In February 2022 war broke out in Ukraine, and it has the potential to escalate with catastrophic consequences. The current zones of conflicts are not key destinations for the Company, so the imminent impact is considered minimal for 2022. Still, the economic challenges stemming from the war are expected to have a negative impact beyond 2022 and on the travel industry in general in our market.

No material events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2021.

## Profit & Loss Account January 1 to December 31, 2021

	Notes	2021 '000 DKK	2020 '000 DKK
Turnover .....	2	168.147	-55.919
Other operating income .....	3	12.699	20.422
Cost of products .....		-131.583	39.532
<b>Gross profit</b>		49.263	4.035
Salaries and other personnel expenses .....	4	-28.935	-44.768
Other operating expenses .....		-28.702	-34.042
		-57.637	-78.810
<b>Operating profit before depreciation and amortisation (EBITDA)</b> .....		-8.374	-74.775
Depreciations and amortizations .....		-716	-759
<b>Operating profit before net financials (EBIT)</b>		-9.090	-75.534
Financial income .....		0	298
Financial expenses .....		-545	-79
Net financial income / expenses .....	5	-545	219
<b>Profit before income tax (EBT)</b> .....		-9.635	-75.315
Tax on profit for the year .....	6	2.120	16.568
<b>Profit for the year</b> .....	7	-7.515	-58.747

## Balance Sheet as at 31 December 2021

<b>Assets:</b>	<b>Notes</b>	<b>2021</b> '000 DKK	<b>2020</b> '000 DKK
Land and buildings .....		576	608
Leasehold improvements .....		923	1.454
IT hardware and other equipments .....		263	252
Total property, plant and equipment	8	1.762	2.314
Deferred tax asset .....	9	19.225	17.106
Total financial fixed assets		19.225	17.106
Total non-current assets		20.987	19.420
Inventories .....		549	641
Trade receivables .....		28.789	4.714
Amounts due from group entities .....		34.001	66.691
Other receivables .....		9.505	25.546
Prepaid expenses .....	10	17.334	30.109
Total Receivables		89.629	127.060
Cash and cash equivalents .....		13.006	5.055
Total current assets		103.184	132.756
<b>Total assets</b>		124.171	152.176
<b>Equity:</b>			
Share capital .....		5.177	5.177
Proposed dividend .....	7	0	0
Retained earnings .....		-52.752	-45.237
Total equity		-47.575	-40.060
<b>Long-term liabilities:</b>			
Long-term debt .....	11	66.932	61.170
Total long-term liabilities		66.932	61.170
<b>Short-term liabilities:</b>			
Short-term debt .....	11	0	67.402
Total short-term liabilities		0	67.402
<b>Current liabilities:</b>			
Trade creditors .....		52.291	5.413
Other payables .....		6.433	14.337
Prepayments received .....		46.090	43.914
Total current liabilities		104.814	63.664
Total liabilities		171.746	192.236
<b>Total equity and liabilities</b>		124.171	152.176
Contingent liabilities .....	12		
Related parties .....	13		

## Statement of changes in Equity

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### Equity

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	'000 DKK	'000 DKK	'000 DKK
Equity 1.1.2021 .....	5.177	-45.237	-40.060
Transferred over the profit appropriation .....	0	-7.515	-7.515
Equity 31.12.2021 .....	<u>5.177</u>	<u>-52.752</u>	<u>-47.575</u>

The share capital is divided into stocks with the printed amount of 1 DKK each.

The share capital is divided between 2.951.000 A and 2.226.193 B shares but with the same voting rights.

There have not been any changes in the share capital during the last 5 years.

# Notes

## 1. Unusual conditions

Due to the global travel restrictions, the Company's financial year was also in 2021 substantially and negatively impacted by the Covid-19 pandemic.

However, the Parent Company completed an external funding program end of April 2021. It consists of new equity and subordinated loans from the current owners (DKK 19 million), subordinated loans from Vækstfonden (DKK 39 million) and loan from Danske Bank (DKK 10 million).

Due to the loss for the year the Company has lost more than half of the subscribed capital and is therefore subject to the capital loss provisions in the Danish Companies Act. Management expects to re-establish the share capital by means of earnings in the coming years or capital contributions. Therefore, in connection with issuing the financial statement a letter of comfort has been received from Parent Company dated 25 March 2022.

The Parent Company has announced its intention to support the Company financially in all respects, so the Company will be able to settle its obligations as they are due. The letter of comfort is valid for at least one year from the date of approval of the 2021 Financial Statements by the directors of the Company.

With the funding, the letter of support and not least the positive signs of recovery at the end of 2021 and the increasing demand for travel in the beginning of 2022, it is the management's assessment that the Company's financial resources are adequately secured for the Company to continue as a going concern for the coming financial year.

## 2. Turnover

With reference to the exemption-on-prejudice provision in section 96(1) of the Danish Financial Statements Act the company has omitted to provide segment information.

## 3. Other operating income

The Company's income is affected by recognition of income from government aid and compensation schemes as a result of Covid-19. The Company has received DKK 12.7 million in compensation for fixed costs and salary. The Parent Company did not receive any compensation in 2021.

## 4. Salaries and other personnel expenses

	2021	2020
	'000 DKK	'000 DKK
Wages and salaries .....	25.995	40.419
Pensions .....	1.785	2.774
Other social security costs .....	526	773
Total salaries and related expenses .....	28.306	43.966
Other personnel expenses .....	630	802
Total salaries and other personnel expenses .....	28.936	44.768
Average number of employees (full year equivalents) .....	69	109

Remuneration for key personnel is contained in above figures. Remuneration for the Board of Directors and registered management was tDKK 23, which is included in the administration fee (under other operating expenses) (2020: tDKK 23).

## 5. Financial income / expenses

	2021	2020
	'000 DKK	'000 DKK
Net interest income / expenses from affiliated companies .....	-266	297
Other Financial income / expenses .....	-279	-79
	-545	218

## 6. Tax on profit for the year

	2021	2020
	'000 DKK	'000 DKK
Adjustment previous year .....	0	2
Adjustment of deferred tax for the year .....	-2.120	-16.569
	-2.120	-16.567

## 7. Appropriation of net profit

	2021	2020
	'000 DKK	'000 DKK
Proposed dividend .....	0	0
Retained earnings .....	-7.515	-58.747
	-7.515	-58.747

## Notes, continued:

### 8. Property, plant and equipment

	buildings '000 DKK	own buildings '000 DKK	improvements '000 DKK	other equipment '000 DKK	Total '000 DKK
Cost at the beginning of 2021 .....	1.764	278	6.044	1.365	9.451
Additions in year .....	0	0	0	164	164
Cost at the end of 2021 .....	1.764	278	6.044	1.529	9.615
Depreciations at the beginning of 2021	1.156	278	4.590	1.113	7.137
Depreciations for the year .....	32	0	531	153	716
Depreciations at the end of 2021 .....	1.188	278	5.121	1.266	7.853
Carrying amount at the end of 2021 .....	576	0	923	263	1.762

### 9. Deferred tax

	2021 '000 DKK	2020 '000 DKK
Deferred tax at the beginning of year .....	17.106	536
Adjustment of deferred tax for the year .....	2.120	16.569
Deferred tax at the end of year .....	19.225	17.105
Land and buildings .....	201	209
Leasehold improvements .....	356	302
IT hardware and other equipments .....	52	55
Deficit to carry forward .....	18.616	16.538
	19.225	17.105
<b>Deferred tax asset</b>		
Calculated tax asset .....	19.225	17.105
Carrying amount at the end of 2021 .....	19.225	17.105

Deferred tax asset has been activated at 22% corresponding to the current tax rate. Management believes that the tax asset will be used in future taxable income.

### 10. Prepaid expenses and accrued income

Prepaid expenses consists of payments to suppliers that relate to the following year.

### 11. Short- and long-term liabilities

Short- and long-term liabilities consist of loans to the Danish Travel Guarantee Foundation obtained as a direct consequence of Covid-19 as well as provision for holiday pay.

	2021 '000 DKK	2020 '000 DKK
Short-term liabilities within 1 year .....	0	67.402
Long-term liabilities between 1 and 5 years .....	49.884	36.702
Long-term liabilities after 5 years .....	17.049	24.468
	66.932	128.572

### 12. Contingent assets, liabilities and secured debt

The Company is a member of Rejsegarantifonden and KILROY International A/S has through the bank issued a bank guarantee tDKK 4.250 as security.

The Company has made a number of rental agreements with variable unbreakable tenures.

	2021 '000 DKK	2020 '000 DKK
Rent and lease obligations within 1 year .....	4.038	4.629
Rent and lease obligations between 1 and 10 years .....	12.252	15.673
	16.290	20.302

As a subsidiary to KILROY International A/S, the Company operates under joint taxation along with other Danish companies in the KILROY Group.

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). The Danish companies are jointly and severally liable for the joint taxation.

## Notes, continued:

### 13. Related parties

Horizons A/S' related parties comprise the following:  
Eignarhaldsfélagið KILROY ehf, Laugavegur 182, 105 Reykjavík  
SSTS A/S, Nytorv 5, 1450 Copenhagen K  
KILROY Group Travel A/S, Nytorv 5, 1450 Copenhagen K  
KILROY International A/S, Nytorv 5, 1450 Copenhagen K  
KILROY Belgium BV, Sint-Pietersnieuwstraat 105, 9000 Gent  
OY KILROY Finland AB, Kaivokatu 10 D, 00100 Helsinki  
KILROY Iceland ehf., Skólavörðustígur 3A, 101 Reykjavík  
KILROY Netherlands B.V., Singel 413-415, 1012 Amsterdam  
KILROY Norway AS, Kirkegata 15, 0153 Oslo  
KILROY Poland Sp. Z o.o., Inflancka 4A, 00189 Warszawa  
KILROY Sweden AB, Drottninggatan 83, 111 60 Stockholm  
JR Travel A/S, Nytorv 5, 1450 Copenhagen K  
Winberg Travel AB, Stora Torg 17, 241 30 Eslöv

The Company is a part of the consolidated annual report for KILROY International A/S, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of KILROY International A/S can be found at [www.KILROY.dk](http://www.KILROY.dk)

The Company is a part of the consolidated annual report of Eignarhaldsfélagið KILROY ehf, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Eignarhaldsfélagið KILROY ehf can be obtained by contacting the company. Ultimate Parent Company Eignarhaldsfélagið KILROY ehf has at the date of this financial statement, not issued their financial statement for 2021.

#### Related party transactions

	2021	2020
	'000 DKK	'000 DKK
Sale of services to Group entities	443	934
Purchase of services from Group entities	-4.806	-632
Purchase of services from Parent Company	-16.226	-20.640
Total	-20.589	-20.338

Remuneration to the Management and Board of Directors is disclosed in note 4.

Intercompany balances with the Parent Company are disclosed in the balance sheet, and interest is disclosed in note 5.

# Accounting Policies

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## General

The Annual Report for 2021 for Horizons A/S is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class medium-C companies as opposed to reporting class large-C companies in previous years.

Change of reporting class has not caused changes in accounting policies compared to previous years. The accounting policies applied, as described below, are consistent with those applied last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement is included in the consolidated cash flow statement for KILROY International A/S.

Pursuant to section 96(3) of the Danish Financial Statements Act, fee paid to the Company's auditor appointed at the general meeting has not been disclosed.

The information is disclosed in the financial statements for the Parent Company KILROY International A/S.

## Foreign currency conversion

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement in cost of products.

## Profit and Loss Account

### Turnover

Turnover includes the year's sales of travel products and other services.

Turnover from individual-oriented products are recognised at the time of invoicing, regardless of departure date. Upon receipt of a part (or full) payment, the individual products are booked with the supplier and travel documents are issued. Most flight tickets need to be issued immediately to guarantee availability and in most cases there are no changes to the itinerary before departure. As main part of the value increase is performed at the time of the sale and invoicing (e.g. the risk is transferred to the customer when the tickets are issued), the turnover is booked at invoicing. Turnover recognized is adjusted for expected cancellations based on the cancellation history.

Revenues from group travel products are booked in the accounting period that coincides with the departure date of the trip.

Turnover is measured at the fair value of the agreed remuneration excluding VAT. All discounts granted are included in turnover.

### Cost of products

Cost of sales comprises invoiced and accrued cost of travel related products and other services incurred by generated revenue of the year.

### Other operating income

Other income comprises items secondary to the activities of the company. Government aid/compensation schemes related to COVID 19 are included in this item.

### Other operating expenses

Other operating expenses include expenses related to premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Salaries and other personnel expenses

Personnel costs comprise expenses incurred during the year for all management, sales consultants and administrative staff.

### Depreciations and amortizations

Amortisation and depreciation comprise amortisation and depreciation of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest and surcharges/allowances regarding tax.

### Tax

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). Tax for the year comprises current tax, joint taxation and changes in deferred tax for the year, including adjustments to tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

The Company is part of a joint taxation arrangement with the Parent Company. The Parent Company is administrator for the joint taxation.



# Accounting Policies

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## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any direct costs directly attributable to the acquisition until the date on which the asset is available for use. The cost includes retirement obligations if it meets the conditions for recognition of provisions.

Depreciation is calculated on a straight-line basis of the cost according to the following guidelines, based on the estimated economic life of the asset:

- Buildings 33-50 years
- Leasehold improvements 5 years
- IT and other equipment 3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised.

### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

### Inventories

Goods for resale are measured at cost price.

Write-downs are made according to obsolescence and other forms of value depreciation.

### Deferred Tax assets and liabilities

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

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

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement or equity, respectively.

### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

### Prepayments

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

### Current tax payable or receivable

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the onaccount taxation scheme are recognised in the income statement in financial income and expenses.

### Liabilities other than provisions

Prepayments from customers, trade payables and other payables are measured at net realizable value.

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