

Northern Horizon Capital A/S

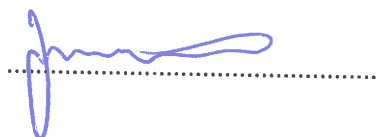
Christian IX's Gade 2, 2, DK-1111 København K

CVR no. 27 59 93 97

Annual report 2023

Approved at the Company's annual general meeting on 27 March 2024

Chair of the meeting:

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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 Northern Horizon Capital A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

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, 27 March 2024
Executive Board:



Milda Darguzaite

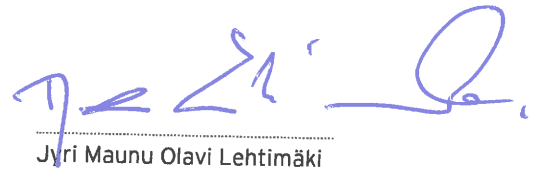
Board of Directors:



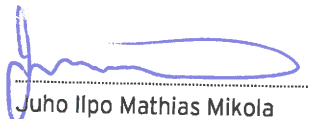
Lars Christian Onnemus
Chairman



Niels-Ulrik Mousten



Jyri Maunu Olavi Lehtimäki



Juho Ilpo Mathias Mikola

Independent auditor's report

To the shareholders of Northern Horizon Capital A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Northern Horizon Capital A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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 the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.

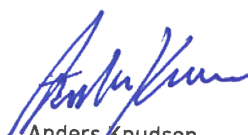
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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, 27 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Henrik Reedtz
State Authorised Public Accountant
mne24830



Anders Knudsen
State Authorised Public Accountant
mne49064

Management's review

Company details

Name	Northern Horizon Capital A/S
Address, Postal code, City	Christian IX's Gade 2, 2, DK-1111 København K
CVR no.	27 59 93 97
Established	13 January 2004
Registered office	København
Financial year	1 January - 31 December
Website	www.nh-cap.com
E-mail	info@nh-cap.com
Telephone	+45 33 69 07 33
Board of Directors	Lars Christian Ohnemus, Chairman Niels-Ulrik Moustén Jyri Maunu Olavi Lehtimäki Juho Ilpo Mathias Mikola
Executive Board	Milda Darguzaitė
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	63,049	51,389	44,837	44,844	42,995
Gross profit	41,350	32,586	29,737	30,864	25,251
Net financials	2,046	6,412	9,928	4,687	-1,068
Profit for the year	10,824	6,985	9,225	6,923	-2,195
Balance sheet					
Total assets	83,968	77,808	60,394	64,894	72,511
Investments in property, plant and equipment	65	95	110	132	108
Equity	52,440	45,666	39,734	55,407	47,569
Cash flows					
Cash flows from operating activities	5,738	2,963	5,785	7,235	-12,823
Net cash flows from investing activities	-5,509	-3,646	-1,177	21,805	-1,007
Cash flows from financing activities	3,895	123	-22,913	-10,233	9,885
Total cash flows	4,124	-560	-18,305	18,807	-3,945
Financial ratios					
Operating margin	19.8%	8.0%	5.2%	12.5 %	-3.0 %
Gross margin	65.6%	63.4%	66.3%	68.8%	58.7%
Return on assets	15.4%	5.9%	3.7%	8.3%	-2.0%
Equity ratio	42.2%	38.8%	47.4%	74.7%	63.1%
Return on equity	30.0%	15.6%	13.4%	6.1%	-4.2%

For terms and definitions, please see the accounting policies.

In 2023, the Group adopted IFRS 15, "Revenue from contracts with customers" as interpretation for accounting revenue. The adoption has no impact on the comparative figures. Refer to accounting policies for further description.

As a result of correction of misstatement in previous years, the key figures for the period 2019-2022 is corrected. Refer to accounting policies for further description.

Management's review

Business review

Northern Horizon Capital (Northern Horizon) is an independent real asset manager offering healthcare and other specialized investment strategies in Northern Europe. The company manages real estate funds and separate accounts for institutional investor clients. The company was established in 2001.

The Danish parent company has subsidiaries in Denmark, Sweden, Finland, Germany, Lithuania, Estonia and Luxembourg (the Group). At the end of 2023, the Group had 30 full time employees within fund management and administration, business development, general management and administration. Each individual fund or other investment product is managed by a dedicated fund manager/team with deep professional knowledge and extensive management competencies.

At the end of 2023, Northern Horizon managed 4 investment funds with total assets under management in the funds amounting to DKK 11.0 billion.

Unusual matters having affected the financial statements

The comparative figures for 2022 are corrected as a result of correction of a misstatement. In consequence of the restatement profit/loss for the year 2022 is unchanged, total assets and liabilities increased DKK 17,234 thousand and equity is unchanged.

Refer to Accounting Policies for further description of the correction

Financial review

Over the last years, the Group was strengthening two areas of historical expertise: healthcare real estate in the Nordics (Nordic Aged Care Fund and Aged Care IV Fund) and commercial real estate in the Baltics (Baltic Horizon). The Group has built a team who have decades of experience in the real estate sector in the chosen geographies and sectors.

As Nordic Aged Care (specialised institutional healthcare real estate fund) was approaching its maturity, the fund management team was continuously assessing various fund exit options together with the investors in the fund. Market conditions were not favourable for a portfolio trade sale, the fund management team started investigating an opportunity to recapitalise and convert the Fund into an evergreen social infrastructure fund seeded with the existing property portfolio. The project currently is in advanced stage and fund exit in form of conversion is expected to be completed in H1 2024.

Another healthcare fund Aged Care IV had final closing in November 2022. The fund closed at EUR 324m of capital commitments which made Aged Care IV the largest fund in the firm's age care series so far. As a result, in 2023 the main focus of the fund had to be capital deployment. Fund management team capitalised on the marked opportunities and fund has been fully invested by end of 2023.

Focus in Baltic Horizon Fund remained the same as previous year. Fund was focusing on maintaining and improving existing assets, optimizing the financial structure and improving liquidity of the fund.

BPT Hansa fund has started the liquidation process and has 1 remaining properties. Disposal of the last property is expected in 2024. This exit will have no significant impact on Company's financial performance.

As a result of successful capital deployment in Aged Care IV and stable operations of other funds, Northern Horizon revenues have increased to DKK 63 million in 2023 (2022: DKK 51 million). The Group closed the financial year 2023 with a profit before tax of DKK 14.5 million (2022: DKK 10.5 million). This was in line with expectations for 2023 of an increase in revenues and net profit.

At 31 December 2023, the balance sheet showed equity (excl. non-controlling interest) of DKK 35.5 million, compared to DKK 30.1 million the preceding year.

Management's review

Financial risks and use of financial instruments

Investment management operations carried out by Northern Horizon are subject to general market risks. Real estate investments are generally subject to risks arising out of their illiquidity, risks concerning general economic development and market situation, and risks concerning the political situation of target countries.

Management fees received from the funds and mandates are primarily based on the net asset value. The adverse changes in the market conditions could lead to the reduced valuation of the funds' assets and equity, and consequently to a decrease in the fees earned by Northern Horizon. The externally provided independent fair value assessments of properties are inherently subject to some degree of uncertainty. In order to manage the risk, the Company manages several funds with different strategies, in different countries, and with different vintages.

Success fees and carried interest income involve uncertainty related to timing of exits, properties' fair value development and ability to realize the gains.

Northern Horizon's investment management operations are subject to material risks in ability to launch new real estate funds and to raise new capital from the investors. Unsatisfactory performance of the funds managed by Northern Horizon or other reasons independent of Northern Horizon, such as increasing competition, regulatory burden could make it more difficult to raise new funds in the future. Economic uncertainty may have direct impact on deploying raised capital due to limited number of the assets available for investment.

Events after the balance sheet date

No events materially affecting the assessment of the Company's financial position have occurred after the balance sheet date.

Outlook

Given successful implementation of the strategic plans, management expects that Group's revenues in year 2024 will be in the range DKK 62-68 million, whereas net profit for year 2024 is expected to be on level with 2023.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2023	2022	2023	2022
	Revenue	63,049	51,389	12,510	8,830
	Other operating income	8	25	0	0
	Other external expenses	-21,707	-18,828	-6,082	-5,010
	Gross profit	41,350	32,586	6,428	3,820
2	Staff costs	-28,620	-28,227	-7,099	-6,555
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-252	-272	-170	-164
	Profit/loss before net financials	12,478	4,087	-841	-2,899
	Income from investments in group enterprises	0	0	12,472	8,782
4	Financial income	2,650	6,577	562	428
5	Financial expenses	-604	-165	-2,063	-1,731
	Profit before tax	14,524	10,499	10,130	4,580
6	Tax for the year	-3,700	-3,514	-288	0
	Profit for the year	10,824	6,985	9,842	4,580
	Specification of the Group's results of operations:				
	Shareholders in Northern Horizon Capital A/S	9,842	4,580		
	Non-controlling interests	982	2,405		
		10,824	6,985		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2023	2022	2023	2022
	ASSETS				
	Fixed assets				
7	Intangible assets				
	Software	15	1	0	0
	Rights	0	148	0	147
		<u>15</u>	<u>149</u>	<u>0</u>	<u>147</u>
8	Property, plant and equipment				
	Fixtures and fittings, other plant and equipment				
		113	147	27	50
		<u>113</u>	<u>147</u>	<u>27</u>	<u>50</u>
9	Investments				
	Investments in group enterprises	0	0	66,791	69,865
	Receivables from group enterprises	0	0	84	80
	Other securities and investments	45,966	38,468	0	0
	Other receivables	1,601	1,621	1,590	1,556
	Prepayments	14,958	19,216	0	0
		<u>62,525</u>	<u>59,305</u>	<u>68,465</u>	<u>71,501</u>
	Total fixed assets	<u>62,525</u>	<u>59,305</u>	<u>68,465</u>	<u>71,501</u>
	Non-fixed assets				
	Receivables				
	Trade receivables	6,880	2,211	127	129
	Receivables from group enterprises	0	0	2,657	4,006
10	Deferred tax assets	508	796	508	796
	Corporation tax receivable	262	493	0	0
	Other receivables	727	960	333	712
11	Prepayments	6,643	11,576	672	508
		<u>15,020</u>	<u>16,036</u>	<u>4,297</u>	<u>6,151</u>
	Cash	<u>6,295</u>	<u>2,171</u>	<u>2,167</u>	<u>65</u>
	Total non-fixed assets	<u>21,315</u>	<u>18,207</u>	<u>6,464</u>	<u>6,216</u>
	TOTAL ASSETS	<u>83,968</u>	<u>77,808</u>	<u>74,956</u>	<u>77,914</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2023	2022	2023	2022
		EQUITY AND LIABILITIES			
		Equity			
12	Share capital	8,750	7,000	8,750	7,000
	Net revaluation reserve according to the equity method	0	0	11,860	0
	Retained earnings	20,462	23,177	8,602	23,177
	Dividend proposed	6,260	0	6,260	0
	Shareholders in Northern Horizon Capital A/S' share of equity	35,472	30,177	35,472	30,177
	Non-controlling interests	16,968	15,489	0	0
	Total equity	52,440	45,666	35,472	30,177
	Liabilities other than provisions				
13	Non-current liabilities other than provisions				
	Other credit institutions	12,500	0	12,500	0
	Trade payables	2,509	9,993	0	0
	Payables to group entities	0	0	21,241	29,969
		15,009	9,993	33,741	29,969
	Current liabilities other than provisions				
13	Short-term part of long-term liabilities other than provisions				
	Other credit institutions	8,756	7,241	1,250	0
	Trade payables	0	5,195	0	5,195
	Payables to group enterprises	463	722	99	301
	Corporation tax payable	0	0	2,420	10,114
	Other payables	885	1,035	0	0
		6,415	7,956	1,974	2,158
		16,519	22,149	5,743	17,768
	Total liabilities other than provisions	31,528	32,142	39,484	47,737
	TOTAL EQUITY AND LIABILITIES	83,968	77,808	74,956	77,914

- 1 Accounting policies
- 14 Appropriation of profit
- 15 Contractual obligations and contingencies, etc.
- 16 Security and collateral
- 17 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note DKK'000

	Group					
	Share capital	Retained earnings	Dividend proposed	Total	Non-controlling interests	Total equity
Equity at 1 January 2023	7,000	23,177	0	30,177	15,489	45,666
Capital increase	1,750	0	0	1,750	0	1,750
Transfer through appropriation of profit	0	9,842	0	9,842	982	10,824
Adjustment of investments through foreign exchange adjustments	0	113	0	113	0	113
Adjustments of non-controlling interest for the year	0	0	0	0	497	497
Dividend	0	-6,260	6,260	0	0	0
Extraordinary dividend distributed in the year	0	-6,410	0	-6,410	0	-6,410
Equity at 31 December 2023	8,750	20,462	6,260	35,472	16,968	52,440

Note DKK'000

	Parent company				
	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed	Total
Equity at 1 January 2023	7,000	0	23,177	0	30,177
Capital increase	1,750	0	0	0	1,750
14 Transfer, see "Appropriation of profit"	0	0	9,842	0	9,842
Equity transfers to reserves	0	11,860	-11,860	0	0
Adjustment of investments through foreign exchange adjustments	0	0	113	0	113
Dividend	0	0	-6,260	6,260	0
Extraordinary dividend distributed in the year	0	0	-6,410	0	-6,410
Equity at 31 December 2023	8,750	11,860	8,602	6,260	35,472

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2023	2022
	Profit for the year		
18	Adjustments	10,824	6,985
	Cash generated from operations (operating activities)	2,135	-403
19	Changes in working capital	12,959	6,582
	Cash generated from operations (operating activities)	-4,340	-592
	Interest received, etc.	8,619	5,990
	Interest paid, etc.	656	427
	Income taxes paid	-556	-208
	Cash flows from operating activities	-2,981	-3,246
		5,738	2,963
	Additions of intangible assets	-23	0
	Additions of property, plant and equipment	-65	-95
	Addition of securities and investments	-5,421	-3,551
	Cash flows to investing activities	-5,509	-3,646
	Dividends paid	-6,410	-2,976
	Loans from credit institutions	13,750	3,099
	Repayments, debt to credit institutions	-5,195	0
	Cash capital increase	1,750	0
	Cash flows from financing activities	3,895	123
	Net cash flow	4,124	-560
	Cash and cash equivalents at 1 January	2,171	2,731
	Cash and cash equivalents at 31 December	6,295	2,171

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Northern Horizon Capital A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

With effect from 1 January 2023, the Group has chosen to implement IFRS 15, Revenue from Contracts with Customers, as the basis for interpretation of the provisions of the Danish Financial Statements Act on revenue accounting.

The reason for the change in accounting policies on revenue accounting is that the Group wants to align with foreign subsidiaries and the funds administered.

Revenue from contracts with customers is recognised when control (point in time or over time) of the goods or services are transferred to the customer at an amount that reflects the considerations to which the Group expects to be entitled in exchange for those goods or services.

The implementation of IFRS 15 have not changed the revenue recognition from previously applied IAS 11 and IAS 18. Consequently assets, liabilities, equity and profit/loss is unchanged.

Apart from the above, the accounting policies are unchanged from last year.

Material misstatements

Historically, prepayments and trade payables were presented net in the financial statements and certain cost were offset in revenue. These should have been presented gross. In accordance with the Danish Financial Statements Act, comparative figures are corrected. In consequence of the restatement, profit/loss for the year 2022 is unchanged, total assets and liabilities increased DKK 17.234 thousand and equity is unchanged.

Reporting currency

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

Consolidated financial statements

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is recognised.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IFRS 15, Revenue from contracts with customers, as interpretation for revenue recognition.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue corresponds the services rendered during the year (recognised over time)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

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.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts etc.

Staff costs

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

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

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:

Fixtures and fittings, other plant and equipment	3-6 years
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Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Intangible assets include software and other acquired intangible rights.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

The Company manages a number of real estate funds with an exit strategy of up to 20 years. Therefore, Management has decided to amortise acquired rights over 20 years.

Software is amortised over 3 years.

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.

Investments in group entities

Equity investments in subsidiaries and associates are measured according to the equity method.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

On initial recognition, equity investments in subsidiaries 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.

Dividend received is deduced from the carrying amount.

Investments in subsidiaries with a negative net asset value is recognised at 0 DKK, and receivables at these subsidiaries are impaired should these be irrecoverable. To the extent that the parent company has a legal and actual obligation to cover a negative balance that exceeds the receivable, this amount is recognised as a provision.

Other securities and investments

Securities and investments consisting of unlisted and listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at fair value.

Carried interests are included in the fair value of securities and investments.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

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 comprise prepaid costs concerning subsequent financial years and includes incremental cost of placement fees that are amortized over the expected lifetime of the fund, typically 8-10 years, reflecting the expected profile of management fees earned.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event 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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

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

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss for the year after tax excl. non-controlling interests}}{\text{Average equity excl. non-controlling interests}} \times 100$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2023	2022	2023	2022
2 Staff costs				
Wages/salaries	22,640	23,129	5,526	5,933
Pensions	1,034	1,403	300	303
Other social security costs	2,279	1,288	880	0
Other staff costs	2,667	2,407	393	319
	<u>28,620</u>	<u>28,227</u>	<u>7,099</u>	<u>6,555</u>
Average number of full-time employees	30	31	4	5
Remuneration to members of Management:				
Executive Board	1,830	1,829	1,634	1,634
Board of Directors	1,721	1,162	1,721	1,162
	<u>3,551</u>	<u>2,991</u>	<u>3,355</u>	<u>2,796</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment				
Amortisation of intangible assets	157	153	147	147
Depreciation of property, plant and equipment	95	119	23	17
	<u>252</u>	<u>272</u>	<u>170</u>	<u>164</u>
4 Financial income				
Interest receivable, group entities	0	0	434	423
Fair value adjustments of other securities and investments	1,992	6,010	0	0
Other financial income	658	567	128	5
	<u>2,650</u>	<u>6,577</u>	<u>562</u>	<u>428</u>
5 Financial expenses				
Impairment of financial assets	0	0	24	0
Interest expenses, group entities	0	0	1,484	1,507
Other interest expenses	457	0	457	0
Exchange losses	98	0	98	0
Other financial expenses	49	165	0	224
	<u>604</u>	<u>165</u>	<u>2,063</u>	<u>1,731</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2023	2022	2023	2022
6 Tax for the year				
Estimated tax charge for the year	3,412	3,514	0	0
Deferred tax adjustments in the year	288	0	288	0
	<u>3,700</u>	<u>3,514</u>	<u>288</u>	<u>0</u>

7 Intangible assets

DKK'000	Group		
	Software	Rights	Total
Cost at 1 January 2023	1,108	5,027	6,135
Foreign exchange adjustments	1	0	1
Additions	23	0	23
Disposals	0	-5,027	-5,027
Cost at 31 December 2023	<u>1,132</u>	<u>0</u>	<u>1,132</u>
Impairment losses and amortisation at 1 January 2023	1,107	4,879	5,986
Foreign exchange adjustments	1	0	1
Amortisation for the year	9	148	157
Reversal of accumulated amortisation and impairment of assets disposed	0	-5,027	-5,027
Impairment losses and amortisation at 31 December 2023	<u>1,117</u>	<u>0</u>	<u>1,117</u>
Carrying amount at 31 December 2023	<u>15</u>	<u>0</u>	<u>15</u>

DKK'000	Parent company		
	Software	Rights	Total
Cost at 1 January 2023	866	2,942	3,808
Disposals	0	-2,942	-2,942
Cost at 31 December 2023	<u>866</u>	<u>0</u>	<u>866</u>
Impairment losses and amortisation at 1 January 2023	866	2,795	3,661
Amortisation for the year	0	147	147
Reversal of accumulated amortisation and impairment of assets disposed	0	-2,942	-2,942
Impairment losses and amortisation at 31 December 2023	<u>866</u>	<u>0</u>	<u>866</u>
Carrying amount at 31 December 2023	<u>0</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

	<u>Group</u>
	<u>Fixtures and fittings, other plant and equipment</u>
DKK'000	
Cost at 1 January 2023	2,527
Additions	65
Disposals	-204
Cost at 31 December 2023	<u>2,388</u>
Impairment losses and depreciation at 1 January 2023	2,380
Depreciation	95
Reversal of prior year impairment losses	-200
Impairment losses and depreciation at 31 December 2023	<u>2,275</u>
Carrying amount at 31 December 2023	<u>113</u>
Depreciated over	<u>3-5 years</u>
	<u>Parent company</u>
	<u>Fixtures and fittings, other plant and equipment</u>
DKK'000	
Cost at 1 January 2023	867
Cost at 31 December 2023	867
Revaluations at 1 January 2023	0
Revaluations at 31 December 2023	0
Impairment losses and depreciation at 1 January 2023	817
Depreciation	23
Impairment losses and depreciation at 31 December 2023	<u>840</u>
Carrying amount at 31 December 2023	<u>27</u>
Depreciated over	<u>3-5 years</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000	Group			Total
	Other securities and investments	Other receivables	Prepayments	
Cost at 1 January 2023	12,363	1,621	19,216	33,200
Foreign exchange adjustments	26	0	0	26
Additions	5,421	548	0	5,969
Disposals	0	-571	-4,258	-4,829
Cost at 31 December 2023	17,810	1,598	14,958	34,366
Value adjustments at 1 January 2023	26,105	0	0	26,105
Foreign exchange adjustments	59	3	0	62
Revaluations for the year	1,992	0	0	1,992
Value adjustments at 31 December 2023	28,156	3	0	28,159
Carrying amount at 31 December 2023	45,966	1,601	14,958	62,525

Valuation models and techniques of fair value measurement.

Northern Horizon Group companies in real estate fund managed by the Group. Investments are measured at fair value in the Group financial statements.

Investments in listed real estate funds are measured at fair value which corresponds to the market prices available in the active market. The market price used for determination of the fair value of the financial assets are based on the current closing rate.

Investments in unlisted real estate funds and portfolios have no active market price. The market price for such investment is therefore subject to certain extent of estimate. As a result, the ultimate realization of the fund may differ significantly from the fair value presented.

At least once per year, Northern Horizon ensures that an external valuation of all assets in the funds are carried out.

In certain cases, where the fund is at exit stage, investments into fund are measured using discounted cash flow method taking into account gains expected to be distributed as per dissolution of the fund. If the management of Northern Horizon group feels that the net assets value of the fund may not correspond to the net realisable value of its assets, the fair values of the investments might be adjusted by using acquisition prices or expected selling prices of the assets instead of values obtained as per latest valuation.

Fund/portfolio	Class of property	Valuation technique	Key unobservable inputs	Range
Nordic Aged Care Fund	Healthcare (Finland)	DCF	- Discount rate	6.34% - 7.39%
			- Rental growth p.a.	2.2% - 1.8%
			- Long term vacancy rate	5.0 - 10.0%
			- Exit yield	4.95% - 7.78%
			- Portfolio bonus	5.0%
	Healthcare (Sweden)	DCF	- Discount rate	4.55% - 5.85%
			- Rental growth p.a.	2.0%
			- Long term vacancy rate	1.0 - 3.0%
			- Exit yield	4.55% - 5.85%
			- Portfolio bonus	1.0%
	Healthcare (Denmark)	DCF	- Discount rate	6.25% - 6.75%
			- Rental growth p.a.	2.0%
			- Long term vacancy rate	0.0%
			- Exit yield	4.25% - 4.75%
			- Portfolio bonus	2.3 %
Aged Care IV	Healthcare (Finland)	DCF	- Discount rate	6.89% - 7.94%
			- Rental growth p.a.	2.2% - 1.8%
			- Long term vacancy rate	5.0%
			- Exit yield	5.16% - 6.73%
			- Portfolio bonus	1.5%
	Healthcare (Sweden)	DCF	- Discount rate	5.5% - 6.0%
			- Rental growth p.a.	2.00%
			- Long term vacancy rate	1.0% - 2.0%
			- Exit yield	4.4% - 5.7%
			- Portfolio bonus	0.0%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Investments (continued)

DKK'000	Parent company			Total
	Investments in group enterprises	Receivables from group enterprises	Other receivables	
Cost at 1 January 2023	51,965	80	1,556	53,601
Additions	3,132	4	547	3,683
Disposals	-166	0	-516	-682
Cost at 31 December 2023	54,931	84	1,587	56,602
Value adjustments at 1 January 2023	17,900	0	0	17,900
Foreign exchange adjustments	114	0	3	117
Dividend received	-18,995	0	0	-18,995
Profit/loss for the year	12,919	0	0	12,919
Reversal of revaluations of assets disposed	-78	0	0	-78
Value adjustments at 31 December 2023	11,860	0	3	11,863
Carrying amount at 31 December 2023	66,791	84	1,590	68,465

Parent company

Name	Domicile	Interest
Northern Horizon Capital AB	Stockholm, Sweden	100.00%
Northern Horizon Capital UAB	Vilnius, Lithuania	100.00%
NH-CAP A/S (Dissolved in 2023)	Copenhagen, Denmark	0.00%
Northern Horizon Capital AS	Tallinn, Estonia	97.00%
Northern Horizon Capital GmbH	Berlin, Germany	100.00%
Northern Horizon Capital AIFM OY	Helsinki, Finland	100.00%
Northern Horizon Nordic Aged Care S.á.r.l.	Luxembourg	100.00%
Nordic Aged Care Investment S.á.r.l.	Luxembourg	60.00%
Northern Horizon Capital JIC OU	Tallinn, Estonia	70.00%
Northern Horizon Nordic Aged Care IV GP S.á r.l., LU	Luxembourg	100.00%
Aged Care Investments SCS	Luxembourg	75.46%

DKK'000	Group		Parent company	
	2023	2022	2023	2022
10 Deferred tax				
Deferred tax at 1 January	-796	-796	-796	-796
Deferred tax for the year	288	0	288	0
Deferred tax at 31 December	-508	-796	-508	-796

The assessment of the asset, and the recoverability of the losses carried forward is based on budgets for the next 3 years

It is the Managements assessment that the tax loss carried forward is not expected to be fully utilized within the next 3 years. The total tax loss carried forward amounts to 82.7 mDKK, of which Management expects to utilize 2.3 mDKK within a measurable future.

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Notes to the financial statements

11 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including placement fees, insurance policies etc.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies.

DKK'000	Parent company	
	2023	2022
12 Share capital		
Analysis of the share capital:		
6,363,600 A shares of DKK 1.00 nominal value each	6,364	6,364
2,386,400 B shares of DKK 1.00 nominal value each	2,386	636
	<u>8,750</u>	<u>7,000</u>

The Company's share capital increased from nom. DKK 7,000,000 to nom. DKK 8,750,000 by the issuance of nom. DKK 1,750,000 new B-shares at a subscription price of par value.

13 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other credit institutions	13,750	1,250	12,500	2,500
Trade payables	10,015	7,506	2,509	0
	<u>23,765</u>	<u>8,756</u>	<u>15,009</u>	<u>2,500</u>
	Parent company			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other credit institutions	13,750	1,250	12,500	2,500
Payables to group entities	21,241	0	21,241	0
	<u>34,991</u>	<u>1,250</u>	<u>33,741</u>	<u>2,500</u>

DKK'000	Parent company	
	2023	2022
14 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	6,410	2,976
Retained earnings	3,432	1,604
	<u>9,842</u>	<u>4,580</u>

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Notes to the financial statements

15 Contractual obligations and contingencies, etc.

Other financial obligations

Rent liabilities vis-à-vis the parent company and its other group entities:

DKK'000	Group		Parent company	
	2023	2022	2023	2022
Rent liabilities	727	683	176	140

16 Security and collateral

Parent company

As security for the parent Company's debt to other credit institutions, the parent Company has provided security or other collateral in its assets for at total amount of DKK 10,000,000.

17 Related parties

Group

Northern Horizon Capital A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Lars Christian Ohnemus	Prinsesse Alexandrines Alle 20. 1, 2920 Charlottenlund	Participating interest and voting rights

Related party transactions

DKK'000	2023	2022
Parent Company		
Sale of services to related parties	12,510	8,830
Purchase of services from related parties	2,227	2,345
Receivables from group entities	2,741	4,086
Payables to group entities	23,661	40,083

Information on the remuneration to Management appears from note 2, "Staff costs".

The Company's interest income and expenses from related parties are disclosed in note 4 and 5.

Dividends from subsidiaries are disclosed in note 9

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Notes to the financial statements

DKK'000	Group	
	2023	2022
18 Adjustments		
Non-controlling interest	497	1,968
Amortisation/depreciation and impairment losses	251	272
Financial income	-1,992	-6,010
Tax for the year	3,350	3,411
Foreign exchange adjustments	25	-44
Other adjustments	4	0
	<u>2,135</u>	<u>-403</u>
19 Changes in working capital		
Change in receivables	4,775	-8,220
Change in trade and other payables	-9,115	7,628
	<u>-4,340</u>	<u>-592</u>