

Northern Horizon Capital A/S

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

CVR no. 27 59 93 97

Annual report 2021

Approved at the Company's annual general meeting on 24 March 2022

Chair of the meeting:



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Daiva Liubomirskiene

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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 2021.

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 2021 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 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 24 March 2022
Executive Board:



Milda Darguzėte

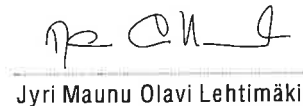
Board of Directors:



Lars Christian Ohnemus
Chair



Juho Ilpo Mathias Mikola



Jyri Maunu Olavi Lehtimäki



Niels-Ulrik Moustén

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 2021, 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 2021, 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 2021 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' 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, 24 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

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, Chair Juho Ilpo Mathias Mikola Jyri Maunu Olavi Lehtimäki Niels-Ulrik Moustén
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	2021	2020	2019	2018	2017
Key figures					
Revenue	38,741	39,667	37,845	96,065	52,899
Gross profit	29,737	30,864	25,251	81,514	37,909
Profit before interest and tax (EBIT)	2,320	5,757	-1,280	41,142	-537
Net financials	9,928	4,687	-1,068	16,681	18,407
Profit for the year	9,225	6,923	-2,195	40,998	17,327
Total assets					
Equity	50,338	62,493	66,111	73,472	76,658
	39,734	55,407	47,569	60,551	43,009
Cash flows					
Cash flows from operating activities	5,785	7,235	-12,823	35,201	-14,823
Net cash flows from investing activities	-1,177	21,805	-1,007	2,697	-3,029
Amount relating to investments in property, plant and equipment	-110	-132	-108	0	0
Cash flows from financing activities	-22,913	-10,233	9,885	-34,515	11,416
Total cash flows	-18,305	18,807	-3,945	3,383	-6,436
Financial ratios					
Operating margin	6.0%	14.5%	-3.4%	42.8%	-1.0%
Gross margin	76.8%	77.8%	66.7%	84.9%	71.7%
Return on assets	4.1%	8.9%	-2.1%	54.7%	-0.8%
Equity ratio	56.9%	77.6%	69.3%	80.7%	54.6%
Return on equity	13.4%	6.1%	-4.2%	63.5%	48.4%
Average number of full-time employees					
	34	35	39	44	46

For terms and definitions, please see the accounting policies.

Management's review

Business review

Northern Horizon Capital (Northern Horizon) is a company in the investment and asset management industry in Northern Europe and is exclusively oriented towards real assets. The company was established in 2001.

The Danish parent company has subsidiaries in Denmark, Sweden, Finland, Germany, Lithuania, Estonia and Luxembourg (the Group). The Group has 33 employees within general management and administration, fund administration, investment and asset management.

Experienced management staff are in charge of strategy and business development, fund management, investment management, fund administration, legal and compliance as well as Northern Horizon group administration including finance, HR and IT. Each individual fund or other investment product is managed by a dedicated fund manager/team with deep professional knowledge and extensive management competencies.

During 2021, the Group has grown assets under management in the funds from DKK 7.6 billion to DKK 8.8 billion. Furthermore, the Funds managed by the Group had undrawn capital commitments, which could potentially increase assets under management by approx. DKK 1.2 billion.

Financial review

The company's strategy focuses on growth by raising and deploying capital for its current products, and selectively adding new products within current or new related investment strategies.

Over the last 3 years the Company has put its full focus on strengthening two areas of historical expertise: health care real estate in the Nordics and commercial real estate in the Baltics. The Group has built a team who have decades of experience in the real estate sector in our chosen geographies and sectors.

Notwithstanding the very unusual operating environment due to Covid-19, the company enjoyed strong performance of our health care sector as well as a strong in-flow of new capital into the new Aged Care IV fund. Nordic Aged Care, Northern Horizon's third specialised institutional healthcare real estate fund, was focusing on deploying the raised capital. By the end of investment period (May 2022), the fund has drawn down or committed for future acquisitions 97% of the total raised capital amounting to EUR 300 million

Due to extended lock-downs due to Covid-19, Baltic Horizon Fund has experienced a decrease in collectable income and a slow-down in fund-raising activity. However, the management of the fund has used the last couple of years to reposition the fund for stronger growth by putting focus on refurbishing the existing assets to meet changing tastes and needs of tenants as well as putting strong focus on improving the ESG status of the portfolio.

BPT Hansa fund is nearing its maturity and management is continuously looking for the buyers to dispose the remaining properties. During 2021, the fund disposed one of the 3 remaining properties in the fund.

Northern Horizon closed the financial year 2021 with a profit of DKK 5.1 million (2020: profit of DKK 2.9 million), which was worse than planned, however, this is a satisfactory result taking into account the unusual operating environment due to Covid-19.

At 31st December 2021, the balance sheet showed equity (excl. non-controlling interest) of DKK 29 million, compared to DKK 48 million the preceding year. Equity has decreased as a result of profit distribution to the shareholders, following the exit of Laurus project.

The equity ratio was 57 % at the year-end 2021 (2020: 78%).

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 gross asset value or the acquisition cost of the investment properties of the funds. 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 recognises carried interest income up to an amount, which would not possibly result to significant revenue reversal in the future.

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

After the end of the financial year, a Ukraine-Russia war has started in February 2022. The Group has no investments or other direct exposure in Russia or Ukraine and the management expects that the current geopolitical environment will have limited direct impact on the Group's financials.

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

Outlook

Given successful implementation of Group corporate strategy and discipline with regard to the Group's own cost base, management expects that Group's revenues and net profit for year 2022 will exceed the corresponding figures achieved in 2021.

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

Income statement

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	Revenue	38,741	39,667	-657	2,077
	Other operating income	30	49	0	19
	Other external expenses	-9,034	-8,852	-2,555	-4,649
	Gross profit	29,737	30,864	-3,212	-2,553
2	Staff costs	-27,132	-24,827	-5,493	-5,082
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-285	-280	-156	-161
	Profit/loss before net financials	2,320	5,757	-8,861	-7,796
	Income from investments in group enterprises	0	0	15,430	21,018
4	Financial income	10,440	9,493	469	639
5	Financial expenses	-512	-4,806	-1,868	-9,980
	Profit before tax	12,248	10,444	5,170	3,881
6	Tax for the year	-3,023	-3,521	0	-1,022
	Profit for the year	9,225	6,923	5,170	2,859
Specification of the Group's results of operations:					
	Shareholders in Northern Horizon Capital A/S	5,170	2,859		
	Non-controlling interests	4,055	4,064		
		9,225	6,923		

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

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
		EQUITY AND LIABILITIES			
		Equity			
10	Share capital	7,000	7,000	7,000	7,000
	Retained earnings	21,618	41,486	21,618	19,136
	Dividend proposed	0	0	0	22,350
	Shareholders in Northern Horizon Capital A/S' share of equity	28,618	48,486	28,618	48,486
	Non-controlling interests	11,116	6,921	0	0
	Total equity	39,734	55,407	28,618	48,486
	Provisions				
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
	Payables to group entities	0	0	31,605	26,490
		0	0	31,605	26,490
	Current liabilities other than provisions				
	Other credit institutions	2,097	0	2,097	0
	Trade payables	466	377	196	151
	Payables to group enterprises	0	0	6,424	4,508
	Corporation tax payable	455	725	0	0
	Other payables	7,586	5,984	2,461	1,711
		10,604	7,086	11,178	6,370
	Total liabilities other than provisions	10,604	7,086	42,783	32,860
	TOTAL EQUITY AND LIABILITIES	50,338	62,493	71,401	81,346

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties
- 14 Appropriation of profit

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

Statement of changes in equity

		Group				
Note	DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2020	7,000	38,784	45,784	1,785	47,569
	Transfer through appropriation of profit	0	2,859	2,859	0	2,859
	Adjustment of investments through foreign exchange adjustments	0	-157	-157	0	-157
	Adjustments of non-controlling interest for the year	0	0	0	5,135	5,135
	Equity at 1 January 2021	7,000	41,486	48,486	6,921	55,407
	Transfer through appropriation of loss	0	-19,840	-19,840	0	-19,840
	Adjustment of investments through foreign exchange adjustments	0	-28	-28	0	-28
	Adjustments of non-controlling interest for the year	0	0	0	4,195	4,195
	Equity at 31 December 2021	7,000	21,618	28,618	11,116	39,734

		Parent company			
Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2020	7,000	38,784	0	45,784
14	Transfer, see "Appropriation of profit"	0	-19,491	22,350	2,859
	Adjustment of investments through foreign exchange adjustments	0	-157	0	-157
	Equity at 1 January 2021	7,000	19,136	22,350	48,486
14	Transfer, see "Appropriation of profit"	0	2,510	-22,350	-19,840
	Adjustment of investments through foreign exchange adjustments	0	-28	0	-28
	Equity at 31 December 2021	7,000	21,618	0	28,618

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

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit for the year	9,225	6,923
15	Adjustments	-6,995	-1,844
	Cash generated from operations (operating activities)	2,230	5,079
16	Changes in working capital	6,283	4,079
	Cash generated from operations (operating activities)	8,513	9,158
	Interest received, etc.	336	263
	Interest paid, etc.	-494	-577
	Income taxes paid	-2,570	-1,609
	Cash flows from operating activities	5,785	7,235
	Additions of intangible assets	0	-17
	Additions of property, plant and equipment	-110	-132
	Addition of fixed assets	-1,067	-3,025
	Disposal of fixed assets	0	24,979
	Cash flows to investing activities	-1,177	21,805
	Dividends paid	-25,010	0
	Loans from credit institutions	2,097	0
	Repayments, debt to credit institutions	0	-10,233
	Cash flows from financing activities	-22,913	-10,233
	Net cash flow	-18,305	18,807
	Cash and cash equivalents at 1 January	21,036	2,229
	Cash and cash equivalents at 31 December	2,731	21,036

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 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

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 subsidiaries' 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 subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries 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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Foreign group entities

Foreign subsidiaries 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 subsidiaries 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 IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

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.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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

Notes to the financial statements

1 Accounting policies (continued)

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 subsidiaries

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

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 NAV 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 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.

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

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates 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.

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.

Equity

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.

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Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

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

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Notes to the financial statements

DKK'000	Group		Parent company	
	2021	2020	2021	2020
2 Staff costs				
Wages/salaries	23,112	21,617	4,715	4,440
Pensions	1,147	652	252	132
Other social security costs	973	1,049	283	60
Other staff costs	1,900	1,509	243	450
	<u>27,132</u>	<u>24,827</u>	<u>5,493</u>	<u>5,082</u>
Average number of full-time employees	<u>34</u>	<u>35</u>	<u>5</u>	<u>4</u>
Remuneration to members of Management:				
Executive Board	942	1,506	746	1,489
Board of Directors	1,282	716	1,282	716
	<u>2,224</u>	<u>2,222</u>	<u>2,028</u>	<u>2,205</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment				
Amortisation of intangible assets	155	159	147	147
Depreciation of property, plant and equipment	130	121	9	14
	<u>285</u>	<u>280</u>	<u>156</u>	<u>161</u>
4 Financial income				
Interest receivable, group entities	0	0	468	608
Other financial income	10,440	9,493	1	31
	<u>10,440</u>	<u>9,493</u>	<u>469</u>	<u>639</u>
5 Financial expenses				
Impairment of financial assets	0	4,193	0	7,957
Interest expenses, group entities	0	0	1,374	1,446
Other financial expenses	512	613	494	577
	<u>512</u>	<u>4,806</u>	<u>1,868</u>	<u>9,980</u>

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

Notes to the financial statements

DKK'000	Group		Parent company	
	2021	2020	2021	2020
6 Tax for the year				
Estimated tax charge for the year	3,044	2,499	0	0
Deferred tax adjustments in the year	0	1,022	0	1,022
Tax adjustments, prior years	-21	0	0	0
	3,023	3,521	0	1,022

7 Intangible assets

DKK'000	Group			
	Software	Rights	Goodwill	Total
Cost at 1 January 2021	1,108	5,033	32,917	39,058
Cost at 31 December 2021	1,108	5,033	32,917	39,058
Impairment losses and amortisation at 1 January 2021	1,093	4,592	32,917	38,602
Amortisation for the year	8	147	0	155
Impairment losses and amortisation at 31 December 2021	1,101	4,739	32,917	38,757
Carrying amount at 31 December 2021	7	294	0	301

DKK'000	Parent company		
	Software	Rights	Total
Cost at 1 January 2021	866	2,942	3,808
Cost at 31 December 2021	866	2,942	3,808
Impairment losses and amortisation at 1 January 2021	866	2,501	3,367
Amortisation for the year	0	147	147
Impairment losses and amortisation at 31 December 2021	866	2,648	3,514
Carrying amount at 31 December 2021	0	294	294

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Notes to the financial statements

8 Property, plant and equipment

	<u>Group</u>
	Fixtures and fittings, other plant and equipment
DKK'000	
Cost at 1 January 2021	2,438
Foreign exchange adjustments	-2
Additions	110
Disposals	-59
Cost at 31 December 2021	<u>2,487</u>
Impairment losses and depreciation at 1 January 2021	2,235
Foreign exchange adjustments	-2
Depreciation	129
Reversal of prior year impairment losses	-48
Impairment losses and depreciation at 31 December 2021	<u>2,314</u>
Carrying amount at 31 December 2021	<u>173</u>
	<u>Parent company</u>
	Fixtures and fittings, other plant and equipment
DKK'000	
Cost at 1 January 2021	798
Additions	11
Cost at 31 December 2021	<u>809</u>
Revaluations at 1 January 2021	0
Revaluations at 31 December 2021	0
Impairment losses and depreciation at 1 January 2021	791
Depreciation	9
Impairment losses and depreciation at 31 December 2021	<u>800</u>
Carrying amount at 31 December 2021	<u>9</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		
	Other securities and investments	Other receivables	Total
Cost at 1 January 2021	7,749	206	7,955
Foreign exchange adjustments	-4	0	-4
Additions	1,067	1	1,068
Disposals	0	-60	-60
Cost at 31 December 2021	8,812	147	8,959
Value adjustments at 1 January 2021	10,001	0	10,001
Foreign exchange adjustments	-7	0	-7
Revaluations for the year	10,103	0	10,103
Value adjustments at 31 December 2021	20,097	0	20,097
Carrying amount at 31 December 2021	28,909	147	29,056

DKK'000	Parent company			
	Investments in group enterprises	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2021	54,595	8,467	143	63,205
Additions	816	0	1	817
Disposals	-6,157	-8,260	-60	-14,477
Cost at 31 December 2021	49,254	207	84	49,545
Value adjustments at 1 January 2021	6,862	0	0	6,862
Foreign exchange adjustments	-28	0	0	-28
Dividend received	-8,094	0	0	-8,094
Profit/loss for the year	15,430	0	0	15,430
Impairment losses	55	0	0	55
Value adjustments at 31 December 2021	14,225	0	0	14,225
Carrying amount at 31 December 2021	63,479	207	84	63,770

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Northern Horizon Capital	AB	Stockholm, Sweden	100.00%	462	-52
Northern Horizon Capital	UAB	Vilnius, Lithuania	100.00%	716	256
NH-CAP	A/S	Copenhagen, Denmark	100.00%	4	-1
Northern Horizon Capital	AS	Tallinn, Estonia	97.00%	34,065	4,130
Northern Horizon Capital	GmbH	Berlin, Germany	100.00%	-14,386	-64
Northern Horizon Capital AIFM	OY	Helsinki, Finland	100.00%	8,125	5,578
Northern Horizon Nordic Aged Care	S.á.r.l.	Luxembourg	100.00%	2,941	1,193
Nordic Aged Care Investment	S.á.r.l.	Luxembourg	60.00%	16,271	6,084
Northern Horizon Capital JIC OU	OU	Tallinn, Estonia	70.00%	627	-3
Northern Horizon Nordic Aged Care IV GP S.á.r.l., LU	S.á.r.l.	Luxembourg	100.00%	273	92
Aged Care Investments	SCS	Luxembourg	99.90%	1,448	-329

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

Notes to the financial statements

9 Investments (continued)

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 based on the current closing rate.

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

Investments in such funds are measured at net asset value based on reports and audited annual financial statements of the funds.

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

In certain cases, where the funds are at exit state, the investments are measured using discounted cash flow method taking into account gains expected to be distributed as per dissolution of the funds. If the Management of Northern Horizon Group believes that the net asset value of the funds may not correspond to the net realizable value of the underlying assets, the fair values of the investments might be adjusted by using acquisition prices and expected selling prices of the assets instead of the valuations obtained.

Fund/portfolio	Class of property	Valuation technique	Key unobservable inputs	Range
Nordic Aged Care Fund	Healthcare (Finland)	DCF	- Discount rate	6.0% - 6.8%
			- Rental growth p.a.	2.0%
			- Long term vacancy rate	5.0%
			- Exit yield	4.1% - 7.5%
			- Portfolio bonus	9.0%
Northern Horizon Aged Care IV	Healthcare (Sweden)	DCF	- Discount rate	3.5% - 4.0%
			- Rental growth p.a.	2.0%
			- Long term vacancy rate	3.0%
			- Exit yield	3.5% - 4.8%
Northern Horizon Aged Care IV	Healthcare (Denmark)	Capitalization method	- Net initial yield	4.0% - 4.5%

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Notes to the financial statements

DKK'000	Parent company	
	2021	2020
10 Share capital		
Analysis of the share capital:		
6,363,600 A shares of DKK 1.00 nominal value each	6,364	6,364
636,400 B shares of DKK 1.00 nominal value each	636	636
	<u>7,000</u>	<u>7,000</u>

The parent's share capital has remained DKK 7,000 thousand over the past 5 years.

DKK'000	Group		Parent company	
	2021	2020	2021	2020
11 Deferred tax				
Deferred tax at 1 January	-796	-2,397	-796	-1,818
Deferred tax for the year	0	1,601	0	1,022
Deferred tax at 31 December	<u>-796</u>	<u>-796</u>	<u>-796</u>	<u>-796</u>

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

It is managements assessment that the tax loss carried forward is not expected to be fully utilized within the next 3 years. The tax loss carried forward amounts to 84.6 mDKK after offsetting positive differences in investments into funds etc., amounting to 3.6 mDKK in deferred tax, which is not recognized as a deferred tax asset.

12 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	Group		Parent company	
	2021	2020	2021	2020
Rent and lease liabilities	<u>861</u>	<u>405</u>	<u>133</u>	<u>166</u>

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

Notes to the financial statements

13 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

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Information on the remuneration to management

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

DKK'000	Parent company	
	2021	2020
14 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	22,350
Extraordinary dividend distributed in the year	2,660	0
Retained earnings/accumulated loss	2,510	-19,491
	<u>5,170</u>	<u>2,859</u>
	Group	
DKK'000	2021	2020
15 Adjustments		
Non-controlling interest	140	1,071
Amortisation/depreciation and impairment losses	285	280
Financial income	-10,103	-9,181
Financial expenses	0	4,183
Tax for the year	2,689	1,846
Foreign exchange adjustments	-16	-51
Other adjustments	10	8
	<u>-6,995</u>	<u>-1,844</u>
16 Changes in working capital		
Change in receivables	4,101	3,218
Change in trade and other payables	2,182	861
	<u>6,283</u>	<u>4,079</u>