

Karnell ApS

c/o Private Equity Administrators ApS, Frederiksborgvej 171, 3450 Allerød

CVR no. 32 06 23 85

Annual report 2020

Approved at the Company's annual general meeting on 29 June 2021

Chair of the meeting:

.....
Peter Toyberg





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Karnell ApS for the financial year 1 January - 31 December 2020.

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

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

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, 29 June 2021
Executive Board:

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Hans Eric Karlander

.....
Peter Toyberg

Independent auditor's report

To the shareholders of Karnell ApS

Opinion

We have audited the financial statements of Karnell ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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:

- ▶ 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 Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 29 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorised Public Accountant
mne35503

Management's review

Business review

The Company's primary objective is to act as a general partner in K III Denmark K/S and, directly or indirectly, to carry on other related activities at the discretion of the Executive Board.

The Company holds 2.27% ownership in K III Denmark K/S.

Recognition and measurement uncertainties

The Company's investment in K III Denmark K/S is measured at fair value.

The fair value of the investment is based on the fair value of the net assets of K III Denmark K/S, which is determined by use of commonly applied valuation techniques, and is based on the IPEV (International Private Equity and Venture Capital) valuation guidelines. Management's assessment of applied assumptions is based on input from peer analysis, traded peers, comparable transactions and historical transactions.

Consequently, the valuation of the investment in K III Denmark K/S is subject to measurement uncertainties.

Financial review

The income statement for 2020 shows a loss of EUR 18,166 against a loss of EUR 44,020 last year, and the balance sheet at 31 December 2020 shows a negative equity of EUR 234,073.

The Company has lost its entire share capital. Management and the shareholders will continuously assess the Company's capital position and provide any financing required for the Company to be able to fulfil its obligations as they fall due.

Payables to company participants are subordinated to the Company's existing as well as future debts.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	EUR	2020	2019
	Other external expenses	-7,102	-9,652
	Gross profit	-7,102	-9,652
	Income from other investments	-241	-4,771
	Financial income	12,242	0
4	Financial expenses	-23,065	-29,597
	Profit/loss before tax	-18,166	-44,020
	Tax for the year	0	0
	Profit/loss for the year	-18,166	-44,020
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-18,166	-44,020
		-18,166	-44,020

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2020	2019
	ASSETS		
	Fixed assets		
5	Investments		
	Other securities and investments	246,030	246,271
		<u>246,030</u>	<u>246,271</u>
	Total fixed assets	<u>246,030</u>	<u>246,271</u>
	Non-fixed assets		
	Receivables		
	Other receivables	0	365
		<u>0</u>	<u>365</u>
	Cash	<u>287,045</u>	<u>281,804</u>
	Total non-fixed assets	<u>287,045</u>	<u>282,169</u>
	TOTAL ASSETS	<u><u>533,075</u></u>	<u><u>528,440</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	16,850	16,850
	Retained earnings	-250,923	-232,757
	Total equity	-234,073	-215,907
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to company participants	766,124	743,808
		766,124	743,808
	Current liabilities other than provisions		
	Other payables	1,024	539
		1,024	539
		767,148	744,347
	TOTAL EQUITY AND LIABILITIES	533,075	528,440

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Events after the balance sheet date
- 7 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

EUR	Share capital	Retained earnings	Total
Equity at 1 January 2019	16,850	-188,737	-171,887
Transfer through appropriation of loss	0	-44,020	-44,020
Equity at 1 January 2020	16,850	-232,757	-215,907
Transfer through appropriation of loss	0	-18,166	-18,166
Equity at 31 December 2020	16,850	-250,923	-234,073

The Company has lost its entire share capital. Management and the shareholders will continuously assess the Company's capital position and provide any financing required for the Company to be able to fulfil its obligations as they fall due.

Payables to company participants are subordinated to the Company's existing as well as future debts.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of investment services is recognised as revenue as the services are rendered.

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 external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration, etc.

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

Other securities and investments

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

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

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.

Cash

Cash comprise cash in banks.

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 balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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).

2 Recognition and measurement uncertainties

The Company's investment in K III Denmark K/S is measured at fair value.

The fair value of the investment is based on the fair value of the net assets of K III Denmark K/S, which is determined by use of commonly applied valuation techniques, and is based on the IPEV (International Private Equity and Venture Capital) valuation guidelines. Management's assessment of applied assumptions is based on input from peer analysis, traded peers, comparable transactions and historical transactions.

Consequently, the valuation of the investment in K III Denmark K/S is subject to measurement uncertainties.

3 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

EUR	<u>2020</u>	<u>2019</u>
4 Financial expenses		
Interest expenses, company participants	22,314	21,664
Exchange losses	0	7,135
Other financial expenses	<u>751</u>	<u>798</u>
	<u>23,065</u>	<u>29,597</u>

Financial statements 1 January - 31 December

Notes to the financial statements

5 Investments

EUR	<u>Other securities and investments</u>
Cost at 1 January 2020	783,043
Cost at 31 December 2020	<u>783,043</u>
Value adjustments at 1 January 2020	-536,772
Fair value adjustment for the year	<u>-241</u>
Value adjustments at 31 December 2020	<u>-537,013</u>
Carrying amount at 31 December 2020	<u><u>246,030</u></u>

Other securities consist of a 2.27% interest in K III Denmark K/S, which is a company that invests in private equity companies which are not quoted in an active market.

The value of other securities (level 3 in the fair value hierarchy (non-observable market information)) is assessed annually on the basis of the fair value of the net assets of K III Denmark K/S.

Reference is made to note 2, above.

DKK	<u>2020</u>	<u>2019</u>
6 Share capital		
Analysis of the share capital:		
16,850 shares of DKK 1.00 nominal value each	<u>16,850</u>	<u>16,850</u>
	<u><u>16,850</u></u>	<u><u>16,850</u></u>

The Company's share capital has remained DKK 16,850 over the past 5 years.

7 Contractual obligations and contingencies, etc.

Other financial obligations

The Company is a general partner in K III Denmark K/S and therefore has direct and unlimited liability for the obligations of K III Denmark K/S. The equity of K III Denmark K/S totalled at 31 December 2020 10,853,988 (2019: EUR 10,864,591).

In accordance with the investment agreement of K III Denmark K/S, the Company has committed itself to invest up to EUR 890,000 in K III Denmark K/S, of which 783,043 has been called and paid at 31 December 2020.

The Company has not assumed any guarantee commitments or other contingent liabilities besides what is usual for a private limited company or otherwise disclosed in the financial statements and notes.

ΠΕΝΝΕΟ

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"By my signature I confirm all dates and content in this document."

Peter Toyberg

Executive Board

On behalf of: Karnell ApS

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Peter Toyberg

Chair of the meeting

On behalf of: Karnell ApS

Serial number: PID:9208-2002-2-608243385714

IP: 5.186.xxx.xxx

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NEM ID 

HANS KARLANDER

Executive Board

On behalf of: Karnell ApS

Serial number: 19530610xxxx

IP: 90.231.xxx.xxx

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Rasmus Jespersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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