

Thornico Building K/S

**Havnegade 36
5000 Odense C**

CVR no. 39 72 92 88

Annual report for 2021

Adopted at the annual general
meeting on 20 May 2022

Thor Stadil
chairman

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Statement by management on the annual report

The supervisory board has today discussed and approved the annual report of Thornico Building K/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 financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 20 May 2022

Supervisory board

Thor Stadil
chairman

Kirsten Malling Stadil

Christian Nicholas Rosenkrantz
Stadil

Independent auditor's report

To the shareholder of Thornico Building K/S

Opinion

We have audited the financial statements of Thornico Building K/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the 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 about 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 these financial statements.

Independent auditor's report

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

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

Statement on management's review

Management is responsible for management's review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 management's review.

Odense, 20 May 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Gert Rasmussen
State-authorized public accountant
MNE no. mne35430

Company details

The company

Thornico Building K/S
Havnegade 36
5000 Odense C

CVR no.: 39 72 92 88

Reporting period: 1 January - 31 December 2021

Domicile: Odense

Supervisory board

Thor Stadil, chairman
Kirsten Malling Stadil
Christian Nicholas Rosenkrantz Stadil

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Tværkajen 5
5100 Odense C

Consolidated financial statements

The company is included in the group annual report of the parent company Thornico A/S, Odense cvr no. 15960205 (smallest group) and parent company Thornico Holding A/S, Odense cvr no. 35258000 (largest group).

Management's review

Business review

The company's activity is directly and indirectly to invest in real estate in Denmark and abroad and do the administration.

Recognition and measurement uncertainties

Investment properties are measured at fair value. Valuation has been determined by using a return-based model. In assessing the fair market value at 31 December, 2021 the required rate of return has been determined individually for each property.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement. Changes in the average required rate of return of 0.5% will result in a change to fair value of approx. EUR 9 - 12 million.

The properties include residential and business properties which are valued on the basis of an average required rate of return of 4.6%.

Financial review

The company's income statement for the year ended 31 December 2021 shows a profit of EUR 1.126.823, and the balance sheet at 31 December 2021 shows equity of EUR 73.343.868.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Thornico Building K/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The annual report for 2021 is presented in EUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

Gross profit reflects an aggregation of revenue and other operating income less costs of other external expenses.

Value adjustments of investment properties

Value adjustments of investment property comprise the year's changes in the fair value of investment property.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Income from investments in subsidiaries, associates and participating interests

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Dividend from participating interests is recognised in the financial year in which the dividend is declared.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Balance sheet

Investment properties

Investment properties are initially measured at cost. Subsequently, investment properties are measured to fair value. Fair value adjustments are measured in income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion it has not been possible this year to determine fair value through market information, and, consequently, valuation has been determined by using a return-based model.

The fair value of investment properties has been determined at 31 December 2019 for each property by using a return-based model. The calculations are based on property budgets for the upcoming year, adjusted for movements, which are caused by isolated events.

The expected cash flow is multiplied with an individually determined rate of return.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet, by which the fair value emerge.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Accounting policies

Investments in subsidiaries, associates and participating interests

Investment in subsidiaries, associates and participating interests are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement 1 January 2021 - 31 December 2021

| | <u>Note</u> | <u>2021</u> EUR | <u>2020</u> EUR |
|---|-------------|-------------------------|-----------------------|
| Gross profit | | 1.805.959 | 1.318.399 |
| Fair value adjustments of investment properties | | <u>-259.657</u> | <u>0</u> |
| Income from investments in subsidiaries | 2 | 3.992 | -3.188 |
| Financial costs | 3 | <u>-218.971</u> | <u>-230.046</u> |
| Profit/loss before tax | | 1.331.323 | 1.085.165 |
| Tax on profit/loss for the year | 4 | <u>-204.500</u> | <u>-257.678</u> |
| Profit/loss for the year | | <u>1.126.823</u> | <u>827.487</u> |
| Retained earnings | | <u>1.126.823</u> | <u>827.487</u> |
| | | <u>1.126.823</u> | <u>827.487</u> |

Balance sheet at 31 December 2021

| | <u>Note</u> | <u>2021</u> EUR | <u>2020</u> EUR |
|---------------------------------|-------------|--------------------------|--------------------------|
| Assets | | | |
| Investment properties | | 77.145.824 | 77.405.481 |
| Land | | 9.972.427 | 9.972.427 |
| Improvements | | 8.881.749 | 6.922.092 |
| Tangible assets | 5 | <u>96.000.000</u> | <u>94.300.000</u> |
| Investments in subsidiaries | 6 | 22.846 | 18.854 |
| Fixed asset investments | | <u>22.846</u> | <u>18.854</u> |
| Total non-current assets | | <u>96.022.846</u> | <u>94.318.854</u> |
| Trade receivables | | 28.143 | 20.267 |
| Other receivables | | 9.606 | 9.606 |
| Corporation tax | | 616.497 | 0 |
| VAT and duties receivables | | 120.048 | 123.729 |
| Prepayments | | 256.286 | 342.334 |
| Receivables | | <u>1.030.580</u> | <u>495.936</u> |
| Cash at bank and in hand | | <u>655.344</u> | <u>1.695.716</u> |
| Total current assets | | <u>1.685.924</u> | <u>2.191.652</u> |
| Total assets | | <u>97.708.770</u> | <u>96.510.506</u> |

Balance sheet at 31 December 2021

| | <u>Note</u> | <u>2021</u> EUR | <u>2020</u> EUR |
|--------------------------------------|-------------|--------------------------|--------------------------|
| Equity and liabilities | | | |
| Share capital | | 14.517.158 | 14.517.158 |
| Retained earnings | | <u>58.826.710</u> | <u>57.699.887</u> |
| Equity | 7 | <u>73.343.868</u> | <u>72.217.045</u> |
| Provision for deferred tax | 8 | <u>13.225.000</u> | <u>12.800.000</u> |
| Total provisions | | <u>13.225.000</u> | <u>12.800.000</u> |
| Payables to group entities | | <u>8.000.000</u> | <u>9.000.000</u> |
| Total non-current liabilities | 9 | <u>8.000.000</u> | <u>9.000.000</u> |
| Payables to group entities | 9 | 1.000.000 | 1.000.000 |
| Prepayments received from customers | | 717.921 | 491.978 |
| Trade payables | | 62.556 | 70.444 |
| Payables to group entities | | 900.225 | 443.480 |
| Corporation tax | | 0 | 49.678 |
| Other payables | | 243.210 | 363.992 |
| Deposits | | <u>215.990</u> | <u>73.889</u> |
| Total current liabilities | | <u>3.139.902</u> | <u>2.493.461</u> |
| Total liabilities | | <u>11.139.902</u> | <u>11.493.461</u> |
| Total equity and liabilities | | <u>97.708.770</u> | <u>96.510.506</u> |

Notes

1 Other operating income

Other operating income consists of payments received regarding previously amortized receivable.

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|----------------------|
| | EUR | EUR |
| 2 Income from investments in subsidiaries | | |
| Share of profits of subsidiaries | 3.992 | 0 |
| Share of losses of subsidiaries | <u>0</u> | <u>-3.188</u> |
| | <u>3.992</u> | <u>-3.188</u> |

3 Financial costs

| | | |
|------------------------------------|-----------------------|-----------------------|
| Financial expenses, group entities | 215.354 | 54.755 |
| Other financial costs | 3.619 | 175.279 |
| Exchange loss | <u>-2</u> | <u>12</u> |
| | <u>218.971</u> | <u>230.046</u> |

4 Tax on profit/loss for the year

| | | |
|---------------------------|-----------------------|-----------------------|
| Current tax for the year | -220.500 | 357.678 |
| Deferred tax for the year | <u>425.000</u> | <u>-100.000</u> |
| | <u>204.500</u> | <u>257.678</u> |

Notes

5 Tangible assets

| | <u>Investment properties</u> | <u>Land</u> | <u>Improvements</u> | <u>Total</u> |
|--|----------------------------------|-------------------------|-------------------------|--------------------------|
| Cost at 1 January 2021 | 57.633.144 | 9.972.427 | 6.922.092 | 74.527.663 |
| Additions for the year | <u>0</u> | <u>0</u> | <u>1.959.657</u> | <u>1.959.657</u> |
| Cost at 31 December 2021 | <u>57.633.144</u> | <u>9.972.427</u> | <u>8.881.749</u> | <u>76.487.320</u> |
| Revaluations at 1 January 2021 | 19.772.337 | 0 | 0 | 19.772.337 |
| Revaluations for the year | <u>-259.657</u> | <u>0</u> | <u>0</u> | <u>-259.657</u> |
| Revaluations at 31 December 2021 | <u>19.512.680</u> | <u>0</u> | <u>0</u> | <u>19.512.680</u> |
| Carrying amount at 31 December 2021 | <u>77.145.824</u> | <u>9.972.427</u> | <u>8.881.749</u> | <u>96.000.000</u> |

Investment properties are measured at fair value. Valuation has been determined by using a return-based model. In assessing the fair market value at 31 December, 2021 the required rate of return has been determined individually for each property.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement. Changes in the average required rate of return of 0,5% will result in a change to fair value of approx. EUR 9 - 12 million.

The properties include residential and business properties which are valued on the basis of an average required rate of return of 4,6%.

Notes

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------------|-----------------------------|
| | EUR | EUR |
| 6 Investments in subsidiaries | | |
| Cost at 1 January 2021 | <u>22.846</u> | <u>18.854</u> |
| Cost at 31 December 2021 | <u>22.846</u> | <u>18.854</u> |
| Revaluations at 1 January 2021 | <u>0</u> | <u>0</u> |
| Revaluations at 31 December 2021 | <u>0</u> | <u>0</u> |
| Carrying amount at 31 December 2021 | <u><u>22.846</u></u> | <u><u>18.854</u></u> |

Investments in subsidiaries are specified as follows:

| <u>Name</u> | <u>Registered office</u> | <u>Ownership interest</u> |
|---------------------------|--------------------------|---------------------------|
| West-Star Management B.V. | Rotterdam | 100% |

Notes

7 Equity

| | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| Equity at 1 January 2021 | 14.517.158 | 57.699.887 | 72.217.045 |
| Net profit/loss for the year | 0 | 1.126.823 | 1.126.823 |
| Equity at 31 December 2021 | <u>14.517.158</u> | <u>58.826.710</u> | <u>73.343.868</u> |

8 Provision for deferred tax

| | | |
|---|--------------------------|--------------------------|
| Provision for deferred tax at 1 January 2021 | <u>13.225.000</u> | <u>12.800.000</u> |
| Provision for deferred tax at 31 December 2021 | <u>13.225.000</u> | <u>12.800.000</u> |

Provisions for deferred tax on:

| | | |
|------------------------|--------------------------|--------------------------|
| Intangible assets | 17.212.030 | 0 |
| Trade receivables | -1.953.985 | 0 |
| Tax loss carry-forward | <u>-2.033.045</u> | <u>12.800.000</u> |
| | <u>13.225.000</u> | <u>12.800.000</u> |

Notes

9 Long term debt

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------------|-------------------------|
| | EUR | EUR |
| Payables to group entities | | |
| Between 1 and 5 years | <u>8.000.000</u> | <u>9.000.000</u> |
| Non-current portion | 8.000.000 | 9.000.000 |
| Other short-term debt to subsidiaries | <u>900.225</u> | <u>443.480</u> |
| Current portion | <u>900.225</u> | <u>443.480</u> |
| | <u>8.900.225</u> | <u>9.443.480</u> |

10 Related parties and ownership structure

Controlling interest

Thornico A/S, Odense and Thornico Holding A/S, Odense. Christian Nicholas Rosenkrantz Stadil, ultimate owner (non-public address).