



# Annual Report 2022



## **Kirk Kapital**

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Photos: PressConnect, Anders Sune Berg & Milestone Event – Jesper Sunesen  
Concept and Design: Sunrise A/S

Fjordenhus, Havneøen 1  
DK-7100 Vejle  
+45 33 44 50 00  
[www.kirkkapital.dk](http://www.kirkkapital.dk)  
[info@kirkkapital.dk](mailto:info@kirkkapital.dk)

Company reg. (CVR) no. 31159857

Annual Report for 1 January - 31 December 2022

The Annual Report was presented and adopted at the  
Annual general meeting of the company on 25 April 2023.

# Annual Report 2022

## 01

### Welcome to Kirk Kapital

07	Our Heritage
08	What We Do
12	2022 at a Glance
14	Financial Highlights

## 03

### Board & Management Composition

32	Board of Directors & Executive Management
----	---

## 02

### Our Business Activities

18	Activities Overview
20	Strategic Investments
24	Financial Investments
26	Vejle Investments
28	Business & Financial Risk

## 04

### Financial Statements

36	Comprehensive Income Statement
37	Balance Sheet Statement
38	Changes in Equity Statement
39	Cash Flow Statement
40	Notes
68	Management's Statement
70	Independent Auditor's Report

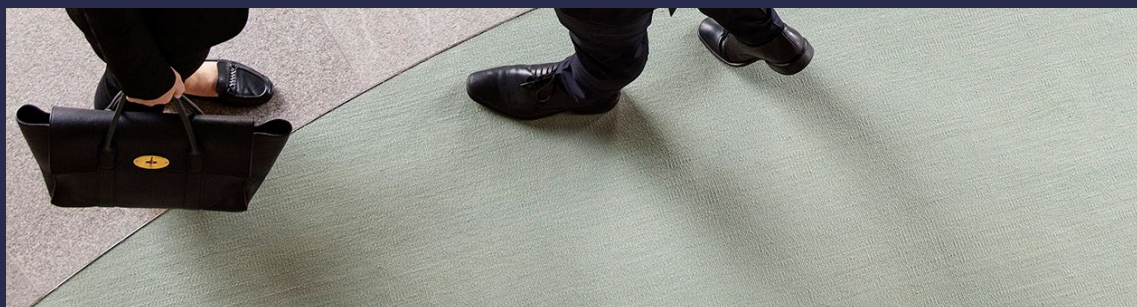
# ESG Report 2022

## 05

### ESG

78	Letter from CEO
82	Kirk Kapital's ESG Framework
83	ESG within Investment Activities
85	Strategic Investments
86	Financial Investments
88	Inside Kirk Kapital







# 01

**Welcome to Kirk Kapital**





# Our Heritage

## Continuing the legacy of Lego

1932 was the year Ole Kirk Christiansen began crafting wooden toys in his modest workshop in Billund. By 1934 he had begun selling toys under the now world-famous name LEGO. Persevering through many setbacks, the business eventually blossomed into what it is today – the world's most successful toy company. This is the heritage of Kirk Kapital. Today, almost 90 years later, this same perseverance, imagination and ingenuity is what forms the foundation of Kirk Kapital's business activities.

## Rooted in Vejle

In 2007, the Kirk Johansen family parted from Kirkbi A/S, and consequently LEGO, in order to establish their own investment activities and organisation through Kirk Kapital. Our shareholders, and Kirk Kapital, are deeply connected to the area in and around the city of Vejle. A manifestation of our respect and commitment to the city of Vejle is Fjordenhus. Fjordenhus both serves

as the headquarter of Kirk Kapital, but, more importantly, is a towering work of art that greets all visitors to Vejle created by the world-famous artist Olafur Eliason.

## Partnering with family and companies

In connection with the launch of a new investment strategy, Kirk Kapital established a second office in Copenhagen in 2017, and expanded the organisation. In 2020, a fully owned Kirk Kapital subsidiary obtained a license with the Danish FSA, legally enabling us to manage other families' wealth also. Today, Kirk Kapital specialises in making strategic minority investments in tomorrow's best companies as well as managing multiple financially invested portfolios, uniquely tailored to the families we serve.

## Descendants of a pioneer

Our shareholders are the Kirk Johansen families, who are Ole Kirk Christiansen's descendants.

# What we do

## **Family first**

At Kirk Kapital, our purpose is to create long-term prosperity for the families of our shareholders, partners, and employees. We manage and grow family-owned capital, based on strong family values. Family is very important to us, and it provides a solid foundation for business, while highlighting the importance of family life outside work. These values inspire a strong sense of belonging – not just internally, but also among the companies and families with whom we partner. Every one of our partnerships is built on trust, responsibility, and a longer-term commitment. We are proud of these tight bonds and collaborations.

## **Focused on success**

Founded in our family DNA, our key values are Competence, Dedication, and Integrity. At Kirk Kapital, we serve our purpose by having a relentless focus on being among the best at what we set out to do, while operating

with the highest standards of professional behaviour and ethics. The latter also evidenced by our Environmental, Social, and Governance (ESG) ambitions, which now form an integral part of our overall long-term ambitions. All our investment activities are centred around our motto: “Invest, Collaborate and Create”. Our main investment activity is centred around our two divisions: Strategic Investments and Financial Investments.

## **Our scope: Scandinavian medium and larger-sized companies**

Within Strategic Investments, Kirk Kapital invests in larger minority shareholdings (25-50%) in companies while applying an active ownership agenda through board representation. Our strategic investment scope is Scandinavian medium and larger-sized companies that have unique, market-leading positions in long-term growth industries. Currently, the portfolio includes 16 companies.



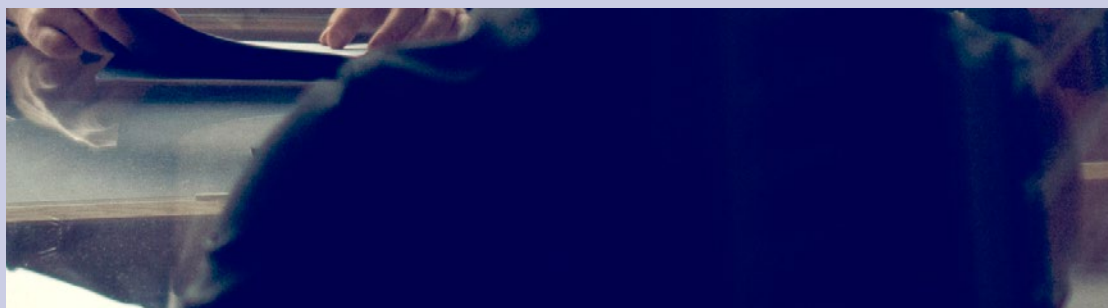
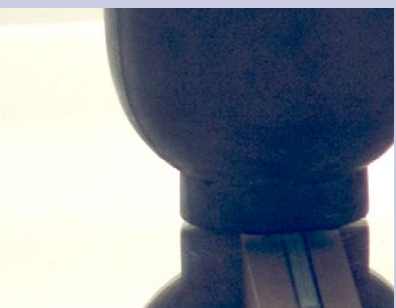
### **The highest quality wealth management**

Through Kirk Kapital Fondsmælgerselskab A/S, which is regulated by the Danish FSA, Kirk Kapital manages multiple individual portfolios, where each portfolio is tailored to our partners' precise requirements and wishes. The portfolios consist of a wide range of investments including fixed income, listed equities and alternatives. Our independency, as well as combined assets-under-management size, provide our families with the highest quality wealth management services while maintaining cost efficiency. Currently, we manage 20 portfolios, including Kirk Kapital's own Financial Investments portfolio.

### **Committed to Vejle**

As a supplement to our main investment activities, Vejle Investments holds our investment activities centred around the city of Vejle. These are mainly real estate investments in Fjordenhus, Utoft Plantage and Havneøen. Our strategic scope is to provide continued support to Fjordenhus and Utoft Plantage, thus maintaining our roots in Vejle and our commitment to forestry and wildlife.







**“ At Kirk Kapital,  
our ambition is  
to do our part in  
helping to build  
a better world.”**



Kim Gulstad, CEO





# 2022 at a Glance

## Consistent progress

2022 was a year of continued progress for Kirk Kapital. We spent it delivering on our long-term strategy and our purpose of creating long-term prosperity for the families of our shareholders, employees, and partners.

## An extraordinary investment year

2022 was truly an extraordinary year in the financial markets. Global publicly listed shares lost 14% while Nasdaq lost 33% (both in DKK), losses not seen since the financial crisis in 2008. Simultaneously, both Danish government bonds and Danish real estate mortgages lost 20%. Hence, 2022 proved to be a truly challenging year for the financial markets. In light of this exceptionally challenging environment, I am very proud and humbled to state that our investment result in 2022 was DKK 1.6 billion. This is – once again – a record result in the history of Kirk Kapital. Since the launch of our revised strategy in 2017, Kirk Kapital has in the 5-year period between 2018 – 2022 generated a total investment result of DKK 4.6 billion, or an average 13% equity return, while paying out aggregated dividends of DKK 262 million. At the end of the period, the equity value was DKK 8.1 billion.

## Strong results from Strategic Investments

The 2022 result was derived from an exceptionally strong result from our Strategic Investments, which gained one-off support from re-valuations from several partial divestitures. Our Financial Investments delivered a smaller negative result, which we consider satisfactory, not least considering the general market developments.

The financially invested portfolios Kirk Kapital managed on behalf of external families depicted a similar picture as Kirk Kapital's own financially invested portfolio. We continue to further enhance the quality and cost effectiveness of our service. At the end of the period, the external assets-under-management totalled DKK 5.5 billion.

## Tour de France

The start of the third stage of the Tour de France took place at Kirk Kapital's Havneøen in Vejle. We were both pleased and proud to be able to make the square available, enabling the whole world to see what the city of Vejle has to offer. Furthermore, we also





co-sponsored a permanent art installation celebrating the Tour de France's start in Vejle. Kirk Kapital took the opportunity to invite shareholders, employees, friends, and families to celebrate this unique event at Fjordenhus.

### Progress on ESG

I am proud that Kirk Kapital is a UN Global Compact signatory. Simultaneously with the 2022 Annual Report, we are publishing our 2022 ESG Report. ESG has now become an integral part of our strategy and is embedded throughout our internal operations and investment activities.

Internally, we are focussing on UN SDG 5 (gender equality), 8 (decent work and economic growth), 13 (climate action), and 16 (peace, justice, and strong institutions). During 2022, we have, for example, improved parental leave conditions, taken the initiative to map Kirk Kapital's CO<sub>2</sub> footprint, and identified concrete initiatives to decrease it. I am especially proud to see that our employee satisfaction scores in our annual surveys continues to be high.

### Looking forward to 2023

In summary, 2022 has been a fantastic year, both when it comes to our financial performance, which was significantly above our expectation going into 2022, and our progress on our long-term strategy.

For 2023, we expect a positive investment result of DKK 450 million or above. This is assuming financial returns in line with our long-term market forecasts. However, considering the continued high volatility on the financial markets, the assumption is associated with significant risk. In past years, we have seen significant deviation from the expected investment result.

No events have occurred after the balance sheet date which are considered to have a material impact on the assessment of the Annual Report.

*Kim Gulstad, CEO*

**14.4** DKKb  
Total Assets-Under-Management

**8.1** DKKb  
Book Equity Value

**13%** p.a.  
5-Year Equity Return

**16**  
Portfolio Companies

**20**  
Wealth Management Portfolios

**26**  
Number of Employees

# Financial Highlights

## Key Ratios

	2022	2021	2020	2019	2018
<b>Return on Equity</b>	<b>20%</b>	<b>22%</b>	<b>7%</b>	<b>14%</b>	<b>4%</b>
<b>Solvency Ratio</b>	<b>90%</b>	<b>93%</b>	<b>88%</b>	<b>89%</b>	<b>91%</b>
<b>Return on Invested Capital</b>	<b>22%</b>	<b>26%</b>	<b>9%</b>	<b>16%</b>	<b>4%</b>
<i>Return on Invested Capital per Investment Category:</i>					
Strategic Investments	38%	40%	14%	30%	16%
Financial Investments	(7%)	17%	6%	11%	(4%)
Vejle Investments	5%	(18%)	(8%)	(8%)	(9%)

**Income Statement**

DKK (millions)	2022	2021	2020	2019	2018
Strategic Investments	1,746	1,305	405	658	329
Financial Investments	(160)	358	123	211	(61)
Vejle Investments	18	(94)	(44)	(78)	(68)
<b>Net Investment Result</b>	<b>1,604</b>	<b>1,569</b>	<b>484</b>	<b>791</b>	<b>200</b>

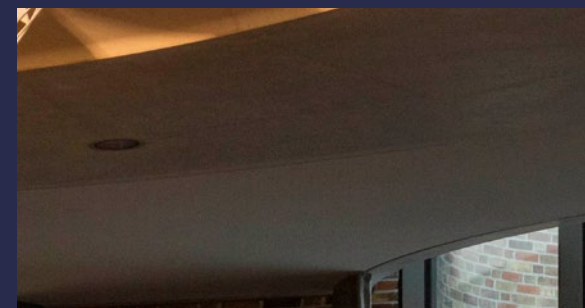
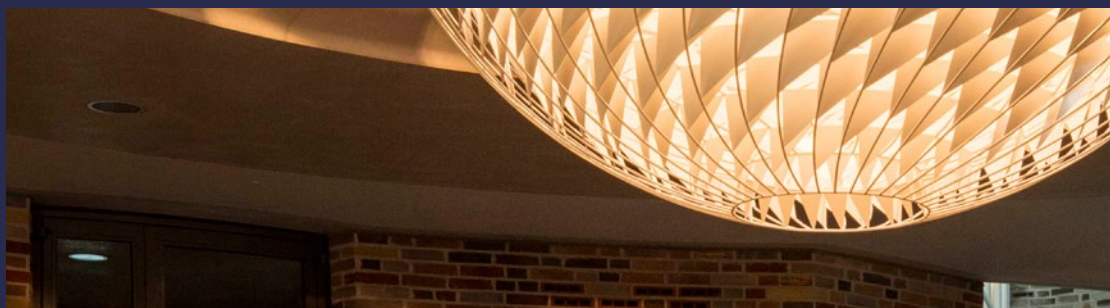
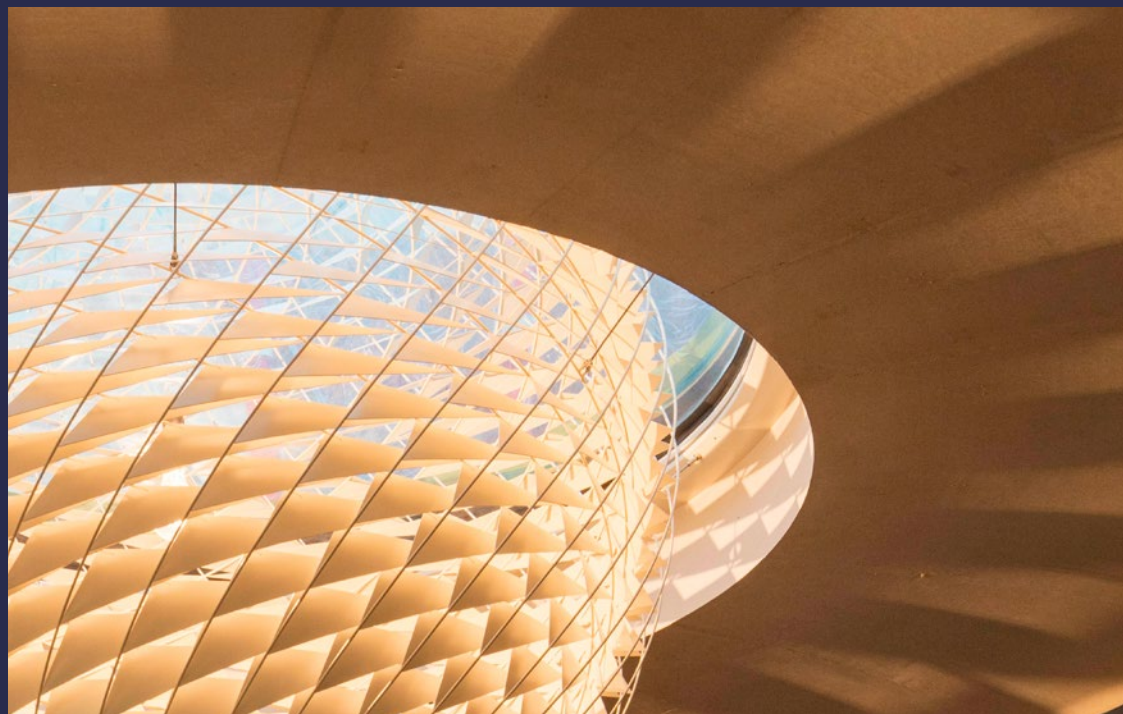
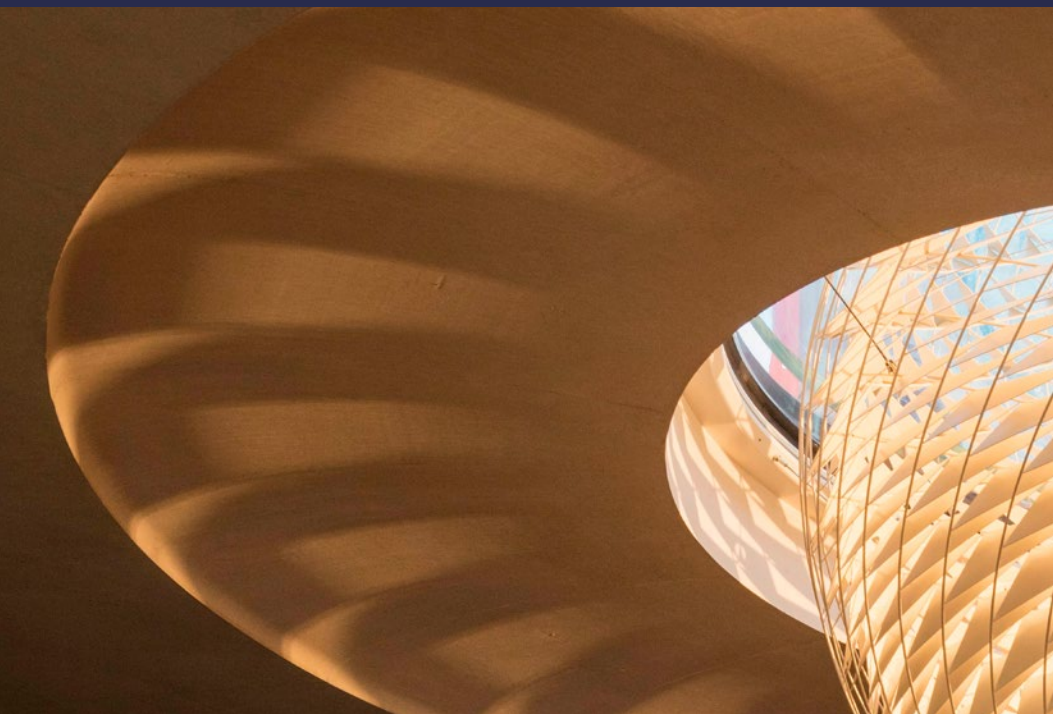
**Comprehensive Income**

	2022	2021	2020	2019	2018
<b>Comprehensive Income</b>	<b>1,459</b>	<b>1,354</b>	<b>393</b>	<b>680</b>	<b>169</b>

**Balance Sheet**

DKK (millions)	2022	2021	2020	2019	2018
Strategic Investments	6,201	4,293	3,426	3,043	2,169
Financial Investments	2,294	2,511	2,152	2,108	1,748
Vejle Investments	429	377	517	467	930
<b>Total Investment Assets</b>	<b>8,924</b>	<b>7,181</b>	<b>6,095</b>	<b>5,618</b>	<b>4,847</b>
<b>Total Assets</b>	<b>9,033</b>	<b>7,257</b>	<b>6,186</b>	<b>5,721</b>	<b>4,914</b>
<b>Total Equity</b>	<b>8,140</b>	<b>6,749</b>	<b>5,450</b>	<b>5,108</b>	<b>4,474</b>









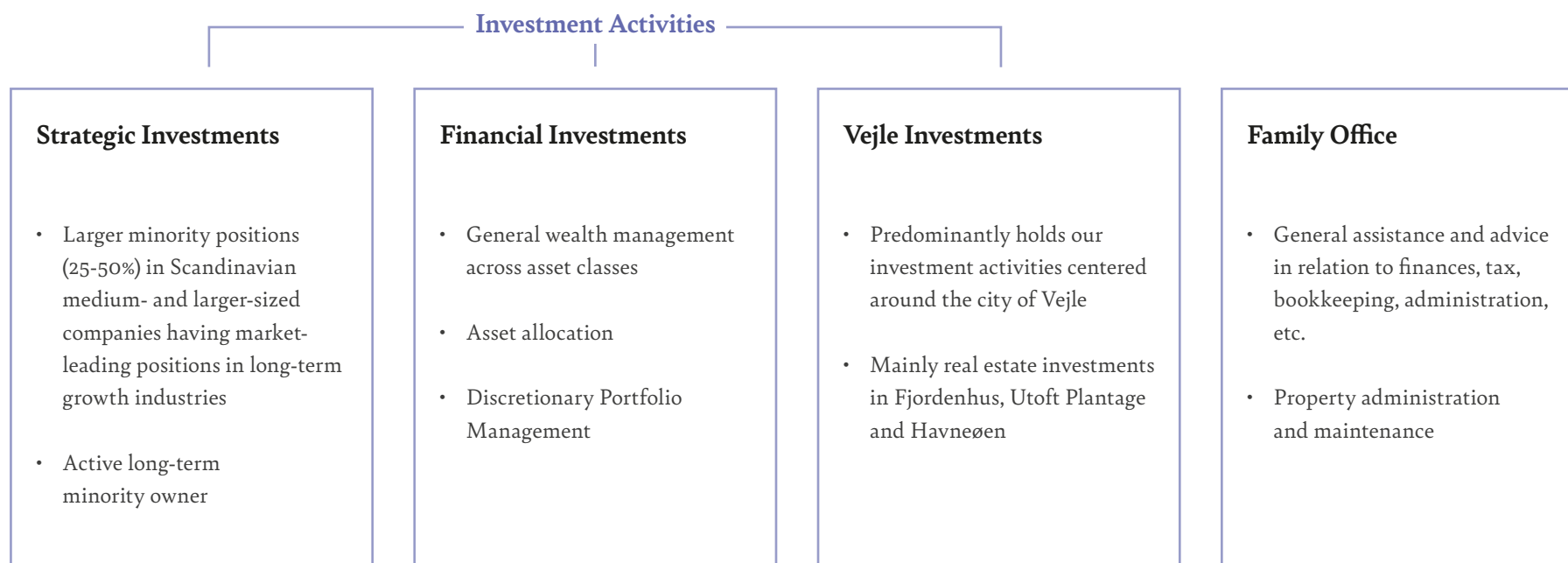
# 02

## **Our Business Activities**



# Activities Overview

## Key Activities

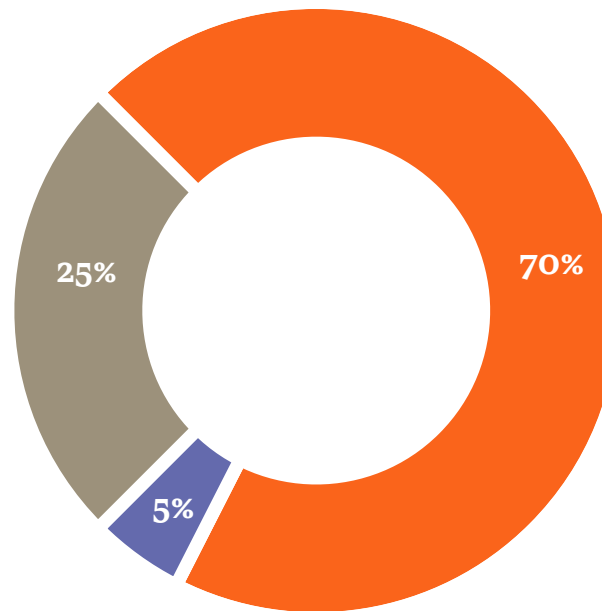


# Kirk Kapital's Investments

% (excl. client's managed funds)

## Financial Investments

Cash	5%
Equities	37%
Fixed Income	15%
Alternatives	43%



## Strategic Investments

## Vejle Investments

# Strategic Investments



70%

Share of Assets

Dec. 2022

## Tomorrow's best companies

Kirk Kapital acquires larger minority shareholdings (25-50%) in companies, while applying an active ownership agenda through board representation. Our strategic investment scope is Scandinavian medium- and larger-sized companies that have unique and market-leading positions in long-term growth industries. Furthermore, our focus concentrates on business-to-business companies that offer either a service or a product, based on a capital light asset setup. In other words, Kirk Kapital invests in tomorrow's best companies.

## A tailored approach

Kirk Kapital's unique model for active minority investments ensures the independence of our partners while supplying the best possible conditions for their lasting success. We achieve this by providing active board representation, the benefits of our toolbox, and shared best practice across our portfolio. Common to all cases is a tailored approach, finely calibrated to our partners'

requirements and precise needs. Altogether this creates the best conditions for each company's long-term successful development.

## Taking a sustainable perspective

Rooted in our family values, we have continued our structured work on ESG. We utilise our internally developed ESG compass throughout our investment process. Sustainability is an integral part of the due diligence process when acquiring new companies, and a sustainability board engagement policy has been implemented which all Kirk Kapital representatives are obliged to follow.

## Additions to the portfolio

Currently, the portfolio includes 16 companies. In 2022, we added Promon, Cookie Information and Mobilhouse to our portfolio. Promon is a global, market-leading provider of next generation application-shielding software. Cookie Information is the

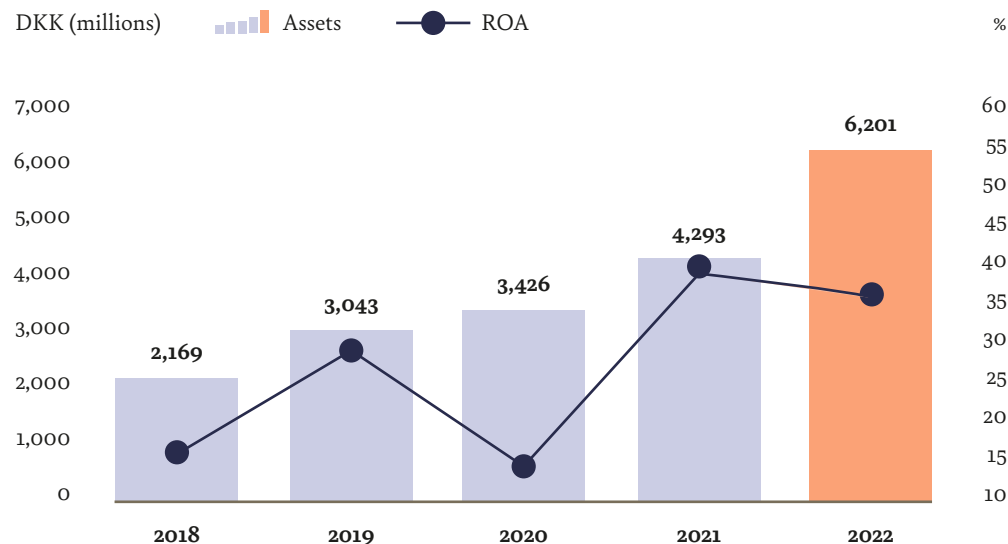


Scandinavian market-leading provider of consent solutions for websites that ensure GDPR compliance. Mobilhouse is a Danish market-leading provider of temporary modular buildings. Simultaneously, we led the formation of a new ownership consortium in FeMD, in which, going forward, we will own 40% of the company while ATP and Lundbeckfond- en will each own 30%. Thereby, Kirk Kapital in- creased its ownership stake from 30% to 40%. Final- ly, we have reduced our shareholding in Scanmetals from 38% to 33%, where Core Sustainability Capital has been invited in as a new 33% shareholder. All in all, 2022 has been a good year with abnormally high transaction activity.

### Results speak for themselves

Our investment result in 2022 is DKK 1,746 million, or 38% return, and the asset value by year-end is DKK 6,201 million. The aggregated investment result over the past 5 years is DKK 4,443 million, or 27% p.a. re- turn. The result in 2022 is positively impacted by sev- eral one-off value adjustments, and in this light, the re- sult is significantly above our expectations. The result over the past 5 years is also well above our long-term result expectations.

### Development in Assets and Return



# 16

Portfolio Companies

# +11 DKKb

Aggregated Revenue

# 2

UN Global Compact Signatories

# +3,800

Aggregated Number of Employees

# Investments



World-leading manufacturer of quality playground equipment, outdoor fitness, and outdoor furniture designed to promote development through play and movement

Year of investment	Stake	Partner	Revenue, '21
2014	27%	Family	DKKm 2,382



Software company providing Configure Price Quote (CPQ) solutions to global industrial, automotive, and pharmaceutical companies

Year of investment	Stake	Partner	Revenue, '21
2017	33%	Private Equity	DKKm 214



International provider of end-to-end solutions of foldable IBC containers, Bag-In-Box liners / bags, container fittings, filling, and emptying equipment

Year of investment	Stake	Partner	Gross Profit, '21
2018	35%	Management	DKKm 80



Aftermarket provider of used serviceable wheels and brakes for airlines worldwide offering a simple alternative to traditional component management

Year of investment	Stake	Partner	Revenue, '21
2019	26%	Private Equity	DKKm 583



Developer and manufacturer of innovative hemostatic products used by health care professionals in the fields of surgery and diagnostics globally

Year of investment	Stake	Partner	Revenue, '21
2016 & 2022	40%	Pension Fund & Foundation	DKKm 720



World leader in packaging for processing of frozen fish blocks, frozen fillets, and breaded products within the white-fish industry

Year of investment	Stake	Partner	Gross Profit, '21
2018	40%	Family Foundation	DKKm 110



IT consultancy service company focusing on engaging top IT talent and offering services within Consulting, Infrastructure, Security, and Development

Year of investment	Stake	Partner	Revenue, '21
2018 & 2021	26%	Private Equity	DKKm 326



Leading int. rental company within cold storage solutions. Rental divisions incl. cold storage (Arctic Store®), ISO containers and self-storage sites across Europe and Australia.

Year of investment	Stake	Partner	Revenue, '21
2019	30%	Family	DKKm 711



Leading European metal recycling company operating with innovative technology for optimal recovery and refinement of metallic waste

Year of investment	Stake	Partner	Revenue, '21
2019	33%	Management	DKKm 902



Scandinavian manufacturer of sustainable wood packaging solutions from standard pallets and takeaway boxes to packaging for wind turbine blades

Year of investment	Stake	Partner	Revenue, '21
2020	40%	Management	DKKm 1,372



Largest Danish full-service monument company providing customers support from selecting the stone, designing, and engraving, to installation

Year of investment	Stake	Partner	Gross Profit, '21
2020	45%	Family & Owners	DKKm 78



Globally leading Norwegian manufacturer of high-quality omega-3 concentrates utilising state-of-the-art production equipment

Year of investment	Stake	Partner	Revenue, '21
2021	32%	Family	DKKm 346



Manufacturer of propagation systems, known as the Ellepot system, consisting of machines, specially developed and patented paper, and trays for growers worldwide

Year of investment	Stake	Partner	Gross Profit, '21
2021	48%	Family & Owners	DKKm 67



Software company providing next-gen application shielding software safeguarding applications, used on +300m devices globally, from malware attacks

Year of investment	Stake	Partner	Revenue, '21
2022	34%	Private Equity	DKKm 69



Danish Consent Management Platform providing cookie consent solutions for websites and mobile apps that ensure GDPR compliance for +3,000 customers

Year of investment	Stake	Partner	Gross Profit, '21
2022	40%	Management	DKKm 16



Danish temporary modular buildings provider offering sustainable modular solutions for rent for a variety of purposes incl. office facilities and day care.

Year of investment	Stake	Partner	Revenue, '21
2022	50%	Management	DKKm 116

# Financial Investments



25%

Share of Assets

Dec. 2022

## Multiple portfolio management

Kirk Kapital (through Kirk Kapital Fondsmægler-selskab A/S) manages multiple individual portfolios tailored to our partners' precise needs. All portfolios managed consist of a wide range of investments including listed equities, fixed income, and alternatives. The largest portfolio is Kirk Kapital's own Financial Investments portfolio of DKK 2,294 million. The external assets-under-management totals DKK 5.5 billion. Currently, we manage 20 portfolios.

## A sustainable core

Based on our family values, we have continued our structured work on ESG. To do this we utilise our internally developed ESG Compass throughout our investment process and we have adopted the UN's Principles for Responsible Investment. Furthermore, we have an ESG committee that continuously monitors and challenges our work.

## Worldwide impact

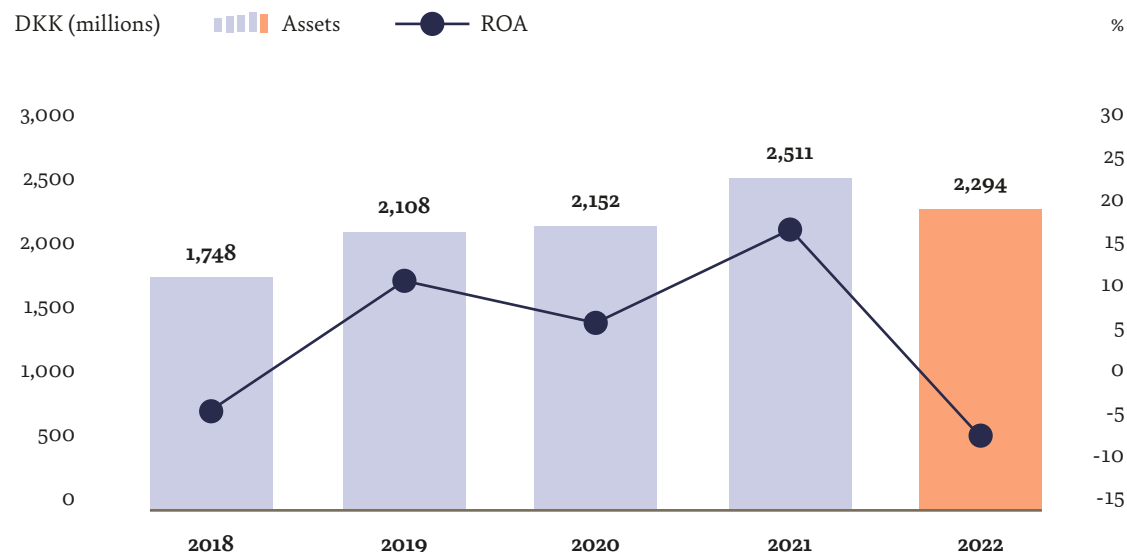
2022 was truly an extraordinary year in the financial markets. Global publicly listed shares lost 14% while Nasdaq lost 33% (both in DKK), losses not seen since the financial crisis in 2008. Simultaneously, both Danish government bonds and Danish real estate mortgages lost 20%. From a macro point of view, this in part was driven by the war in Ukraine and globally strong inflationary forces. Hence, 2022 proved to be a truly challenging year for the financial markets. The impact of this turbulence was also visible in Kirk Kapital.

### Satisfactory results despite challenges

Kirk Kapital's own Financial Investments portfolio generated an investment result of DKK -160 million, or -7% return, and the asset base by year-end is DKK 2,294 million. The negative result is due to challenging public market developments in both equities and fixed income. However, public market losses have been partially offset by a sound development in the alternative or private markets exposure. All in all, the 2022 result is satisfactory, despite the result being below our long-term return expectations.

The aggregated investment result over the past 5 years is DKK 471 million, or 4% p.a. return. This longer-term return is broadly in line with our longer-term return expectations.

### Development in Assets and Return



# 20

Wealth Management  
Portfolios

# 90%

External Managers who are  
UN PRI Signatories

# 58

Total Number of  
External Managers.

# 1,126

Total Number of Trades  
in 2022. Excl. FX



# Vejle Investments



50%

Share of Assets

Dec. 2022

## Vejle in focus

Vejle Investments predominantly holds our investment activities centred around the city of Vejle. These are mainly real estate investments in Fjordenhus, Utoft Plantage and Havneøen. Our strategic scope is to maintain and develop Fjordenhus and Utoft Plantage, further strengthening our roots in Vejle and our commitment to forestry and wildlife.

## Havneøen progress

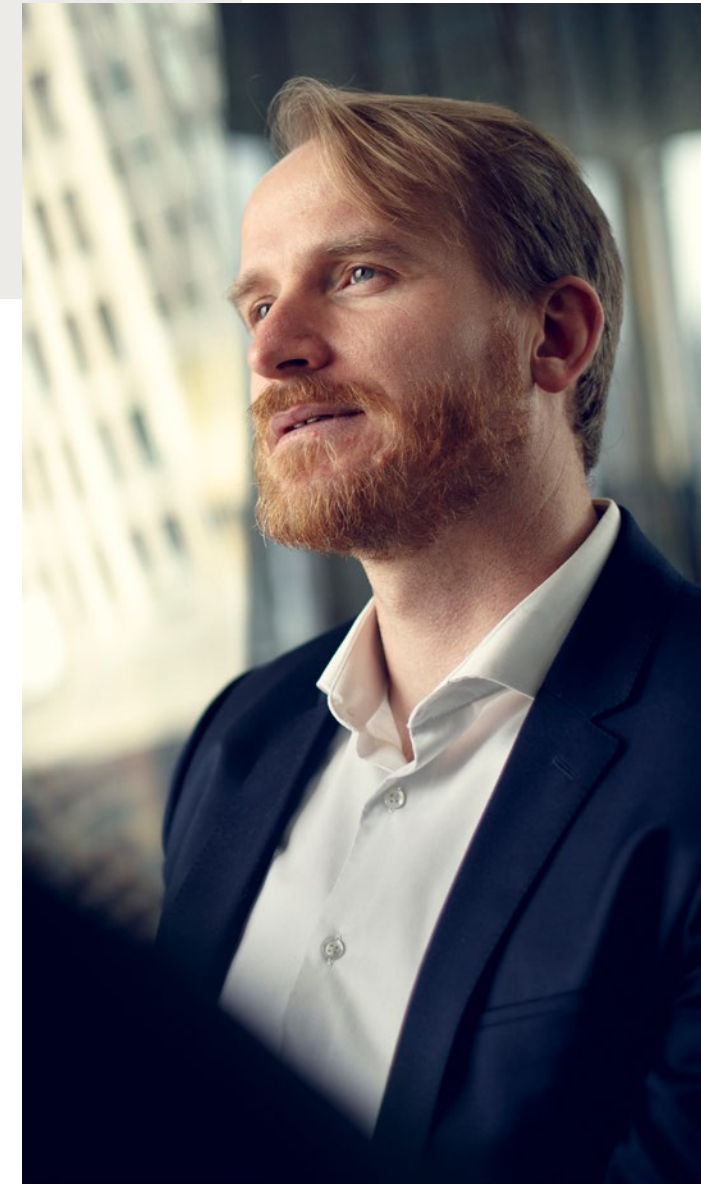
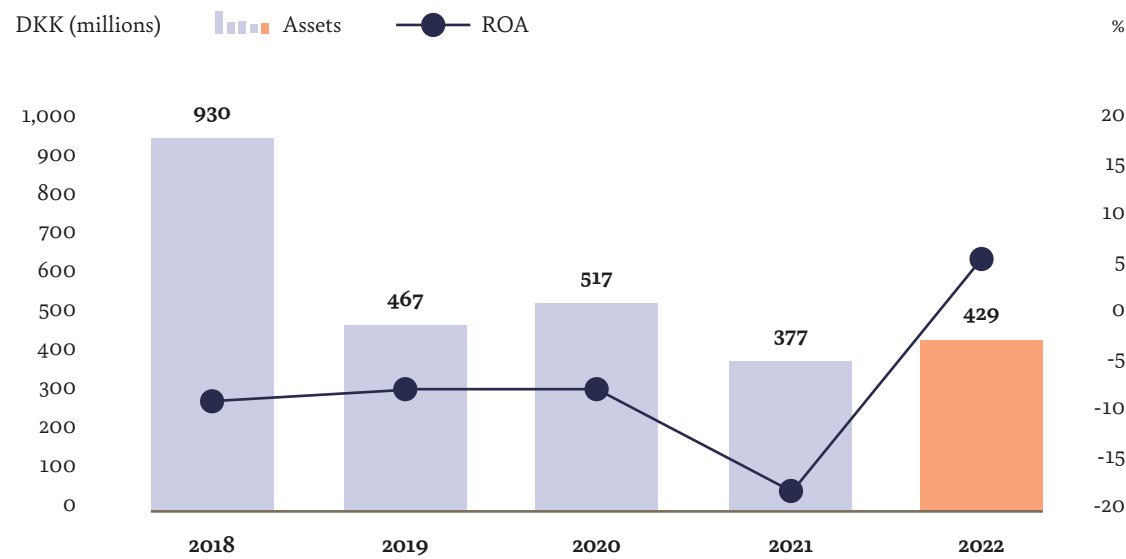
In 2022, we completed the construction of the buildings Zleep Hotel and Kirk Suites on Havneøen. The construction of a building on the last available plot

on Havneøen is progressing as planned and is expected to be completed during 2023. This will finalise the Havneøen project, a project initiated more than 10 years ago. Kirk Kapital is proud of the outcome of this project and it testifies to our veneration of and commitment to the city of Vejle.

## Results in line with expectations

Our investment result in 2022 is DKK 18 million, and our net asset base by year-end is DKK 429 million. The result is positively impacted by a market value adjustment of an interest rate swap while the underlying result broadly is in line with our expectations.

## Development in Assets and Return



# Business & Financial Risk

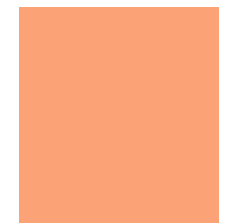
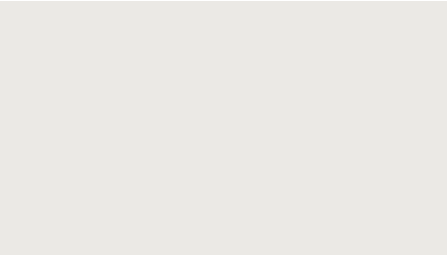


## Managing risk

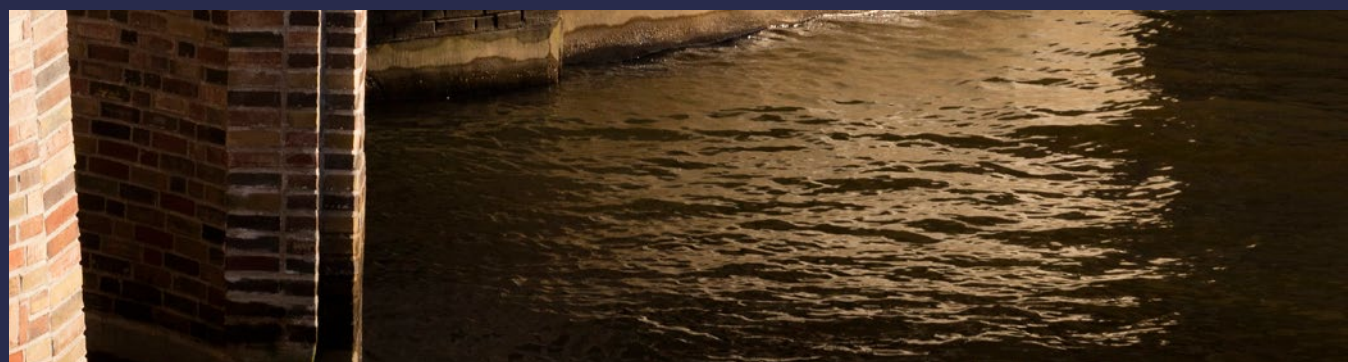
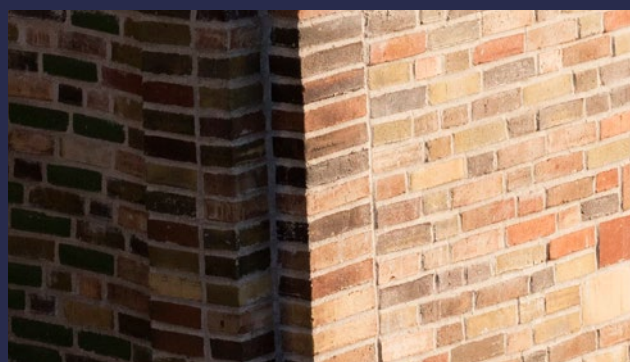
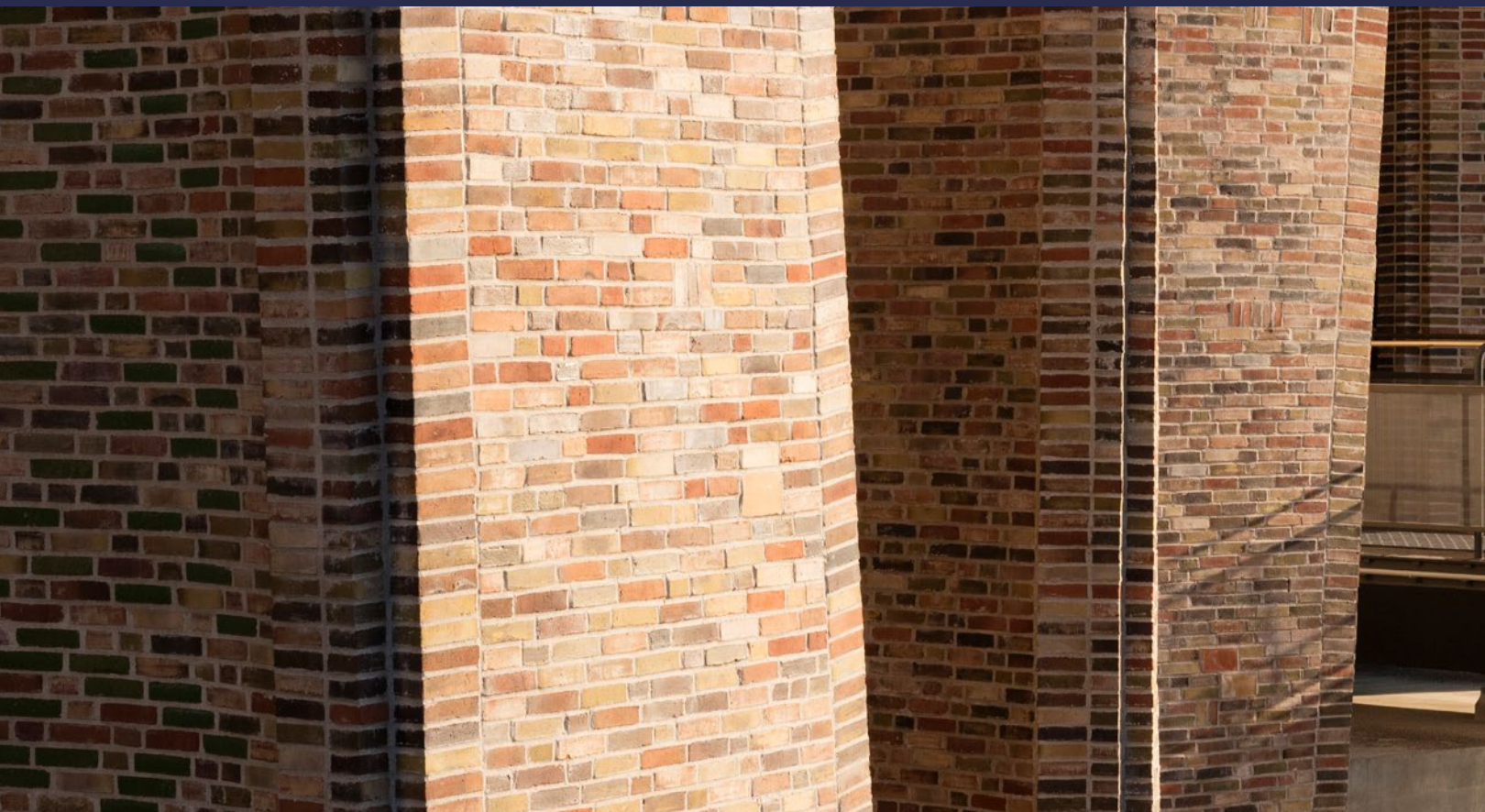
As a family-owned business and investment company we are widely exposed to financial risks, especially those relating to market risk, with an exposure to publicly traded securities. Our three investment divisions are managing financial risks with the objective to create long-term prosperity for the families of our shareholders and business partners. In this light, we have not taken any significant risks that could be referred to as out of the ordinary, considering the extent of our activities as a business and investment company. For further information about financial risk management, refer to note 6 Financial Risk Management.

## Other statutory statements

In accordance with Danish legislation, Kirk Kapital has prepared statutory statements in relation to gender under-representation in management, on data ethics and Corporate Social Responsibility which forms part of Kirk Kapital's ESG Report. The report can be found in chapter 5 of this document.











# 03

## **Board & Management Composition**

# Board of Directors



**Casper Kirk  
Johansen**

Chairman of the Board



**Anders Kirk  
Johansen**

Board Member



**Birgitte  
Nielsen**

Board Member



**Jens  
Moberg**

Board Member



**Peter Beske  
Nielsen**

Board Member

# Executive Management



**Kim  
Gulstad**

CEO

**“Every one of our partnerships is built on trust, responsibility, and a longer-term commitment. We are proud of these tight bonds and collaborations.”**



Kim Gulstad, CEO





# 04

## Financial Statements



# Comprehensive Income Statement

DKK (millions)	Note	2022	2021
Strategic Investments	3	1,746	1,305
Financial Investments	4	(160)	358
Vejle Investments	5	18	(94)
<b>Net Investment Result</b>		<b>1,604</b>	<b>1,569</b>
Other Operating Income		8	8
Expenses	7	(185)	(158)
Other Financial Income		(8)	(1)
<b>Comprehensive Income before Tax</b>		<b>1,419</b>	<b>1,418</b>
Tax	9	40	(64)
<b>Total Comprehensive Income for the Year</b>		<b>1,459</b>	<b>1,354</b>



# Balance Sheet Statement

<b>Assets</b>			
DKK (millions)	Note	2022	2021
Strategic Investments	3	6,201	4,293
Financial Investments	4	2,294	2,511
Vejle Investments	5	429	377
Lease Assets - Right-of-use Assets		65	68
<b>Total Non-Current Assets</b>		<b>8,989</b>	<b>7,249</b>
Tax Receivables	9	36	0
Other Receivables		8	7
Cash & Cash Equivalents		0	1
<b>Total Current Assets</b>		<b>44</b>	<b>8</b>
<b>Total Assets</b>		<b>9,033</b>	<b>7,257</b>

<b>Equities &amp; Liabilities</b>			
DKK (millions)	Note	2022	2021
Share Capital	11	100	100
Retained Earnings		7,958	6,581
Proposed Dividend for the Year		82	68
<b>Total Equity</b>		<b>8,140</b>	<b>6,749</b>
Other Payables		230	100
Lease Liabilities		66	69
Deferred Tax Liabilities	9	12	12
<b>Total Non-Current Liabilities</b>		<b>308</b>	<b>181</b>
Credit Institutions	6	547	146
Tax Payables		0	28
Other Payables	6	38	153
<b>Total Current Liabilities</b>		<b>585</b>	<b>327</b>
<b>Total Liabilities</b>		<b>893</b>	<b>508</b>
<b>Total Equity &amp; Liabilities</b>		<b>9,033</b>	<b>7,257</b>

# Changes in Equity Statement

Change in Equity Statement 2021 DKK (millions)	Share Capital	Retained Earnings	Proposed Dividend	Total
<b>Equity at 01.01.2021</b>	<b>100</b>	<b>5,295</b>	<b>55</b>	<b>5,450</b>
Profit for the Period	0	1,339	0	1,339
Other Comprehensive Income	0	15	0	15
<b>Total Comprehensive Income for the Period</b>	<b>0</b>	<b>1,354</b>	<b>0</b>	<b>1,354</b>
<i>Transactions with Owners in their Capacity as Owners:</i>				
Ordinary Dividend Paid	0	0	(55)	(55)
Dividend	0	(68)	68	0
<b>Total Dividend for the Period</b>	<b>0</b>	<b>(68)</b>	<b>13</b>	<b>(55)</b>
<b>Equity at 31.12.2021</b>	<b>100</b>	<b>6,581</b>	<b>68</b>	<b>6,749</b>

Change in Equity Statement 2022 DKK (millions)	Share Capital	Retained Earnings	Proposed Dividend	Total
<b>Equity at 01.01.2022</b>	<b>100</b>	<b>6,581</b>	<b>68</b>	<b>6,749</b>
Profit for the Period	0	1,426	0	1,426
Other Comprehensive Income	0	33	0	33
<b>Total Comprehensive Income for the Period</b>	<b>0</b>	<b>1,459</b>	<b>0</b>	<b>1,459</b>
<i>Transactions with Owners in their Capacity as Owners:</i>				
Ordinary Dividend Paid	0	0	(68)	(68)
Dividend	0	(82)	82	0
<b>Total Dividend for the Period</b>	<b>0</b>	<b>(82)</b>	<b>14</b>	<b>(68)</b>
<b>Equity at 31.12.2022</b>	<b>100</b>	<b>7,958</b>	<b>82</b>	<b>8,140</b>

# Cash Flow Statement

## Accounting policy

The cash flow statement shows the cash flows for the year broken down by other investing and financing activities, changes for the year in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flows from other activities are calculated as the net comprehensive income for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash, investment activities and cash equivalents.

Cash flows from investing activities comprise net cash flows to and from the three investment portfolios.

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

DKK (millions)	2022	2021
Comprehensive Income for the Year	1,459	1,354
Adjustments - Net Investment Result	(1,604)	(1,569)
Changes in Net Working Capital	(50)	170
<b>Net Cash Flow from Other Activities</b>	<b>(195)</b>	<b>(45)</b>
Cash Flow from Strategic Investments*	(163)	444
Cash Flow from Financial Investments	52	6
Cash Flow from Vejle Investments	(28)	43
<b>Cash Flow from Investment Activities</b>	<b>(139)</b>	<b>493</b>
Proceeds from Credit Institutions	401	0
Repayment of Credit Institutions	0	(393)
Dividend Paid	(68)	(55)
<b>Cash Flow from Financing Activities</b>	<b>333</b>	<b>(448)</b>
Net Cash Flow for the Year	(1)	0
Cash & Cash Equivalents, Beginning of the Year	1	1
<b>Cash &amp; Cash Equivalents at End of the Year</b>	<b>0</b>	<b>1</b>

\*Gross cash flow from Strategic Investments were DKK 1,509 million in cash inflow and DKK 1,672 million in cash outflow.

# Notes

**01**

**Accounting  
Policies**

**02**

**Critical Accounting  
Estimates & Judgements**

**03**

**Strategic  
Investments**

**04**

**Financial  
Investments**

**05**

**Vejle  
Investments**

**06**

**Financial Risk  
Management**



07

**Expenses**

08

**Staff Expenses**

09

**Tax**

10

**Related  
Parties**

11

**Share  
Capital**

12

**Commitments &  
Contingent Liabilities**

13

**Investments in  
Subsidiaries & Associates**

14

**Fees to Auditors Appointed  
at the General Meeting**

15

**Events after  
the Balance Sheet**

# 01 Accounting Policies

## Accounting policies

The financial statements are presented in Danish Kroner (DKK), as this is the company's functional currency. The financial statements have been rounded to the nearest million.

The financial statements for Kirk Kapital have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

Kirk Kapital has during the year changed its status to become an investment entity under IFRS 10 whereby it ceases to consolidate its subsidiaries. Besides this the accounting policies used are unchanged from last year.

## Investment entity

Over the past 5 years Kirk Kapital's operating activities within shipping and aviation have gradually been exited and are now less material. Kirk Kapital has therefore decided to change its status under IFRS to investment entity due to it having the following characteristic under IFRS 10.27:

- It holds funds from multiple investors
- Its business objective is to invest funds with the purpose of capital appreciation, profit on divestments and/or dividends
- Its investments are measured and evaluated at fair value

In accordance with IFRS 10 Kirk Kapital does not consolidate its subsidiaries and does not apply IFRS 3 when obtaining control over new investments.

The change does not have any impact on the 2021 year end result as the total comprehensive income for 2021 is unchanged at DKK 1,354 million. In brief, it has not materially affected the comprehensive income statement within line items net investment result DKK +28 million, other operating income DKK -30 million, expenses DKK -11 million and tax DKK +13 million.

Total assets and liabilities have decreased DKK 153 million – mainly debt with collateral and intercompany debt, offset in relevant asset values.

In statement of cash flow, then, cash position allocated to Financial Investments is considered an investment activity and not included in net cash positions as earlier years. Further, movements on intercompany balances are part of each investment category and are thus investment activity and not a change in working capital.

## Foreign currency translation

### *Transactions and balances*

Transactions in currencies other than the company's functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

## Comprehensive income statement

### *Other operating income and expenses*

Other operating income and other expenses comprise items of a secondary nature to the main activities of the company.

### *Financial income and expenses*

Financial income and expenses include interest, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans.

### *Leases*

The right-of-use asset and corresponding lease liability will be recognised at the commencement date, the date the underlying asset is ready for use. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Kirk Kapital will exercise that option.

Depreciations are done following the straight-line method over the lease term or the useful life of the assets.

Kirk Kapital applies the short-term lease recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 month or less for all classes of underlying assets, and the exception for lease contracts for which the underlying asset is of low value.

Right-of-use assets normally have the following lease terms:

Rental of Premises	1-30 years
Other Assets	1-5 years

Financial highlights

Explanation of financial ratios:

Solvency Ratio =  $\frac{\text{Equity at year-end} \times 100}{\text{Total Assets at year-end}}$

Return on Equity =  $\frac{\text{Net Profit for the year} \times 100}{\text{Average Equity}}$

The financial ratios have been computed in accordance with the latest guidelines issued by the Danish Finance Society.

# 02 Critical Accounting Estimates & Judgements



In the preparation of the financial statements according to IFRS, management is required to make certain estimates: those financial statement items that cannot be reliably measured must be estimated, as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

## Critical accounting estimates

Financial assets are either measured at amortised cost or fair value through profit and loss. Assets and liabilities at fair values have been measured using either of the below three levels of fair value hierarchy:

### Level 1:

Quoted prices in active markets for identical markets

### Level 2:

Inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly

### Level 3:

Input for the liabilities and assets that are not based on observable market data. These fair value measurements are from either external portfolio managers or by management estimates using multiples from similar investments or using fair value calculations models such as DCF models.

For each investment category it is described which level of fair value hierarchy is used.



# 03 Strategic Investments

## Accounting policy

Strategic Investments are defined as larger illiquid minority investments with an active ownership agenda. The portfolio is shown on page 22 & 23. The investments are owned through the subsidiary Kirk Kapital Strategic Investments A/S.

Realised and unrealised gains and losses on fair value adjustments are recognised in the comprehensive income statement in the financial year in which they arise. Realised gains and losses on sale of financial assets are calculated on the basis of the valuation beginning of the financial year. Purchase and sale of investments are recognised on trade date. Dividends from portfolio companies are assumed realised at fair value and thus without comprehensive income impact. Realised direct transaction costs and earnings are included under realised gains and losses. Indirect costs in Kirk

Kapital Strategic Investments A/S are included under expenses, net of any intercompany earnings and costs. The minority investments are recognised in accordance with IFRS 9 at fair value through profit and loss. The minority investments are initially recognised at fair value and subsequently adjusted to fair value. Dividends received from Strategic Investments are recognised as unrealised gains and losses.

Investment properties are recognised at cost comprising the acquisition price and costs of acquisition and subsequently measured at fair value. Other investment assets are mainly investments in aircraft together with other run-off investments which are recognised and measured under the equity method less any assets attributable to other investment categories. The underlying assets are measured at fair value.

## Significant accounting estimates and judgements

Valuation of investments in Strategic Investments at fair value is based on estimates and assumptions as regards to the fair value of each individual company in the Strategic Investments portfolio, using valuation hierarchy 3. These investments amount to DKK 6,201 million in 2022 (DKK 4,293 million in 2021).

For the majority of the investments (DKK 5,897 million in 2022 and DKK 3,700 million in 2021), the fair value is primarily estimated using last-twelve-month valuation metrics (LTM Metric) and a valuation multiple. The value derived is adjusted for net interest-bearing debt (NIBD).

The LTM Metric and NIBD are based on normalised reported figures by the portfolio companies. The LTM

## 03

Metrics applied are EBITDA, earnings and revenue depending on the type of company. An increase in the portfolio's share of NBID of DKK 100 million will affect the profit and loss account negatively by DKK 100 million, while a change in the LTM Metrics of 10% will affect the profit and loss account by around DKK 762 million.

The most subjective parameter in the valuation model is multiples estimated to be a reasonable proxy of markets multiples of comparable companies. The valuation multiples are set with reference to relevant market multiples and transaction multiples. If the valuation multiples used are changed by 1x, then it would have an impact in the comprehensive income statement of around DKK 733 million.

It is management's assessment that the assumptions and estimates used are reasonable.

DKK (millions)	2022	2021
<b>Investment Result</b>		
Realised Gains & Losses for the Year, Net	525	96
Unrealised Value Adjustments, Net	1,221	1,209
<b>Total Strategic Investments</b>	<b>1,746</b>	<b>1,305</b>
<b>Invested Capital</b>		
Investment in Portfolio Companies at Fair Value	6,181	4,239
Investment Properties	20	20
Other Investments	0	34
<b>Total Strategic Investments</b>	<b>6,201</b>	<b>4,293</b>

# 04 Financial Investments

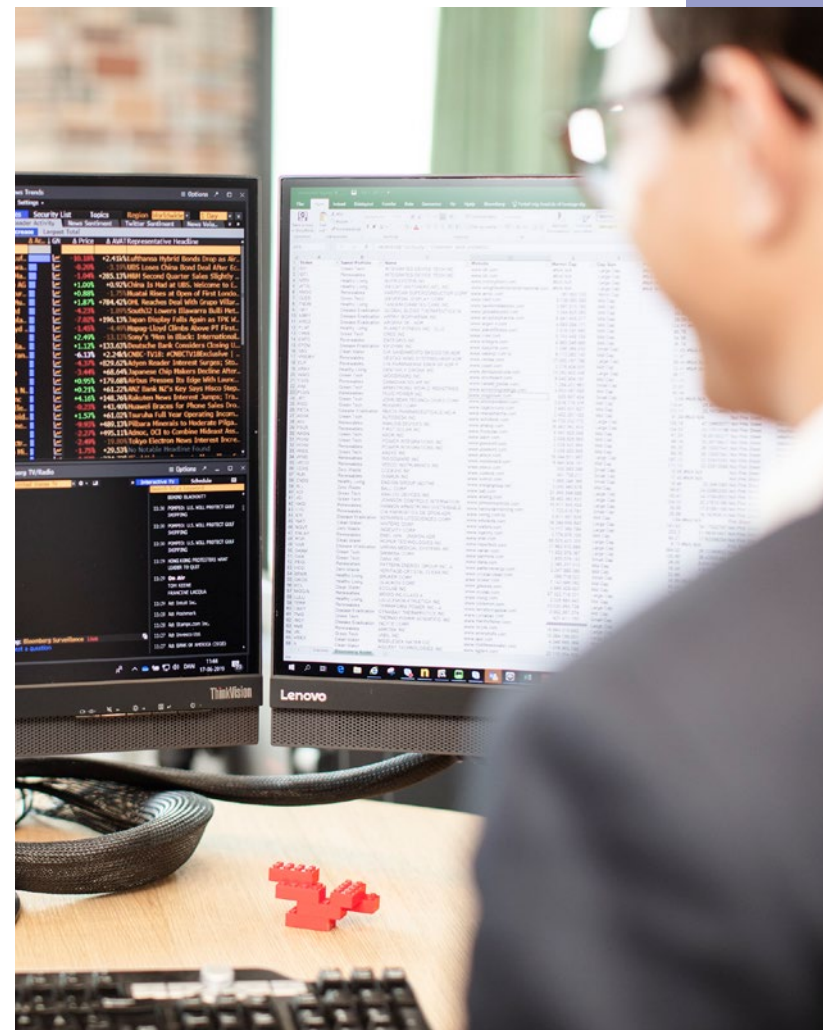
## Accounting policy

Financial Investments is a portfolio of financial assets managed by Kirk Kapital Fondsmæglerselskab A/S who invest the portfolio to maximise the risk-adjusted return.

Financial assets categorised as Financial Investments are recognised in accordance with IFRS 9 at fair value through statement of comprehensive income. Investments are initially recognised at fair value and subsequently adjusted to fair value. Dividends received from investments are included in value adjustments.

Costs directly attributable to Financial Investments are allocated to the comprehensive income as realised gains and losses.

Financial Investments are classified as non-current assets since they are considered a long-term investment portfolio. DKK 1,566 million is estimated to be realisable within three months.



## 04

### Significant accounting estimates and judgements

Financial Investments are measured at fair value using either level one or level three in the fair value hierarchy. Fixed income and equities are based on observable market data, and are thus level one. Alternatives are based on valuations of net asset value provided by external portfolio managers, and are thus level three. Management and Kirk Kapital Fondsmæglerselskab A/S are continually monitoring the external portfolio managers and evaluating valuations.

Please refer to note 6 for further information on Market Risk.

DKK (millions)	2022	2021
<b>Investment Result</b>		
Realised Gains & Losses for the Year, Net	(185)	42
Unrealised Value Adjustments, Net	25	316
<b>Total Financial Investments</b>	<b>(160)</b>	<b>358</b>
<b>Invested Capital</b>		
Cash & Cash Equivalents	100	59
Fixed Income	347	332
Equities	854	1,162
Alternatives	992	958
<b>Total Financial Investments</b>	<b>2,294</b>	<b>2,511</b>

# 05 Vejle Investments

## Accounting policy

Vejle Investments are defined as illiquid majority investments within the Vejle area.

The subsidiary Kirk Property A/S contains two investments: Fjordenhus, which is Kirk Kapital's domicile, and investment properties through Kirk Property A/S's subsidiary Havneøen 1 P/S.

Kirk Property A/S (excluding Havneøen 1 P/S) is recognised and measured under the equity method – the proportionate share of the net asset values. Fjordenhus is measured at cost less accumulated depreciation and impairment losses.

Investment properties (either owned directly or through subsidiaries) are measured at cost comprising

the acquisition price and costs of acquisition. The cost of self-constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components, and sub suppliers up until the time when the asset is ready for use. Investment properties constructed for sale are held at cost less impairments if market value is lower than costs. Investment properties constructed to lease are, after initial recognition, measured at fair value.

Non-current receivables are measured at amortised cost. Other equity investments are recognised and measured under the equity method, which is at the proportionate share of the net asset values.

## Significant accounting estimates and judgements

Investment properties at fair value are net of any asset-backed finance. The gross value of Investment Properties at fair value is DKK 282 million. Investment properties at fair value consist of rental properties together with forest and agriculture land. Geographically the properties are located either in Vejle or in the vicinity of Vejle.

Investment properties are measured at fair value using level three in the fair value hierarchy, by either obtaining an external valuation report or using capitalisation models. Such models are based on assumption on future rent levels, vacancy levels, operating and maintenance costs, and yield requirements, and thus contain a number of accounting estimates.

## 05

Buildings valued using a capitalisations model are measured at an average rate of return of 5.3% to 6.1%. The average rate of return used is based on an assessment of locations, usage, and condition. An increase in the rate of return of 0.5% will impact the value of rental property negatively by approx. DKK 17 million before tax.

Fair value of the forest and agriculture land is estimated at DKK 115,000 per hectare (2021: 115,000 per hectare). A change of the price per hectare of 1% will impact the value of the forest and agriculture land by approx. DKK 0.6 million before tax.

It is management's assessment that the assumptions and estimates used are reasonable.

DKK (millions)	2022	2021
<b>Investment Result</b>		
Realised Gains & Losses for the Year, Net	0	(1)
Unrealised Value Adjustments, Net	18	(93)
<b>Total Vejle Investments</b>	<b>18</b>	<b>(94)</b>
<b>Invested Capital</b>		
Fjordenhus	237	220
Investment Properties, Fair Value	95	66
Investment Properties, Cost	64	49
Non Current Receivables	12	12
Other Equity Investments	20	30
<b>Total Vejle Investments</b>	<b>429</b>	<b>377</b>



# 06 Financial Risk Management

## Financial risk factors

The company's financial risk exposure is mainly centred around its Strategic Investments and Financial Investments. Financial risk management is managed individually for each investment category by the Strategic Investments team and Kirk Kapital Fondsmæglerselskab A/S. Overall risk analysis is performed in connection with setting the company's investment strategy and capital allocation, which is discussed with and approved by the board.

The company's financial risk profile is mainly dominated by market risk, where the company has high exposure to security prices and long-term equity market movements. The company has moderate exposure to interest rates and currency rates. To a lesser extent, the company is also exposed to credit risk and liquidity risk.

Derivatives financial instruments are mainly used to reduce financial risk exposure. Where all relevant cri-

teria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans or contracts and investment in foreign currency at the fixed foreign currency rate for the hedged investments.

For hedges of net investments in foreign currencies and financial assets denominated in foreign currencies, the company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The company therefore performs a qualitative assessment of effectiveness. Under the company's policy the critical terms of the forwards must align with the hedged items.

## Market risk

### Share price risk

A portion of the company's Financial Investments assets is directly exposed to short-term movements in

security prices since DKK 854 million is listed equities and valued using observable prices on stock-exchanges. 10% in short-term negative movement in stock prices would affect the portfolio negatively with 11.1% in the short term corresponding to DKK 95 million.

Strategic Investments at fair value DKK 6,181 million and alternatives under Financial Investments of DKK 992 million are measured at fair value using non-observable data, but data which to some extent is related to long-term market conditions. While these investments are thus not directly exposed to short-term stock price movement, there remains risk related to long-term market movements.

### Foreign exchange risk

The company's currency exposure can be divided into two categories of exposure and risks.

## 06

One category is investments denominated in currencies other than DKK/EUR. As per 31 December 2022, investments denominated in currency other than DKK/EUR amount to DKK 1,392 million and the exposure is mainly related to USD and NOK. Derivatives are used to hedge some of the currency risk in USD and the net exposure is reduced to DKK 1,179 million. The overall hedging rate is 15%, per 31 December 2022. The duration of the hedging contracts has a total maturity of less than three months following the end of the reporting period.

A change of 10% in exchange rates other than DKK/EUR would have a short-term effect on the total comprehensive income by DKK 118 million.

The second category is the underlying currency risk in any investment regardless of exchange rate denomination where the investments are operating in a global market. Some of the investments are subject to currency exposure due to imbalances in revenue and expenses generated in foreign currencies mostly related to USD.

The risk is managed by the portfolio companies and fund managers and evaluated by the Strategic Investments team and Kirk Kapital Fondsmæglerselskab A/S.

#### *Interest rate risk*

The company's interest exposure can be divided into three categories of exposure and risks.

The first category is interest rate risk related to the company's debt instruments of DKK 547 million. An increase in interest rate of 1% would negatively affect other financials with 1% corresponding to DKK 5 million.

The second category is interest rate risk related to the company's fixed income investments of DKK 347 million. An increase in interest of 1% would negatively affect the fixed income investments with 3.4% corresponding to DKK 12 million.

The third category is the underlying interest rate risk of debt instruments in the underlying investments

in each investment category. The risk is managed by the portfolio companies and fund managers which is evaluated by the Strategic Investments team and Kirk Kapital Fondsmæglerselskab. In terms of Vejle Investments the interest rate risk is handled by management. Debt instruments amount to DKK 450 million. An increase in interest rate of 1% would positively affect the Vejle Investments with 2.2% corresponding to DKK 10 million.

#### *Credit risks*

The company's primary credit exposure is related to fixed income investments, financial instruments and cash positions. Major single exposures are either exposures to counterparts with good credit ratings and/or other supporting security measures in place. The overall credit risk is considered low.

#### *Liquidity risk*

The company manages its liquidity risk by continuously monitoring and assessing the liquidity positions.

## 06

Based on the relatively liquid Financial Investments and relatively low level of borrowings and liabilities the liquidity risk is considered low.

#### Maturity analysis

The table collates the company's financial liabilities in relevant maturity groupings based on the remaining period at the balance sheet date and contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>Maturity Analysis - Liabilities</b> DKK (millions)	Less than 1 Year	Between 1 and 5 Years	More than 5 Years	Total
<i>2022 Non-Derivatives:</i>				
Credit Institutions	547	0	0	547
Trade Payables	1	0	0	1
Lease Liabilities	3	13	50	66
Other Payables	37	50	180	267
<b>Total Liabilities as of 31.12.2022</b>	<b>588</b>	<b>63</b>	<b>230</b>	<b>881</b>
<i>2021 Non-Derivatives:</i>				
Credit Institutions	146	0	0	146
Lease Liabilities	3	12	54	69
Other Payables	153	50	50	253
<b>Total Liabilities as of 31.12.2021</b>	<b>302</b>	<b>62</b>	<b>104</b>	<b>468</b>

Fair value of debt correspond approximately to amortised cost of debt.

## 06

**Financial Assets per Measurement Category**

DKK (millions)	2022	2021
<i>Financial Assets at Fair Value:</i>		
Strategic Investments	6,201	4,293
Financial Investments	2,294	2,511
Vejle Investments	95	66
<i>Financial Assets at Amortised Costs:</i>		
Non Current Receivables	12	12
Other Loans & Receivables	8	7
Cash & Cash Equivalents	0	1

**Financial Liabilities per Measurement Category**

DKK (millions)	2022	2021
<i>Financial Liabilities at Amortised Costs:</i>		
Lease Liabilities	66	69
Credit Institutions	547	146
Other Payables	268	253

**Measurement and fair value hierarchy**

Measurement and fair value hierarchy is specified under each investment: please refer to note 3 ('Strategic Investments'), note 4 ('Financial Investments') and note 5 ('Vejle Investments').



## 07 Expenses

DKK (millions)	Note	2022	2021
Expenses Profit & Loss		185	158
Expenses Related to Subsidiaries		(2)	(5)
<b>Expenses Kirk Kapital</b>		<b>183</b>	<b>153</b>
Staff Expenses	8	158	125
Other External Expenses & other Operating Expenses		25	28
<b>Expenses Kirk Kapital</b>		<b>183</b>	<b>153</b>

# 08 Staff Expenses

## Accounting policy

Staff expenses comprise wages, salaries, social security contributions, leave and sick leave, bonuses and non-monetary employee benefits and are recognised in the year in which the services are rendered. Whenever Kirk Kapital provides long-term employee benefits, the costs are aggregated to match the rendering of the services by the employees.

## Key management compensation

Executive Management only consists of one member whereas the remuneration of the Executive Management and the Board of Directors is disclosed collectively with reference to §98b (3) of the Danish Financial Statements.

Incentive plans comprise a short-term incentive plan based on yearly performance and a long-term incentive plan related to long-term goals regarding value creation. Remuneration of key management amounts to DKK 86 million in 2022 and DKK 70 million in 2021.

DKK (millions)	2022	2021
Wages & Salaries	155	122
Pensions & Other Staff Expenses	3	3
<b>Total Staff Expenses</b>	<b>158</b>	<b>125</b>
<hr/>		
<b>Average Number of Employees</b>	<b>20</b>	<b>20</b>



# 09 Tax

## Accounting policy

The company is jointly taxed with Danish Group companies and acts as the administrative company. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income

based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.



**Income Tax Expense**

DKK (millions)	2022	2021
Tax Comprehensive Income	(40)	64
Tax Related Subsidiaries & Associated	7	13
<b>Total Tax Kirk Kapital</b>	<b>(33)</b>	<b>77</b>
<i>Breakdown of Total Tax:</i>		
Current Tax on Comprehensive Income for the Year	(36)	89
Current Tax on Comprehensive Income for Previous Years	3	(7)
Deferred Tax for the Year & Previous Years	0	(5)
<b>Total Tax Kirk Kapital</b>	<b>(33)</b>	<b>77</b>

**Income Tax are Specified as Follows**

DKK (millions)	2022	2021
Calculated 22.0% Tax on Comprehensive Income for the Year Before Tax	312	312
<i>Tax Effects of:</i>		
Income from Strategic Investments (Subsidiaries & Associates)	(375)	(273)
Income from Vejle Investments (Subsidiaries & Associates)	(3)	(21)
Adjustment from Previous Years	3	(7)
Other	29	24
<b>Total Tax Kirk Kapital</b>	<b>(33)</b>	<b>77</b>
<b>Effective Tax Rate</b>		
	<b>(2%)</b>	<b>5%</b>

# 10 Related Parties

Kirk Kapital's related parties comprise Casper Kirk Johansen, Marianne Fyhring Johansen, Anders Kirk Johansen and close family members together with the Board of Directors and the Executive Management of Kirk Kapital. Related parties also comprise subsidiaries. Related parties further comprise companies where the mentioned shareholders have significant influence: Selmont A/S, M.Kirk A/S, A.Kirk A/S, Pil & Birk Holding A/S, C2 A/S, CKKJ Cosmo ApS, JKJ Cosmo ApS, Edith & Godtfred Kirk Christiansens Fond and subsidiaries.

As major shareholders, Casper Kirk Johansen and Anders Kirk Johansen have significant influence in Kirk Kapital.

In the financial year, a limited number of transactions related to services took place between Kirk Kapital and its owners and between Kirk Kapital and its subsidiaries. These services were paid on normal market terms.

There were no transactions with the Board of Directors or the Executive Management besides transactions related to employment.

For information about remuneration to the Board of Directors and the Executive Management, see note 8.



10

DKK (millions)	2022	2021
<i>Transactions with Related Parties:</i>		
<b>Subsidiaries</b>		
Administration & Management Fee Income	48	35
Administration & Management Fee Expenses	6	6
Rental Expenses	4	4
Intercompany Interest Income	6	1
Intercompany Interest Expenses	0	2
<b>Other Related Parties</b>		
Administration & Management Fee Income	3	3
Salaries	86	70

DKK (millions)	2022	2021
<i>Year-End Balances Arising from Transactions with Related Parties:</i>		
<b>Subsidiaries</b>		
<i>Receivables included in the balance sheet under:</i>		
Strategic Investments	103	0
Vejle Investments	31	0
<b>Receivables</b>	<b>134</b>	<b>0</b>
<i>Payables included in the balance sheet under:</i>		
Strategic Investments	9	94
Vejle Investments	0	1
<b>Payables</b>	<b>9</b>	<b>95</b>
<b>Other Related Parties</b>		
Receivables	3	3
Payables	174	81

No other year-end balances or transactions have taken place during the year with the Board of Directors, the Executive Management, shareholders or other related parties.

# 11 Share Capital

## Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Proposed dividends are disclosed as a separate item under equity and recognised as a liability when declared.

## The Share Capital Comprise

	Number of Shares	Nominal Value
		(%)
A Shares	57,709,000	58
B Shares	42,291,000	42
<b>Share Capital</b>	<b>100,000,000</b>	<b>100</b>

All shares have nominal value of DKK 1.

There have been no changes in the share capital during the last 5 years.

Each A share has 10 votes at the annual general meeting. Each B share has 1 vote at the annual general meeting.



# 12 Commitments & Contingent Liabilities

## Contingent liabilities

Remaining commitments regarding participation in investment projects amount to a maximum of DKK 897 million.

Security has been given in investment properties at a net carrying amount of DKK 61 million for the mortgage loans.

Kirk Kapital has provided a guarantee of a maximum of DKK 412 million to financial institutions in which the company's subsidiaries and associates have loans and other engagements.

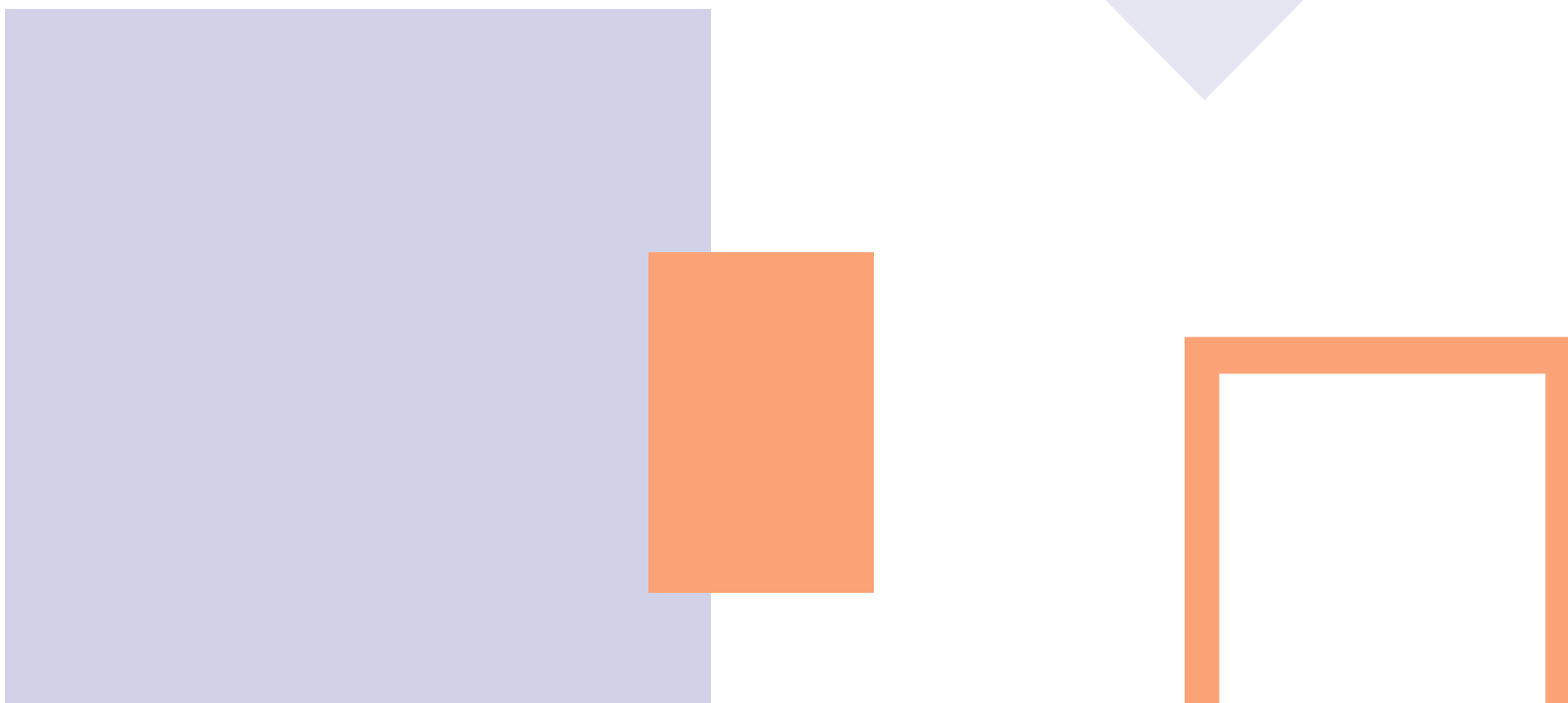
Kirk Kapital has entered into a cash pool agreement. As per 31 December 2022 the net withdrawal on the cash-pool agreement was DKK 163m.

## Joint taxation scheme

Kirk Kapital and its Danish group companies are jointly and severally liable for tax on the jointly taxed incomes, etc. Kirk Kapital is the administrative company of the joint taxation. Kirk Kapital and its Danish group companies are jointly and severally liable for the joint taxation liability. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest.



# **13 Investments in Subsidiaries & Associates**



Name	Place of Registered Office	Share Capital DKK (millions)	Votes	Ownership
<b>Subsidiaries</b>				
Kirk Kapital Strategic Investments A/S	Vejle, Denmark	100.0	100%	100%
Kirk Kapital Fondsmæglerselskab A/S	Vejle, Denmark	1.4	100%	100%
KIRK Farm A/S	Vejle, Denmark	0.5	100%	100%
KIRK Shipping A/S*	Vejle, Denmark	0.5	100%	100%
Gunhild Kirk A/S*	Vejle, Denmark	0.5	100%	100%
Edith Kirk A/S*	Vejle, Denmark	0.5	100%	100%
Marie Kirk A/S*	Vejle, Denmark	1.5	100%	100%
Marianne Kirk A/S*	Vejle, Denmark	0.5	100%	100%
Anja Kirk A/S*	Vejle, Denmark	0.5	100%	100%
KIRK Aviation A/S*	Vejle, Denmark	10.0	57%	40%
KKAG Komplementarselskab ApS*	Vejle, Denmark	0.1	57%	40%
KA1 P/S*	Vejle, Denmark	3.2	57%	40%
KN Operating Ltd.*	Dublin, Ireland	0.0	57%	40%
KIRK Property A/S	Vejle, Denmark	0.6	100%	100%
Havneøen 1 P/S	Vejle, Denmark	0.4	100%	100%
Komplementarselskabet Havneøen 1 ApS	Vejle, Denmark	0.1	100%	100%
KIRK Suites ApS	Vejle, Denmark	0.0	100%	100%
<b>Associates:</b>				
K/S Høje-Taastrup	Bredsten, Denmark	18.0	19%	19%
Høje-Taastrup ApS	Bredsten, Denmark	0.1	19%	19%
Virumgårdsvej 17 ApS	Virum, Denmark	0.5	50%	50%

\*Financial Statements are presented in USD, which is the functional currency of the company.

# 14 Fees to Auditors Appointed at the General Meeting

DKK (millions)	2022	2021
Audit Fee	0	0
Tax Advisory Services	0	1
Non-Audit Services	0	0
<b>Total Auditors Fee</b>	<b>1</b>	<b>1</b>

# 15 Events after the Balance Sheet Date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



# Management's Statement

The Board of Directors and the Executive Board have today considered and approved the annual report of Kirk Kapital A/S for the financial year 1 January – 31 December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in 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 2022 and of the results of their operations and

cash flows for the financial year 1 January – 31 December 2022.

In our opinion, the management commentary contains a fair review of the development of the company's business and financial matters, the results for the year and of the company's financial position, together with a description of the principal risks and uncertainties that the company faces.

We recommend the Annual Report for adoption at the annual general meeting.

*Vejle, 25 April 2023*

## **Executive Management**

Kim Gulstad

## **Board of Directors**

Casper Kirk Johansen, Chairman

Anders Kirk Johansen

Peter Beske Nielsen

Birgitte Nielsen

Jens Winther Moberg





# Independent Auditor's Report

*To the shareholders of Kirk Kapital A/S*

## Opinion

We have audited the financial statements of Kirk Kapital A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

## Basis for opinion

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

## Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

## 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 International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of finan-

cial 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, for disclosing, as applicable, matters related to going concern, and for 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.

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 Entity'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 content of the financial statements, including the disclosures in the notes, 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.

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*Aarhus, 25 April 2023*

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

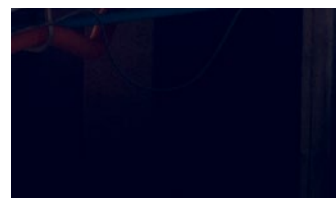
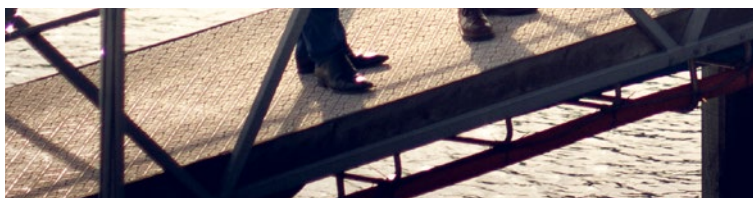
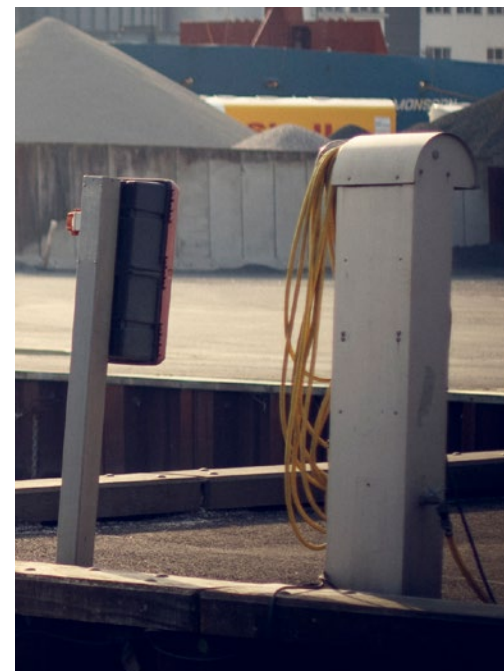
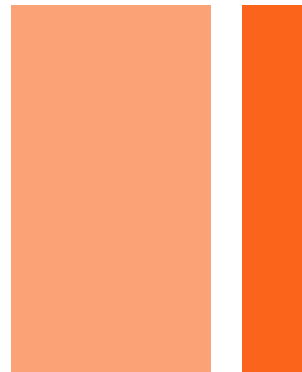
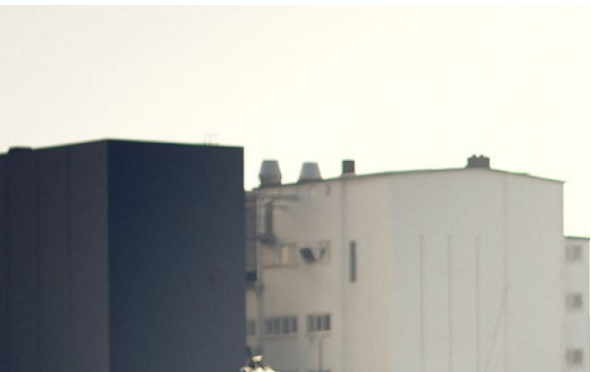
Thomas Rosquist Andersen  
State Authorised Public Accountant  
Identification No (MNE) mne31482

Søren Marquart Alsen  
State Authorised Public Accountant  
Identification No (MNE) mne40040

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# ESG Report 2022



## ESG Report 2022

# 05

### ESG

78	Letter from CEO
82	Kirk Kapital's ESG Framework
83	ESG within Investment Activities
85	Strategic Investments
86	Financial Investments
88	Inside Kirk Kapital

## Annual Report 2022

# 04

### Financial Statements

36	Comprehensive Income Statement
37	Balance Sheet Statement
38	Changes in Equity Statement
39	Cash Flow Statement
40	Notes
68	Management's Statement
70	Independent Auditor's Report

# 03

### Board & Management Composition

32	Board of Directors & Executive Management
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# 02

### Our Business Activities

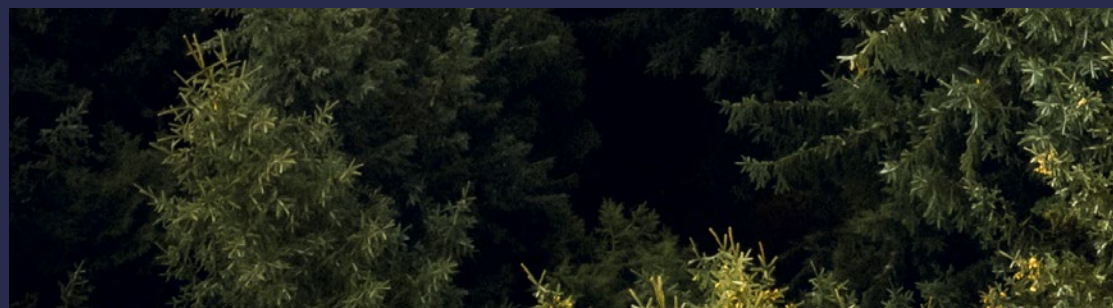
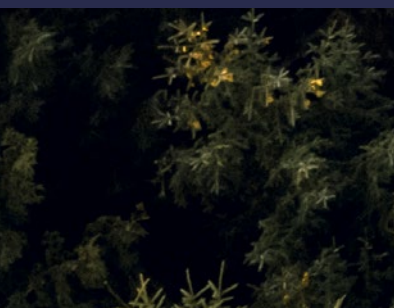
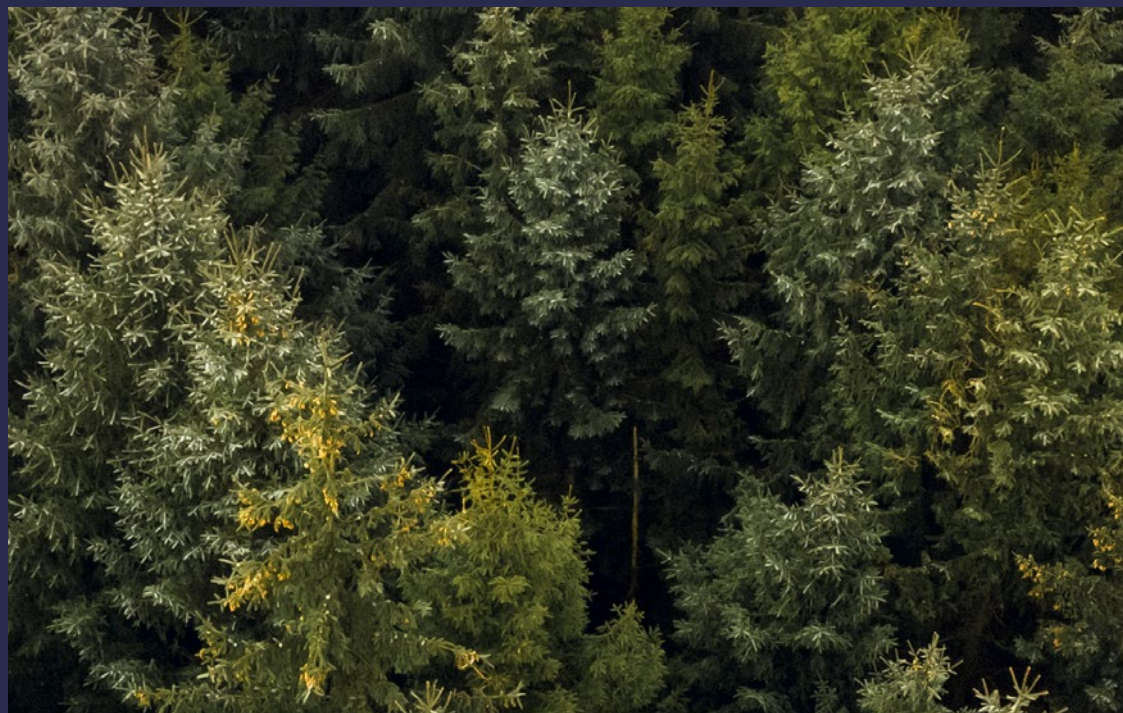
18	Activities Overview
20	Strategic Investments
24	Financial Investments
26	Vejle Investments
28	Business & Financial Risk

# 01

### Introduction

08	Our Heritage
08	What We Do
12	2022 at a Glance
14	Financial Highlights







05

ESG



# Letter from the CEO



Kim Gulstad  
CEO



Kirk Kapital's purpose is to create long-term prosperity for our shareholders, partners, and employees. Prosperity, in our view, is about much more than wealth creation. It is also about ensuring well-being in a broader context. Our ambition is therefore also to do our part in helping to build a better world.

Our heritage and legacy from LEGO, and a solid set of family-based values, have ensured that Kirk Kapital has always acted with a high degree of integrity, responsibility, and honour. Today, these values can be categorised as ESG.

In 2021, Kirk Kapital issued its first ESG Report which was a first important step towards our more formalised approach to ESG. I am happy to issue our second report in 2022, and comment on the important progress we have made.

### **We want to inspire**

Kirk Kapital intends to showcase responsible behaviour in everything we do, both when it comes to investing our capital and within our own organisation.

With our capital, we want to exhibit responsible ESG behaviour with the objective of increasing risk-adjusted investment returns. Due to our defined investment strategy, and limited size in a global context, Kirk Kapital cannot dictate a specific ESG agenda within our investments. However, we can positively select investments, and we can encourage and inspire others to act responsibly. Furthermore, our ESG voice is more convincing if we also apply our ESG principles internally, which is what we have set out to do.

This is why Kirk Kapital wants to lead by example, and proactively inspire external stakeholders to make sustainable ESG changes.

### **Our sustainability commitment**

Kirk Kapital joined the UN Global Compact in 2021, and we have since been committed to doing business responsibly and according to the ten principles of human rights, labour, environment, and anti-corruption. With this letter, we are expressing our continued support for the UN Global Compact and renewing our ongoing commitment to the initiative.

In 2021, Kirk Kapital also selected four UN Sustainable Development Goals (SDG), which we focus on internally. These are: 5. Gender equality; 8. Decent work and economic growth; 13. Climate action; and finally, 16: Peace, justice, and strong institutions. The structured focus on these areas has yielded early positive results, as described in this ESG Report.

This year, Kirk Kapital has initiated the mapping of our CO<sub>2</sub> footprint. This will provide us with a transparent overview of our current negative CO<sub>2</sub> footprint, and where the main negative contributions come from. This, in turn, will better enable us to prioritise our CO<sub>2</sub> reduction initiatives, and tackle SDG item 13.

### **The ESG Report 2022**

This report serves as our annual communication on progress (CoP) as a signatory to the UN Global Compact, and as our reporting on underrepresented gender in management, data ethics and Corporate Social Responsibility.





**“ With our capital, we want to exhibit responsible ESG behaviour with the objective of increasing risk-adjusted investment returns.”**



Kim Gulstad, CEO







Kirk Kapital’s

# ESG Framework

The UN Global Compact and the four SDGs highlight the themes we focus on. As reported last year, we have devised a tool that we call the Kirk Kapital ESG Compass, which helps determine how we will work with sustainability.

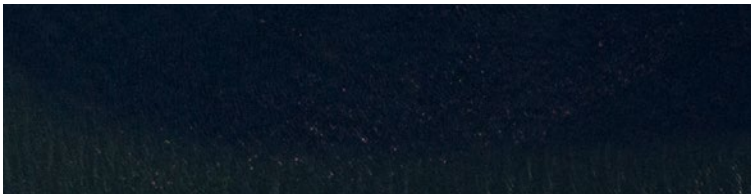
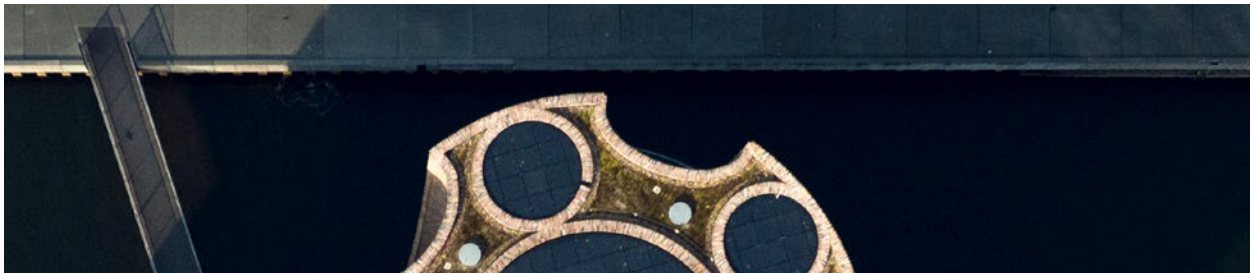
Our ESG Compass consists of four pillars: Screening & Alignment; ESG Integration; Active Ownership & Engagement; and Sustainable Development & Impact. Through our ESG Compass and our commitment to both the UN Global Compact and the four chosen SDGs, we want to inspire companies to take responsibility. Not just because it is a part of our legacy and heritage, but also because it is the core of Kirk Kapital’s values and purpose.

# ESG within Investment Activities



Kirk Kapital's main investment activities consist of our Strategic Investments and our Financial Investments (see chapter 1 & 2 of this report for further information about our business model). Within Strategic Investments, we acquire larger minority shareholdings (25-49%) in companies while applying an active ownership agenda through board representation. Within Financial Investments, Kirk Kapital manages multiple individual portfolios, where each portfolio is tailored to our partners' precise requirements and wishes. The portfolios consist of a wide range of investments including fixed income, listed equities and alternatives.

While the activities of our two main investment activities are different in nature, we have devised a common ESG Compass strategy, which is the main framework for our ESG approach. Hence, this serves as the main framework for our ESG approach with regards to our main investment activities.





# Strategic Investments

As the investment strategy is to conduct larger minority shareholdings, Kirk Kapital cannot dictate a specific ESG agenda within our investments. However, we can positively select investments, and we can encourage and inspire others to act responsibly. This is our ESG strategy, and our activities are aligned to fulfil this strategy.

## ESG is an integral part of the due diligence process

As a standard requirement prior to all new potential investments, a specific ESG diligence is conducted in connection with the due diligence. We adopt a dynamic sustainability materiality framework in order to assess key ESG factors relevant to the company and the industry in which it operates.

Our sustainability due diligence process consists of four steps: 1. Identify material ESG topics; 2. Request ESG information and documentation from the target; 3. Q&A session; and 4. ESG Due Diligence Report.

Five sustainability criteria have been defined: 1. Well-defined ESG management and resources; 2. Alignment with UN Global Compact principles; 3. Implemented material sustainability initiatives and KPIs; 4. Contribution to UN SDGs; and 5. Limited ESG risk exposure. These will be assessed, and a score will be concluded, which will lead to an overall sustainability score. The overall sustainability score is included in our overall investment recommendation.

In 2022, we carried out ESG due diligence process in connection with new potential investments. All reviews were concluded satisfactory, providing us with a clear overview of each company's total sustainability score.

## ESG Board Engagement Policy

The objective of the ESG Board Engagement Policy is to govern how Kirk Kapital representatives take an active role on the boards of our Strategic Investments portfolio companies.

Knowledge of best practice ESG and a sound understanding of ongoing ESG regulatory initiatives are part of the expected skillset of our investment professionals. As board members in our portfolio companies, they can inspire from the top and stress the importance of ambitious sustainability management. We are committed to using our influence to encourage companies to improve their management of ESG topics. We believe that such an approach can deliver benefits in several ways, not least in obtaining better information on ESG risks and opportunities.

In 2022, all board members serving on portfolio company boards employed by Kirk Kapital have signed the ESG Board Engagement Policy, and everyone is adhering to our company guidelines.

# Financial Investments

Our multiple individual portfolios consist of a wide range of investments including fixed income, listed equities and alternatives. In a global context, Kirk Kapital's individual investments are limited in size and we cannot dictate a specific ESG agenda within each of these investments. However, we can positively select investments, and we can encourage and inspire others to act responsibly. This is our ESG strategy, and our activities are aligned to fulfil this strategy.

## Responsible Investment Policy

In 2021, Kirk Kapital Fondsmæglerselskab A/S adopted the Responsible Investment Policy (RI Policy). The RI Policy serves as a framework to guide our investment decisions – ultimately influencing our investment strategy.

Kirk Kapital Fondsmæglerselskab A/S has also been a signatory of the UN PRI since 2021. The UN Principles for Responsible Investment is the world's leading proponent for responsible investment. It is a network comprised of investors (signatories), who are committed to

adopting six principles of operation. The PRI works to achieve a sustainable global financial system by encouraging the adoption of its principles and collaboration on implementation; by fostering good governance, integrity, and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures, and regulation.

## ESG Committee

Kirk Kapital Fondsmæglerselskab A/S has an ESG Committee with the purpose of supporting our journey towards more responsible and sustainable financial investments. The ESG Committee meets three times a year and draws on internal as well as external resources to ensure a wider range of insights, competencies, and perspectives in the sustainability field. The committee continuously defines and challenges our level of ambition on sustainable investments to make sure we stay ahead of the curve. It will monitor our surrounding community and the sustainability field and review our RI Policy. The committee also has practical responsibil-

ities such as evaluating external managers on sustainability performance.

In 2022, the ESG Committee has carried out its duties, and it is generally satisfied with our ESG progress. The ESG Committee consists of both internal and external members. The external members are represented by both customers and experts.

## Managing ESG evaluation framework

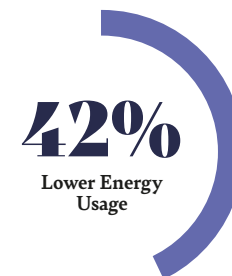
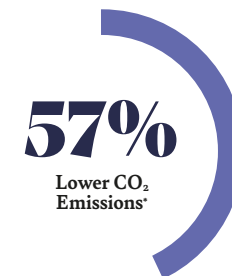
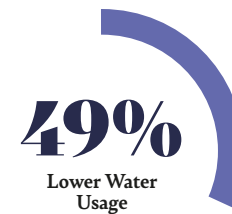
Kirk Kapital Fondsmæglerselskab A/S predominantly invests through funds managed by external managers. Hence, it is crucial that we evaluate their ESG policies and actions continuously. Our external managers are expected to be co-signatories of the UN PRI and to have strong and/or improving ESG practices in place. For us to monitor their work systematically, we have developed a framework for evaluating their ESG performance. The evaluation framework mixes feedback, reviews, and classic assessment within five focus areas with an annual questionnaire customised to fit listed equities, credit,

sovereign bonds, liquid alternatives, and private markets. The questionnaires have been designed for each of these asset classes to best reflect ESG practices informed by leading sustainability bodies such as the UN PRI. There are different options and levels of transparency in our managers' ESG performance across asset classes. More and more ESG data is becoming available for listed companies in very different shapes and sizes, allowing us to complement our own due diligence framework with quantitative sustainability data from the market itself. However, this requires that we can navigate the available data and focus on solid data from standardised options. With unlisted companies, this kind of insight is more limited, emphasising the need for an even more thorough dialogue with the managers regarding decision-making and tools.

For 2022, we are generally pleased with the ESG sustainability progress.

### We mapped our environmental footprint

ESG impact of listed equality portfolio p.a. relative to MSCI ACWI per USD 1 million of revenue



\* CO<sub>2</sub> and other gases that are recalculated into CO<sub>2</sub> equivalent.

### We reviewed our external managers' sustainability performance



Source: LGT Capital Partners, Refinitiv Data as of 30 June 2022.

# Inside Kirk Kapital



At Kirk Kapital, we are well aware of the fact that our biggest impact on society is the impact and influence we can have externally with the “voice of our capital”. Hence, this is mainly through our investment activities. However, we would – also internally – very much like to lead by example and serve as an inspiration to our surroundings and stakeholders.

Our organisation consists of around 26 people working in our offices in the Danish cities of Vejle and Hellerup.

Kirk Kapital is a signatory to the UN Global Compact, the world’s largest voluntary initiative within corporate responsibility. With this step, we commit to aligning our business strategy and operations with ten universally accepted principles within human rights, labour, environment, and anti-corruption and to taking action to advance broader societal goals.

## Employees

Our purpose is to create prosperity, not only for our shareholders and partners, but also for our employees. At Kirk Kapital, prosperity also means welfare. Since the establishment of Kirk Kapital in 2007, employee

welfare has been at the core of our business, evidenced by a family-like and trust-based working environment.

Our employee handbook is the manifestation of our policy and is available to all employees. It provides practical guidance and rules on various relevant topics such as workplace environment and professional development. We have established a thorough feedback system and have keen focus on the continued development of the individual employee. Access to further education for employees is a priority, and employees are encouraged to seek options.

Our 2022 employee survey concluded that employees were very satisfied overall. We scored 93.9 out of 100 on overall satisfaction, and we received an average score of 92.6 across all questions. This is an improvement on last year’s result, and we will strive to keep a high level going forward.

We are proud to have created a workplace with satisfied employees who can balance an ambitious career with a life outside the workplace. Stress is an employee risk and we keep a close eye on signs of employees being overworked. In a small and flat organisational

structure such as ours, management is able to observe the risks on a continuous basis, and we consider this among the most important of management tasks.

With less than 50 employees we are not required to establish a policy on equality, or report here on other management levels, but we consider equality one of our main management priorities. That is why we do our utmost to treat employees equally and always select candidates solely based on qualifications and suitability. The distribution of female/male members on the parent company's Board of Directors should be 40%/60% (with 5 persons), as defined as equal distribution of gender according to guidelines issued by the Danish Business Authority. There has been no change to the board in 2022, but we strive to reach this goal before 2025, as the split today is 20%/80%.

The distribution of female/male employees in the company is 46%/54%. At Kirk Kapital, we want to keep an eye on equal opportunity as well as see the individual and help everyone grow on their own terms through sparring at work. This has always been the case in Kirk Kapital in the past and will always be the case in the future.

## Environment

Kirk Kapital, and its directly controlled subsidiaries, have little risk of abnormal, negative environmental impact, since Kirk Kapital, and its directly controlled subsidiaries, conduct their main activities in Denmark where legislation provides guidelines and restrictions on good environmental practices. A review of our activities in 2022 shows that no events have had an abnormal, negative environmental impact.

In 2022, we undertook several initiatives in order to reduce Kirk Kapital's own CO<sub>2</sub> footprint:

- We established more charging stations for electric vehicles at our carparks for our employees
- We have continued to CO<sub>2</sub> compensate for our air travel and use electric taxis, to the extent possible, and encourage our employees to generally consider CO<sub>2</sub> friendly means of travel
- We have, to a large extent, eliminated the usage of plastic bottles for water, and implemented reusable solutions
- We have reduced the number of papers printed by 18%

**Finally, in 2022,  
we have taken the  
initiative to map  
Kirk Kapital's CO<sub>2</sub>  
footprint.**

With this mapping, we will be in a better position to prioritise our CO<sub>2</sub> reduction initiatives more effectively still.

### Data ethics

Through its IT policy, Kirk Kapital has communicated to its employees how to ensure Kirk Kapital's credibility in data handling of any sort by ensuring complete, accurate, timely and confidential use of all electronic data and personal information. These principles also cover our data ethics policy, adding specific guidelines to our employees covering the key principles for potential automation or re-purposing of data that Kirk Kapital manages through daily operations. The data ethics guidelines are tailored to address the current use of systems where no decisions are automated, and it formulates the principles to be considered in the event that Kirk Kapital seek to extend its use of data. The data ethics guidelines have been implemented in a new data ethics policy in 2022.

### Human rights

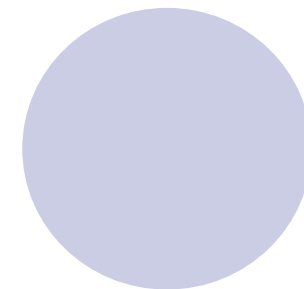
We conduct our business under Danish law, which is highly regulated in relation to human rights. The risk of violating human rights is therefore considered low. A review of our activities in 2022 shows that no events have violated any human rights. Kirk Kapital remains very conscious of our human rights responsibilities to employees, suppliers, and broader stakeholders, in line with our commitments under the UN Global Compact. In this light, in 2022 we have implemented our ESG policy with human rights in focus and thereby an increased employee awareness.

In 2023, we will continue to promote and monitor compliance with human rights.

### Anti-corruption

Kirk Kapital, and its directly controlled subsidiaries, have a limited number of business partners, and we always comply with current legislation regarding anti-corruption issues. The risk of breaching current anti-corruption legislation is considered low. In 2022 anti-bribery and corruption guidelines were implemented in our ESG policy and the personnel handbook to ensure employees are aware of their responsibilities to act in accordance with the highest standards.

A review of the activities in 2022 shows that no events have violated legislation and guidelines regarding anti-corruption issues. In 2023, we will continue to promote responsible behaviour by our employees and in our interactions with others, to minimise the risk of unethical and corrupt behaviour.



## 2023 and beyond

In 2023 and beyond, Kirk Kapital will continue to focus on how we develop our business and develop our organisation with respect to the UN Global Compact and with a focus on the four prioritised SDGs. The successful implementation of our sustainability strategy is key to our Kirk Kapital 2025 Strategic Ambition plan.

We will increasingly make the “voice of our capital” heard in our investment activities. As our sustainability strategy and our formalised sustainability processes are relatively new, we will continue to focus on embedding the processes within our organisation. The goal is to embed our sustainability processes as an integral part of how we manage Kirk Kapital on a daily basis. Within our Strategic Investments, we will specifically encourage portfolio companies to become signatories to the UN Global Compact. Within Financial Investments, we will seek to expand on active ownership and engagement, and focus on mitigating ESG risks, pursuing ESG opportunities and focusing on measurable high-impact solutions whenever possible and relevant.

Internally, we will also focus on our four prioritised SDGs. Regarding gender equality we will seek to maintain a diverse employee base at all levels of the organisation. With decent work and economic growth, we will seek to maintain a high level of employee satisfaction. Furthermore, regarding climate action, we will increasingly examine and implement ways of reducing

our CO<sub>2</sub> emissions. Specifically, in the coming years, we will explore how we can measure CO<sub>2</sub> emissions using the GHG protocol, to ensure reductions in a structured approach. Finally, with regard to peace, justice, and strong institutions: we will formalise our policies, further reducing the risk of compliance breaches.

**In summary, Kirk Kapital is off to a good start, but there is much more to do. We look forward to working with and fulfilling, our sustainability goals for the years to come.**