Birch Ejendomme Holding ApS

Sortenborgvej 2, DK-8600 Silkeborg

Annual Report for 1 July 2021 - 30 June 2022

CVR No 40 97 52 92

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/12 2022

Sebastian Lomholdt Appleyard
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Birch Ejendomme Holding ApS for the financial year 1 July 2021 - 30 June 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Silkeborg, 15 December 2022

Executive Board

Thomas Bertelsen	Peder Østergaard

Board of Directors

Paul William Martin Golding Chairman	Kevin Pierre	Thomas Bertelsen

Independent Auditor's Report

To the Shareholder of Birch Ejendomme Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Birch Ejendomme Holding ApS for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor's responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 15 December 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
statsautoriseret revisor
mne26783

Keld A. M. Nielsen
statsautoriseret revisor
mne40037

Company Information

The Company	Birch Ejendomme Holding ApS Sortenborgvej 2 DK-8600 Silkeborg CVR No: 40 97 52 92 Financial period: 1. juli - 30. juni Incorporated: 14 November 2019 Financial year: 3rd financial year Municipality of reg. office: Silkeborg
Board of Directors	Paul William Martin Golding, Chairman Kevin Pierre Thomas Bertelsen
Executive Board	Thomas Bertelsen Peder Østergaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2021/22	2020/21
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	1.435.601	2.019.713
Profit/loss before financial income and expenses	-28.031	66.800
Net financials	60.859	4.021
Net profit/loss for the year	16.092	51.580
Balance sheet		
Balance sheet total	2.119.425	1.843.133
Equity	534.182	529.952
Cash flows		
Cash flows from:		
- operating activities	-739.988	357.877
- investing activities	235.149	78.790
including investment in property, plant and equipment	-29.399	-36.415
- financing activities	541.926	-380.626
Change in cash and cash equivalents for the year	37.087	56.041
Number of employees	319	251
Ratios		
Gross margin	14,2%	11,3%
Profit margin	-2,0%	3,3%
Solvency ratio	25,2%	28,8%
Return on equity	3,0%	9,0%

According to Danish Financial Statements Act §128 stk. 4 there are only financial highlights for two years since this is the first year the company is making a group financial statement.

Management's Review

Essential activities:

Birch Ejendomme is a national professional property development and construction company with headquarters in Silkeborg. Birch Ejendomme acquires, develops, builds, leases, manages, owns, and sells rental properties in regional Danish growth cities. The properties are built as terraced houses and apartments.

In this financial year, the company's ownership has changed as a fund advised by Aermont Capital, has entered as majority owner of the group together with the minority owners, Peder Østergaard and Thomas Bertelsen. Through similar investments in other European countries, Aermont Capital has gained a deep knowledge of the industry as well as a strong expertise within developing successful property companies. The change in ownership has thus contributed to ensuring that Birch Ejendomme is even stronger positioned in the future as well as ensuring the continued development of the company.

Previously, the group owned a portfolio of investment properties through the subsidiary company Birch GM Ejendomme Holding ApS. In 2020/21, the group thus owned investment properties of DKKm 198.2, which among others included several commercial properties. In connection with the changes in ownership, this portfolio has been significantly reduced to ensure an absolute focus on the group's key activities; development and construction of build-to-rent properties in regional Danish growth cities.

Developments during this year:

The financial year 2021/22 covers the period 01.07.2021 to 30.06.2022. During this period, Birch Ejendomme Holding ApS has realised a profit of DKKt 16,092 while the group's balance shows an equity of DKKt 534.181.

The net profit is affected by the general challenges within the industry this year, especially including the increased pressure on the group's supply chain and the price increase and delay in supplies deriving from this pressure. In addition to this, the net profit is affected by longer case processing times, including delays in issuing building permits on projects within the company's project portfolio. Finally, the net profit is affected by DKKm 38 due to a couple of loss-making projects, where the total loss of the projects is included in the financial year 2021/22, as well as costs of DKKm 20 related to the change in owners.

Like previous years, the group has invested heavily in developing the business, including developing the group's breadth of competences within those areas, which the management finds essential in relation to development and construction of future urban areas and properties. These investments will contribute to ensuring a continued realisation of the management's expectations to the coming years, and includes, among other things, further investments in achieving DGNB certification of Birch Ejendomme's projects and in the preparations for implementation of the future regulation on climate impact of construction activities, which will be a statutory requirement on all newbuild of more than 1,000 sqm.

Management's Review

In addition, further investments have been made during the year within developing the internal BI tool, as well as a considerable investment in staff to ensure and support the future growth of the group.

Ongoing and completed projects

In the financial year, 11 projects with a total of 80,628 sqm have been transferred through divestments from either the Birch Ejendomme group or underlying associated companies. As of 30.06.2022, the group has 21 ongoing construction projects of a total of 161,817 sqm. The ongoing construction projects are included as inventory in the consolidated accounts, and the inventory thus includes additional value compared to the booked cost prices of 30.06.2022.

The group's ongoing projects include terraced houses and apartments distributed on regional growth cities all over Denmark.

Despite general challenges in the industry, the group's volume of order is still strong and includes projects for the next three to four financial years. With a stronger and continued focus on new growth cities, as well as the group's operational setup, we hold a strong position related to further order intake of profitable projects the coming years.

Selected ongoing and completed projects sold or transferred to buyers in the financial year 2021/22

Ndr. Ringgade, Slagelse

On the previous slaughterhouse site in Slagelse, Birch Ejendomme is in the process of establishing 220 new apartments distributed on four separate apartment buildings of varying hights bound together by a green common area. As all other ongoing projects in Birch Ejendomme, the project is carried out with the sustainability certification, DGNB. This means that both environmental, economic, and social responsibility is shown throughout the entire construction process.

Management's Review


Hasselhusene, Vonsild

In a scenic area in Vonsild near Kolding, we transferred 77 DGNB certified terraced houses to an investor in spring 2022. The project has an attractive location and is characterised by diversity in units varying from two to five bedrooms, which are popular across generations from families with young children to seniors. The project is established with a centrally located common area where the tenants share a common place for gathering with wooden benches, a playground, and a planted area where focus on biodiversity is highly prioritised to the delight of the tenants.


Kalvehaven, Holbæk

In Lille Grandløse near Holbæk, Birch Ejendomme establishes 176 terraced houses distributed on a total of 15,205 sqm, which are expected to be ready for occupation in December 2023. The area is bound together by several large common areas and paths which will create cohesion within the area and appeal to a wide segment of tenants with a variety of unit sizes. The project will be DGNB certified.

Management's Review


Vilhelm Ehlerts Allé, Viborg

In Banebyen, the first tenants have moved into the 202 lovely and bright apartments which have been built in a completely new part of town in the centre of Viborg close to shopping, railway station and a number of educational institutions. The apartments, which will be DGNB certified, have been built around a green common area, which invites for community and outdoor gatherings. The project will be transferred to a buyer in the fourth quarter of 2022.

Targets and expectations for the year ahead

Birch Ejendomme expects a continued increase in activity and a positive development, and we enter the new financial year with a strong pipeline of projects.

Based on our strong competences and a strong business platform, the management thus has a positive view on the future of Birch Ejendomme. For the coming year, we expect a pre-tax profit of DKKm 70.

The expected result for the coming year is influenced by the fact that gross margins on projects are not included until the project is realised, and that a number of larger projects, which are built during 2022/23, will not be realised till the following year. Thus, it is the management's assessment, that the expected value added in the financial year 2022/23 will end up at a higher amount.

In the expectation to the net profit of the coming year, the continued influence of the general challenges experienced in the industry in 2021/22 in terms of pressure on supply chain including a continued high price level, has been taken into account. Moreover, we expect continued longer case processing times with the municipalities in 2022/23, which will lead to delays in the issuing of building permits.

Capital resources

It is the management's assessment, that the capital resources are sufficient in order to realise the expected activity level.

Management's Review

Special risks – operating risks and financial risks

The management of Birch Ejendomme considers proactive risk management a central element of the day-to-day management of Birch Ejendomme. We have a structured approach to risk management based on a continued assessment of probability and importance of identified business risks. The management evaluates that there are no special business risks besides general market risks.

Operating risks

All ongoing projects within Birch Byg Holding are constructed with the purpose of disposal to external investors. All ongoing projects completed in the financial year 2022/23 are sold. Moreover, we are continuously in negotiations regarding disposal of other ongoing projects completed at a later point in time.

For that reason, it is the management's assessment that there are limited risks related to ongoing projects.

Financial risks

The company does not consider its continuing business, or the day-to-day operation in general, to be particularly affected by specific financial risks, although the group of course is affected by the increased level of interest rates on short-term interests and further to this the growth of the group is dependent on the availability of project financing. All projects are offered amongst Birch Ejendomme's financial business partners to ensure the most optimal terms in connection with the individual project financing.

Knowledge resources

Birch Ejendomme still intends to maintain and expand the company's own knowledge resources at a high level within all areas essential to Birch Ejendomme's business activities.

An important part of Birch Ejendomme's success is a result of competent and committed employees, which is why the management put great focus on continuously strengthening competence development internally. As a part of this, an investment in expanding the competences within the group's HR department has been made during the financial year and after the balance sheet date.

Management's Review

Reporting on social responsibility

Business model

All employees at Birch Ejendomme play an important role in acting out the vision and deliver on the determined strategy every day. In its business model, Birch Ejendomme focuses on property development, construction management role as well as leasing and property management, and Birch Ejendomme thus has strong competences within land sourcing, development, construction management, leasing, administration, financing and disposal of rental property.

In relation to filling in the role as a construction manager, Birch Ejendomme performs a few subcontracts, and Birch Ejendomme only employs own skilled craftsmen to a limited extend. Close and stable cooperations have been established with trusted business partners who, for several years, have shown that they understand and can live up to Birch Ejendomme's expectations regarding quality and effectiveness.

Risks

It is the management's impression that Birch Ejendomme complies with existing legislations, including terms of employment, contractual obligations, building regulations and laws on prevention of corruption and cartelisation.

The owners of Birch Ejendomme all play an active role in the company's activities either as executive board and daily management or as active members of the board. Thus, the owners and the management are thereby informed and involved in all important decisions regarding the business operation.

Policies on social responsibility

The management of Birch Ejendomme is aware of the importance of also being able to attract and retain motivated and qualified employees in the future, which is also supported by an increased investment in the HR department. Furthermore, the management of Birch Ejendomme is focused on maintaining a good and safe working environment, both regarding our own employees and the employees of our business partners.

Furthermore, the management of Birch Ejendomme is aware of the risks related to business ethics and corruption, which is therefore an integral part of the group's policies. Environment and sustainability hold a great and important role in Birch Ejendomme's business model, and thus form the basis of the commercial decisions made, when developing and constructing the property areas of the future.

Management's Review

Within this financial year, the management has therefore updated and increased the level of the following policies on social responsibility:

- Anti-corruption and -bribery policy
- Whistleblower system
- Health and safety policy
- Environmental certification of projects
- Data ethics

The management continuously follows up on company policies through determined procedures, which has not raised any special matters.

In the construction industry, there is a risk of bribery related to offerings as well as a general risk of secret commissions related to procurement of goods and sub-contractors. In Birch Ejendomme's anti-corruption and -bribery policy we commit ourselves to manage our company in agreement with all current legislation and rules and the highest ethical standards. We do not accept behaviour which reasonably can be considered bribery or corruption. The policy is complied with through clear and distinct communication to all employees, just as we have set up internal control- and recognition procedures within procurement, which contributes to adhering to the policy. No violation of the anti-corruption and -bribery policy has been registered, just as there has been no reports though Birch Ejendomme's whistleblower system. Due to our great focus on these matters, we expect similar results going forward.

The health and safety policy forms the basis of a drastically increased focus on especially the safety at our construction sites. The safety of both our own employees as well as our subcontractors is followed closely by our health and safety team and is reported to the management and the company's workplace environment committee. The use of the same business partners as subcontractors as well as Birch Ejendomme's considerable presence at all construction sites, mitigates the use of illegal labour. This ensures that safety is kept at a constant high at all sites regardless of the workers' employment relation. In the financial year 2021/22, the goal has been to keep focus on continuous implementation of the policy and to raise the level hereof, which has been achieved and has resulted in fewer accidents at work. It is the management's expectation that the implemented health and safety policy will contribute to a continuous decline of accidents in the future, and the work of establishing specific objectives and initiatives to ensure fulfilment is now in progress.

We consider the environment and climate as the foundation of the future housing and construction sector, and the necessity hereof is underlined by the fact that construction contributes to a significant part of Denmark's total energy consumption and CO_2 emission. Considerations towards environment and climate are incorporated into Birch Ejendomme's business processes and it is an area that the management prioritises highly when developing and constructing rental properties. Achievement of sustainability certifications (DGNB certifications etc.) is a field, in which Birch Ejendomme has invested heavily again this financial year, which also means that Birch Ejendomme at present has applied for and received certifications or pre-certifications on 12 projects.

Management's Review

At the end of the financial year, a unit consisting of six employees has been established, which exclusively work with sustainability in our development projects and constructions. This, among other things, includes the work related to DGNB certification of Birch Ejendomme's projects as well as LCA (Life Cycle Assessment) and LCC (Life Cycle Costing) studies of the product portfolio as preparation for the coming regulation on the climate impact of constructions, which will comprise all newbuild of more than 1,000 sqm. It is Birch Ejendomme's goal that all ongoing and future projects will achieve DGNB gold-certification, and we are already working on an EU taxonomy 2023 (CO2) screening at project level. Furthermore, we work on more aspects of the FBK: "Frivillige bæredygtighedsklasse" (the voluntary sustainability order) such as performing LCA calculations of all projects as well as LCC calculations from outline proposal including phase updates at regulatory review projects and main projects as well as variety inspections. In addition, we have commenced the development of an LCA platform, which enables us to promptly create an overview of the total carbon footprint, DGNB points etc. in the preliminary stages of a project.

Birch Ejendomme continuously evaluates whether there are risks in which formalised policies on sustainability would prove appropriate. The company's focus and activities solely include the Danish market, in which the identified risks in relation to social responsibility is supported by the Danish legislation and is handled by the Danish authorities and institutions. This further reduces Birch Ejendomme's experienced risk within human rights, and, together with our agile management structure, we consider it unnecessary to have a separate policy on human rights.

Policy on data ethics

Data is protected through tested security functions and efficient processes in order to protect all data, shared and used, privately and commercially.

Birch Ejendomme has an effective privacy and data protection standard, which together with the company's digital security, protects the employees and business partners against the increased risk of cyber-attacks and misuse.

Birch Ejendomme respects the individual and its privacy as part of the overall business conduct, in consideration of a safe and non-discriminating behaviour related to conditions of employment. Our data ethics policy is approved at the company's management level and embedded in the entire organisation in relation to internal policies.

Management's Review

Statement on gender composition

As a company, Birch Ejendomme is aware of the value which diversity, including equal gender distribution, leads to. This is supported by Birch Ejendomme's recruitment and staff policies, where employment is based on the best qualified candidate for both manager and other positions regardless of gender, race or religion.

In relation to recruiting at all management levels we, wherever possible, invite candidates of both genders for job interviews, and we have a goal of increasing the share of the underrepresented gender at the company's other management levels.

Birch Ejendomme's management level is comprised by head of departments, which is represented by both men and women, however, with an overrepresentation of men. There are 8 male managers and 3 female managers.

Objective and status

The Board of Directors of Birch Ejendomme consists of three representatives from the owners of the group, which are all men. It is Birch Ejendomme's goal to expand the Board of Directors by at least one woman before 2024.

In relation to this year's change in owners, the board of the company has been replaced, as the previous board was comprised by representatives from the previous owners. The gender distribution has not been affected by this replacement, and therefore the goal has not been achieved in this financial year.

Income Statement 1 July - 30 June

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Revenue	1	**1.435.601**	**2.019.713**	**0**	**0**
Work on own account recognised in assets		198.742	142.821	0	0
Value adjustments of assets held for investment		-3.300	2.147	0	0
Other operating income		4.883	0	0	0
Expenses for raw materials and consumables		-1.352.664	-1.820.724	0	-168
Other external expenses		-80.082	-115.887	-107	-570
Gross profit/loss		**203.180**	**228.070**	**-107**	**-738**
Staff expenses	2	-220.687	-154.177	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-10.524	-7.093	0	0
Profit/loss before financial income and expenses		**-28.031**	**66.800**	**-107**	**-738**
Income from investments in subsidiaries		0	0	14.998	38.687
Income from investments in associates		77.861	14.083	7.347	17.708
Financial income	3	4.449	11.088	2.330	2.716
Financial expenses	4	-21.451	-21.150	-8.350	-4.302
Profit/loss before tax		**32.828**	**70.821**	**16.218**	**54.071**
Tax on profit/loss for the year	5	-16.736	-19.241	-126	511
Net profit/loss for the year		**16.092**	**51.580**	**16.092**	**54.582**

Balance Sheet 30 June

Assets

	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
		TDKK	TDKK	TDKK	TDKK
Land and buildings	6	63.746	64.935	0	0
Investment properties	7	12.900	198.200	0	0
Other fixtures and fittings, tools and equipment	6	23.332	28.780	0	0
Property, plant and equipment		**99.978**	**291.915**	**0**	**0**
Investments in subsidiaries	8	0	0	553.358	564.877
Investments in associates	9	22.267	10.184	0	12.709
Receivables from group enterprises	10	0	151.730	0	0
Receivables from associates	10	0	15.224	0	0
Deposits	10	389	0	0	0
Fixed asset investments		**22.656**	**177.138**	**553.358**	**577.586**
Fixed assets		**122.634**	**469.053**	**553.358**	**577.586**
Inventories	11	**1.632.088**	**923.885**	**0**	**0**
Trade receivables		10.130	9.467	0	0
Contract work in progress	12	2.925	152.361	0	0
Receivables from group enterprises		0	0	107.573	151.048
Receivables from associates		0	3.678	0	15.000
Other receivables		80.516	63.205	1.876	2.558
Deferred tax asset	15	9.968	0	212	511
Prepayments	13	5.950	3.357	138	0
Receivables		**109.489**	**232.068**	**109.799**	**169.117**
Cash at bank and in hand		**255.214**	**218.127**	**327**	**7.055**
Currents assets		**1.996.791**	**1.374.080**	**110.126**	**176.172**
Assets		**2.119.425**	**1.843.133**	**663.484**	**753.758**

Balance Sheet 30 June

Liabilities and equity

	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
		TDKK	TDKK	TDKK	TDKK
Share capital		14.755	100	14.755	100
Reserve for net revaluation under the equity method		0	0	66.092	85.815
Retained earnings		519.427	529.852	453.335	444.037
Equity		**534.182**	**529.952**	**534.182**	**529.952**
Provision for deferred tax	15	0	10.922	0	0
Other provisions	16	1.572	1.741	0	168
Provisions		**1.572**	**12.663**	**0**	**168**
Mortgage loans		35.945	129.703	0	0
Payables to group enterprises		83.286	0	0	0
Other payables		101.226	380.460	0	55.000
Long-term debt	17	**220.457**	**510.163**	**0**	**55.000**
Mortgage loans	17	1.994	4.120	0	0
Credit institutions		138.479	0	0	0
Prepayments received from customers		72	727	0	0
Trade payables		111.922	135.810	79	0
Payables to group enterprises	17	0	3.822	128.090	166.036
Payables to associates		0	147.499	0	0
Corporation tax		8.432	0	0	0
Deposits		8.730	10.431	0	0
Other payables	17	1.093.585	487.946	1.133	2.602
Short-term debt		**1.363.214**	**790.355**	**129.302**	**168.638**
Debt		**1.583.671**	**1.300.518**	**129.302**	**223.638**
Liabilities and equity		**2.119.425**	**1.843.133**	**663.484**	**753.758**

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Balance Sheet 30 June

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
2021/22				
Equity at 1 July	100	0	529.853	529.953
Cash capital increase	14.655	0	0	14.655
Other equity movements	0	0	-26.518	-26.518
Net profit/loss for the year	0	0	16.092	16.092
Equity at 30 June	**14.755**	**0**	**519.427**	**534.182**

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
2021/22				
Equity at 1 July	100	85.815	444.038	529.953
Cash capital increase	14.655	0	0	14.655
Dissolution of previous years' revaluation	0	2.064	-2.064	0
Dividend from group enterprises	0	-13.250	13.250	0
Other equity movements	0	-26.518	0	-26.518
Net profit/loss for the year	0	17.981	-1.889	16.092
Equity at 30 June	**14.755**	**66.092**	**453.335**	**534.182**

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
2020/21				
Equity 1. juli	100	118.696	491.662	610.458
Net effect from change of accounting policy	0	-70.088	0	-70.088
Adjusted equity at 1 July	100	48.608	491.662	540.370
Extraordinary dividend paid	0	0	-65.000	-65.000
Net profit/loss for the year	0	37.207	17.375	54.582
Equity at 30 June	**100**	**85.815**	**444.037**	**529.952**

Cash Flow Statement 1 July - 30 June

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK
Net profit/loss for the year		16.092	51.580
Adjustments	18	-35.182	22.313
Change in working capital	19	-682.180	343.302
Cash flows from operating activities before financial income and expenses		**-701.270**	**417.195**
Financial income		4.449	11.088
Financial expenses		-21.454	-21.160
Cash flows from ordinary activities		**-718.275**	**407.123**
Corporation tax paid		-21.713	-49.246
Cash flows from operating activities		**-739.988**	**357.877**
Purchase of property, plant and equipment		-29.399	-36.415
Fixed asset investments made etc		-19.023	-20
Sale of property, plant and equipment		212.397	121.241
Sale of fixed asset investments etc		55.950	9.208
Loans to associates		15.224	-15.224
Cash flows from investing activities		**235.149**	**78.790**
Repayment of mortgage loans		-95.884	-27.466
Repayment of loans from credit institutions		0	-589.946
Repayment of payables to group enterprises		0	-12.731
Repayment of payables to associates		-147.499	0
Raising of other long-term debt		372.131	120.565
Raising of loans from credit institutions		138.479	0
Raising of loans from group enterprises		231.194	0
Raising of loans from associates		0	197.917
Minority interests		0	-3.965
Cash capital increase		14.655	0
Dividend paid		0	-65.000
Dividend received		28.850	0
Cash flows from financing activities		**541.926**	**-380.626**
Change in cash and cash equivalents		**37.087**	**56.041**
Cash and cash equivalents at 1 July		218.127	162.086
Cash and cash equivalents at 30 June		**255.214**	**218.127**

Pengestrømsopgørelse 1. juli - 30. juni

	Note	2021/22	2020/21
		TDKK	TDKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		255.214	218.127
Cash and cash equivalents at 30 June		**255.214**	**218.127**

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	1.435.601	2.019.713	0	0
	1.435.601	**2.019.713**	**0**	**0**
Business segments				
Sale of properties	1.308.168	1.752.117	0	0
Rental income and other income	30.719	40.826	0	0
Work in progress	96.714	226.770	0	0
	1.435.601	**2.019.713**	**0**	**0**
2 Staff expenses				
Wages and salaries	195.120	136.040	0	0
Pensions	16.140	11.518	0	0
Other social security expenses	2.361	1.713	0	0
Other staff expenses	7.066	4.906	0	0
	220.687	**154.177**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**2.799.100**	**2.786.742**	**0**	**0**
Average number of employees	**319**	**251**	**0**	**0**

With reference to §98 B(3)of the Danish Financial Statements Act the remuneration for the executive board is disclosed together with the board for 2020/21, where the remuneration for 2021/22 only includes the executive board

Notes to the Financial Statements

		Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
3	**Financial income**				
	Interest received from group enterprises	0	1.783	0	1.783
	Interest received from associates	403	933	0	933
	Other financial income	4.046	8.372	2.330	0
		4.449	**11.088**	**2.330**	**2.716**
4	**Financial expenses**				
	Interest paid to group enterprises	232	0	2.064	2.511
	Interest paid to associates	1.240	513	0	0
	Other financial expenses	19.979	20.637	6.286	1.791
		21.451	**21.150**	**8.350**	**4.302**
5	**Tax on profit/loss for the year**				
	Current tax for the year	0	19.241	0	0
	Deferred tax for the year	2.551	0	-237	-511
	Adjustment of tax concerning previous years	14.185	0	363	0
		16.736	**19.241**	**126**	**-511**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 July	66.415	37.143
Additions for the year	375	22.046
Disposals for the year	-339	-18.768
Cost at 30 June	66.451	40.421
Impairment losses and depreciation at 1 July	1.480	8.362
Depreciation for the year	1.225	9.299
Reversal of impairment and depreciation of sold assets	0	-572
Impairment losses and depreciation at 30 June	2.705	17.089
Carrying amount at 30 June	**63.746**	**23.332**

Notes to the Financial Statements

7 Assets measured at fair value

	Group Investment pro-perties TDKK
Cost at 1 July	198.578
Additions for the year	6.978
Disposals for the year	-190.479
Cost at 30 June	15.077
Value adjustments at 1 July	-378
Revaluations for the year	-3.300
Reversal of revaluations of sold assets	1.501
Value adjustments at 30 June	-2.177
Carrying amount at 30 June	**12.900**

Assumptions underlying the determination of fair value of investment properties

Revaluations of investment properties take place on the basis of accounting assessments on the basis of market value calculations based on the net rent.

The company's investment properties are commercial leases located in Silkeborg and amount to a total of 9,865 square meters.

Investment properties are, cf. the description in the accounting policy, measured at fair value using the return-based model.

Return requirement for the company's commercial property amounts to 7.75% per 30.06.2022. An increase in the return requirement by 0.5% points will reduce the total fair value by DKK 0.8 million. A reduction in the return requirement of 0.5% points will increase the value by DKK 0.9 million.

In the return-based model, a budgeted result for the properties of TDKK 993 has been calculated. When determining the normalized rent, a correction has been made for leases with expected vacancy.

Notes to the Financial Statements

		Parent	
		2022	2021
		TDKK	TDKK
8	**Investments in subsidiaries**		
	Cost at 1 July	487.266	487.266
	Cost at 30 June	487.266	487.266
	Value adjustments at 1 July	77.611	119.012
	Net effect from change of accounting policy	0	-70.088
	Net profit/loss for the year	14.999	38.687
	Dividend to the Parent Company	0	-10.000
	Other adjustments	-26.518	0
	Value adjustments at 30 June	66.092	77.611
	Carrying amount at 30 June	**553.358**	**564.877**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Birch Byg Holding ApS	Silkeborg	100%
Birch Projektudvikling ApS*	Silkeborg	100%
Birch Parcelhusgrunde ApS*	Silkeborg	100%
Astrid Lindgrensvej A ApS**	Silkeborg	100%
Birch JB Holding ApS*	Silkeborg	100%
Birch Byg JB ApS**	Silkeborg	100%
Birch Lunden, Horsens ApS**	Silkeborg	100%
Birch JB Sejlingvej, Silkeborg ApS**	Silkeborg	100%
Birch NK Holding ApS*	Silkeborg	100%
Birch Byg NK ApS**	Silkeborg	100%
Birch KC Stadionvej, Kolding ApS**	Silkeborg	100%
Birch NK Absalonsvej 7 ApS**	Silkeborg	100%
Birch KF Holding ApS*	Silkeborg	100%
Birch Byg KF ApS**	Silkeborg	100%
Birch GM Byg ApS*	Silkeborg	100%
Birch CB Holding ApS*	Silkeborg	100%
Birch Fynsvej, Kolding ApS**	Silkeborg	100%
Birch Holbæk 1 ApS**	Silkeborg	100%
Birch Nebelvej 1 ApS**	Silkeborg	100%
Birch Skovhaven 1 ApS**	Silkeborg	100%

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Name	Place of registered office	Votes and ownership
Birch Byg JB 2 ApS**	Silkeborg	100%
Birch Gl. Hobrovej, Randers ApS**	Silkeborg	100%
Gudenåparken Nord ApS**	Silkeborg	100%
Gudenåparken Syd ApS**	Silkeborg	100%
NS 6 ApS**	Silkeborg	100%
NS 7 ApS**	Silkeborg	100%
NS 8 ApS**	Silkeborg	100%
Birch Engen III ApS**	Silkeborg	100%
Birch Ndr. Ringgade, Slagelse ApS**	Silkeborg	100%
Birch NPF Holding ApS*	Silkeborg	100%
Birch NPF Byg ApS**	Silkeborg	100%
Birch KC Byg ApS**	Silkeborg	100%
Birch KC Holding ApS*	Silkeborg	100%
Birch Nørrestrand Holding ApS*	Silkeborg	100%
Byggemodningsselskabet Birch Nørrestrand ApS**	Silkeborg	100%
Birch Nørrestrand Byg ApS**	Silkeborg	100%
Birch & Co. II Holding ApS*	Silkeborg	100%
Birch Skovhaven 2 ApS**	Silkeborg	100%
Birch Sdr. Bjert ApS**	Silkeborg	100%
Birch Bakken, Horsens ApS**	Silkeborg	100%
Glumsø P/S**	Silkeborg	100%
Birch GM Ejendomme Holding ApS	Silkeborg	100%
Birch GM Silkeborg ApS*	Silkeborg	100%
Birch GM Domicil ApS*	Silkeborg	100%
Birch GM Ejendomme ApS*	Silkeborg	100%

*) Subidiary of susidiary

**) Subsidiary of subsidiary of subsidiary

Notes to the Financial Statements

9 Investments in associates

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	5.665	5.665	4.505	4.525
Additions for the year	19.022	20	0	0
Disposals for the year	-4.631	-20	-4.505	-20
Cost at 30 June	20.056	5.665	0	4.505
Value adjustments at 1 July	4.519	-201	8.204	-316
Disposals for the year	-51.319	-9.188	-2.301	-9.188
Net profit/loss for the year	77.861	13.908	7.347	17.708
Dividends received	0	0	-13.250	0
Other equity movements, net	-28.850	0	0	0
Value adjustments at 30 June	2.211	4.519	0	8.204
Carrying amount at 30 June	**22.267**	**10.184**	**0**	**12.709**

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Birch Rescale Køge Nord Holding ApS*	Silkeborg	50%
Birch JB Jordkærvej ApS*	Silkeborg	50%
Birch Herningvej, Silkeborg Holding ApS*	Silkeborg	50%
NS5 JV Holdco ApS*	Silkeborg	30%

*) Associate in subsidiary

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 July	0
Additions for the year	389
Cost at 30 June	389
Impairment losses at 1 July	0
Impairment losses at 30 June	0
Carrying amount at 30 June	**389**

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

11 Inventories

	Group 2022 TDKK	Group 2021 TDKK	Parent 2022 TDKK	Parent 2021 TDKK
Properties under construction	1.632.088	923.885	0	0
	1.632.088	**923.885**	**0**	**0**

12 Contract work in progress

	Group 2022 TDKK	Group 2021 TDKK	Parent 2022 TDKK	Parent 2021 TDKK
Selling price of work in progress	41.685	152.361	0	0
Payments received on account	-38.760	0	0	0
	2.925	**152.361**	**0**	**0**

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

14 Distribution of profit

Extraordinary dividend paid	0	65.000	0	65.000
Reserve for net revaluation under the equity method	0	0	17.981	37.207
Retained earnings	16.092	-13.420	-1.889	-47.625
	16.092	**51.580**	**16.092**	**54.582**

15 Deferred tax asset

Deferred tax asset at 1 July	-10.922	-40.177	511	0
Amounts recognised in the income statement for the year	-2.491	-19.241	237	511
Other	23.381	48.496	-536	0
Deferred tax asset at 30 June	**9.968**	**-10.922**	**212**	**511**

The tax assets includes tax lossses that are being carry forward. The group expects to use this tax loss whitin the comming years.

16 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Other provisions also include operating losses regarding sold properties

Other provisions	1.572	1.741	0	168
	1.572	**1.741**	**0**	**168**

Notes to the Financial Statements

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	27.788	113.351	0	0
Between 1 and 5 years	8.157	16.352	0	0
Long-term part	35.945	129.703	0	0
Within 1 year	1.994	4.120	0	0
	37.939	**133.823**	**0**	**0**
Payables to group enterprises				
Between 1 and 5 years	83.286	0	0	0
Long-term part	83.286	0	0	0
Other short-term debt to group enterprises	0	3.822	128.090	166.036
	83.286	**3.822**	**128.090**	**166.036**
Other payables				
Between 1 and 5 years	101.226	380.460	0	55.000
Long-term part	101.226	380.460	0	55.000
Other short-term payables	1.093.585	487.946	1.133	2.602
	1.194.811	**868.406**	**1.133**	**57.602**

Notes to the Financial Statements

18 Cash flow statement - adjustments

	Group 2021/22 TDKK	Group 2020/21 TDKK
Financial income	-4.449	-11.088
Financial expenses	21.451	21.150
Depreciation, amortisation and impairment losses, including losses and gains on sales	5.641	7.093
Fair value adjustments	3.300	0
Income from investments in associates	-77.861	-14.083
Tax on profit/loss for the year	16.736	19.241
	-35.182	**22.313**

19 Cash flow statement - change in working capital

	Group 2021/22 TDKK	Group 2020/21 TDKK
Change in inventories	-742.203	497.614
Change in receivables	132.161	-189.086
Change in other provisions	-169	-372
Change in trade payables, etc	-71.969	35.146
	-682.180	**343.302**

20 Contingent assets, liabilities and other financial obligations

	Group 2022	Group 2021	Parent 2022	Parent 2021
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings, as well as investment properties with a carrying amount	76.646	263.135	0	0
The following assets have been placed as security with bankers:				
Owner's mortgage deeds that provide a mortgage on land and buildings, as well as investment properties at a total carrying amount of	76.646	263.135	0	0
The following assets have been placed as security with other payables:				
Inventory	1.508.066	923.885	0	0

Contingent liabilities

Group

The group has obligations under rental or leasing contracts up to maturity totaling DKK 51.8 million. (Last year: DKK 29.8 million)

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

The group guarantees for adjustment of purchase sums on a number of divested companies in the group. These are not expected to have a significant impact on the group's financial position.

The group has provided a guarantee for ongoing work in progress for a total of DKK 119.3 million.

The group has provided guarantees to suppliers for a total of DKK 40.2 million.

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations (continued)

The group is involved in individual disputes. These are not expected to have a significant impact on the group's financial position.

Parent

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Silkeborg Grafton One ApS is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

21 Related parties

	Basis
Controlling interest	
Aermont Capital Real Estate Fund IV Sxsp, Luxembourg	Ultimate parent, controlling interest
ACREF IV Holding S.à r.l., Luxembourg	Parent company
Silkeborg Grafton S.à r.l., Luxembourg	Parent company
Silkeborg Grafton One ApS, CVR: 43 16 76 85, Sortenborgvej 2, 8600 Silkeborg	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is not included in any group reports in any of the parent companies. This financial statement is therefore the highest consolidated financial statement.

22 Subsequent events

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

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
23 Fee to auditors appointed at the general meeting				
PwC				
Audit fee	1.661	1.361	64	50
Other assurance engagements	0	410	0	10
Tax advisory services	1.111	851	0	0
Other services	1.808	3.120	15	13
	4.580	**5.742**	**79**	**73**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Birch Ejendomme Holding ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in TDKK.

Changes in accounting policies

Investments in subsidiaries and associates have in previous years been measured at fair value and any revaluation was made directly to equity on the revaluation reserve. For the year 2021/2022 Birch Ejendomme Holding ApS is obliged to present a Group Financial statement and has therefore changed the accounting policies regarding the masurement of investments in subsidiaries and associates.

The new accounting policy regarding Investments in subsidiaries and associates is the equity method.

The change in accounting policies has affected Birch Ejendomme Holding ApS parent figures, with an increase of the result in 2020/21 by TDKK 46,396 and decreased the equity at 30. June 2021 by TDKK 122,081 and a decrease in assets at 30. June 2021 by TDKK 122,081.

Other accounting policies are unchanged from last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

24 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Birch Ejendomme Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised

24 Accounting Policies (continued)

in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Revenue

Information on business segments and geographical segments are based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Net revenue from the sale of properties is recognized when risk is transferred and rental of real estate is recognized in the income statement with the rental income that can be attributed to the financial year.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

24 Accounting Policies (continued)

Other external expenses

Other external costs include costs for premises, sales and administration etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries and other group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

24 Accounting Policies (continued)

Balance Sheet

Investment properties and other property, plant and equipment

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own 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 supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of investment properties are recognised in cost over the construction period.

After the initial recognition investment properties are measured at cost net of depreciation and impairment losses.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties however the classification is not in accordance with the Danish Financial Statement Acts.

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

The valuation is not based on the statement from an external assessor.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Return-based valuation model

The fair value of certain investment properties has been determined at 30 June 2022 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the property. The value thus calculated is adjusted for any nonoperating assets such as cash and cash equivalents, deposits, etc if they are not

Notes to the Financial Statements

24 Accounting Policies (continued)

shown separately in the balance sheet.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	35 years
Other fixtures and fittings, tools and equipment	3-5 years

The fixed assets' residual values are determined at nil with the exception of a building in Silkeborg where the residual value of 32% is based on the cost of the bulding.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items"Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Notes to the Financial Statements

24 Accounting Policies (continued)

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is

Notes to the Financial Statements

24 Accounting Policies (continued)

negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

24 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss 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 and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

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.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Notes to the Financial Statements

24 Accounting Policies (continued)

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$