Silkeborg Grafton One ApS

Sortenborgvej 2, DK-8600

Annual Report for
31 March 2022 - 30 June 2023

CVR No. 43 16 76 85

The Annual Report was presented and adopted at the Annual General Meeting of the company on 19/12 2023

Maria Charlotte Sneftrup
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Silkeborg Grafton One ApS for the financial year 31 March 2022 - 30 June 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Silkeborg, 19 December 2023

Executive Board

Thomas Bertelsen
CEO

Board of Directors

Paul William Martin Golding Chairman	Thomas Bertelsen	Kevin Pierre

Independent Auditor's report

To the shareholder of Silkeborg Grafton One 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 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 31 March 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Silkeborg Grafton One ApS for the financial year 31 March 2022 - 30 June 2023, 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 Financial 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.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

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 Group´s and the Parent Company´s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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 C, 19 December 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh	Keld A. M. Nielsen
State Authorised Public Accountant	State Authorised Public Accountant
mne26783	mne40037

Company information

The Company	Silkeborg Grafton One ApS Sortenborgvej 2 DK-8600 CVR No: 43 16 76 85 Financial period: 31 March 2022 - 30 June 2023 Incorporated: 31 March 2022 Financial year: 1st financial year Municipality of reg. office: Silkeborg
Board of Directors	Paul William Martin Golding, chairman Thomas Bertelsen Kevin Pierre
Executive Board	Thomas Bertelsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 1-year period, the development of the Group is described by the following financial highlights:

	Group
	2022/23
	TDKK 15 months
Key figures	
Profit/loss	
Revenue	2,338,349
Gross profit/loss	124,918
Profit/loss of ordinary primary operations	-217,222
Profit/loss before financial income and expenses	-205,646
Profit/loss of financial income and expenses	-42,183
Net profit/loss	-232,805
Balance sheet	
Balance sheet total	3,515,255
Investment in property, plant and equipment	121,800
Equity	47,620
Cash flows	
Cash flows from:	
- operating activities	-78,142
- investing activities	-1,352,959
- financing activities	1,867,436
Change in cash and cash equivalents for the year	436,335
Number of employees	275
Ratios	
Gross margin	5.3%
Profit margin	-8.8%
Return on assets	-5.9%
Solvency ratio	1.4%
Return on equity	-977.8%

Management reveiw

Essential activities

Silkeborg Grafton One is a nationwide professional property development and construction company with headquarters in Silkeborg. Silkeborg Grafton One sources, develops, and performs construction management as well as lease-up of residential properties in attractive regional growth cities across Denmark. The properties are a mix of SFR (Single-Family-Residentials) and MFR (Multi-Family-Residentials).

Developments during this year

The financial year 2022/23 covers the period 31.03.2022 to 30.06.2023. During this period, Silkeborg Grafton One ApS has realised a loss of DKKt 232,805 while the group's balance shows an equity of DKKt 47,620.

The net profit is affected negatively by a longer than expected planning process and permit processing times, including delays in issuing building permits on projects within the company's project portfolio, which has resulted in postponement of construction start of several projects to the next financial year. In addition, the result is impacted negatively by a single loss-making project.

Silkeborg Grafton One has invested in projects, that has been postponed to next year, and the positive impact from these investments will be included in the next financial year.

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 include, among other things, further investments in ESG, continued investment in DGNB certifying Silkeborg Grafton One'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.

In addition, further investments have been made during the year within establishing a Zealand branch, 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, eight projects have been sold and handed over to institutional investors from either the Silkeborg Grafton One group or underlying associated companies. Furthermore, Silkeborg Grafton One has participated in delivering units for social housing on two projects. As of 30.06.2023, the group has 15 ongoing construction projects and participate in two social housing projects. The ongoing construction projects are included as inventory in the consolidated accounts at cost price as of 30.06.2023. Therefore, the inventory includes additional value compared to the valuation in the consolidated accounts as of 30.06.2023.

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

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 diversifying the project portfolio across attractive 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.

Management reveiw

Selected ongoing and completed projects sold or transferred to buyers in the financial year 2022/23

Torvehusene, Slagelse


In Lille Grandløse near Holbæk, Silkeborg Grafton One establishes 176 terraced houses distributed on a total of 15,208 sqm, which are expected to be ready for occupation from Q4 2023 through to Q1 2024. The bright and modern terraced houses are located in a scenic and attractive area close to shopping, school and day care. 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 Gold certified.

Kalvehaven, Holbæk


In Lille Grandløse near Holbæk, Silkeborg Grafton One establishes 176 terraced houses distributed on a total of 15,208 sqm, which are expected to be ready for occupation from Q4 2023 through to Q1 2024. The bright and modern terraced houses are located in a scenic and attractive area close to shopping, school and day care. 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 Gold certified.

Management reveiw

Hedvig Billes Top, Horsens


In Naturbyen Nørrestrand, the first tenants have moved into the 144 apartments distributed on seven separate apartment buildings bound together by large green areas. The apartments are distributed on a total of 10,688 sqm, which are expected to be completed in Q4 2023. The lovely and bright apartments have been built in the largest urban development area in Denmark, and the homes in the area are built with great consideration for the existing nature. The 144 apartments comprise the fifth and sixth stages out of a total of 8 stages, which forms a completely new area in Horsens, Nørrestrand, developed by Silkeborg Grafton One. The area is scenic and close to the city at the same time, as the apartments are only a short bicycle ride from Horsens. The project will be DGNB Gold certified.

Nebelhusene, Silkeborg


In the residential area Grauballe, Silkeborg, Silkeborg Grafton One completed 91 terraced houses which was sold and handed over to an investor in autumn 2022. The project has an attractive location in the middle of Denmark's Outdoor Capital, Silkeborg, and is characterised by diversity in units varying from two to five rooms, which are popular across generations from families with young children to seniors. The terraced houses include common outdoor living spaces and a playground for the area's residents. The project is DGNB Gold certified.

Management reveiw

Targets and expectations for the year ahead

Silkeborg Grafton One 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 Silkeborg Grafton One. For the coming year, we expect a pre-tax loss of DKKm -90 - -110.

The expected result for the coming year is significantly influenced by depreciation of goodwill of DKKm 115. Furthermore the result is influenced by the fact that a number of larger projects, which are built during the financial year 2023/24, will not be finalized till the following year, and the gross margins on these projects are not included until the projects are realised.

We expect that the longer case processing times with the municipalities in the financial year 2022/23, which has led to delays in the issuing of building permits, will continue in the financial year 2023/24. This may have a negative impact on the net profit of the coming year.

Capital resources

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

Special risks – operating risks and financial risks

The management of Silkeborg Grafton One considers proactive risk management a central element of the day-to-day management of Silkeborg Grafton One. 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. Several projects completed in the financial year 2023/24 are sold. Moreover, we are continuously in negotiations regarding disposal of other ongoing projects completed at a later point in time.

We are dependent on the planning and permit processing times with the municipalities, including their processing of building permits, but in general we have a good cooperation with the municipalities. For that reason, it is the management's assessment that there is no out of the ordinary risks related to the project portfolio for a development and construction company.

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 to some extend can be affected by the increased level of interest rates on short-term interests, and in addition to this the growth of the group is dependent on the availability of project financing. All projects are offered amongst Silkeborg Grafton One's lenders to ensure the most optimal terms in connection with the individual project financing.

Management reveiw

Knowledge resources

This year, investments in expanding the competences within the group's HR function have been made with the establishment of an HR department that gathers the functions within compensation & benefit and HR development. The HR department is a key driver in the current continued professionalisation of the company. During the financial year 2022/23 HR has, amongst other things, worked strategically with determined efforts regarding strategic recruitments, well-being measurement and development of managers and employees. These considerable investments will continue to be a focus point this upcoming year as it is highly important that Silkeborg Grafton One also in the future can attract and retain qualified employees to ensure the future growth of the company.

An important part of Silkeborg Grafton One's success is a result of competent and committed employees, which is why the management put great focus on continuously strengthening competence development internally.

Reporting on social responsibility

Business model

All employees at Silkeborg Grafton One play an important role in acting out the vision and deliver on the strategy every day. In its business model, Silkeborg Grafton One focuses on property development, construction management as well as leasing and property management, and Silkeborg Grafton One thus has strong competences within land sourcing, development, construction management, leasing, administration, financing and divestments of residential properties.

Silkeborg Grafton One performs a few subcontracts, and Silkeborg Grafton One 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 Silkeborg Grafton One's expectations regarding quality, safety and effectiveness.

Risks

It is the management's view that Silkeborg Grafton One complies with existing legislations, including terms of employment, contractual obligations, building regulations and laws on prevention of corruption and cartelisation.

The owners of Silkeborg Grafton One 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 Silkeborg Grafton One 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 Silkeborg Grafton One is focused on maintaining a good and safe working environment, both regarding our own employees and the employees of our business partners.

The management of Silkeborg Grafton One is also, 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 Silkeborg Grafton One's business model, and thus form the basis of the commercial decisions made.

Management reveiw

Within this financial year, the management continues to have a strong focus on ensuring compliance with the following policies on social responsibility:

- Anti-corruption and -bribery policy
- Whistleblower scheme
- Privacy policy
- Health and safety policy
- Environmental certification of projects
- IT safety policy

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 Silkeborg Grafton One's anticorruption 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. In financial year 2022/23, no violation of the anticorruption and -bribery policy has been registered, just as there has been no reports through Silkeborg Grafton One'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 Silkeborg Grafton One's considerable presence at all construction sites, mitigates the use of illegal labour and the risk of breaches on the human rights of the workforce. This ensures that safety is kept at a constant high at all sites regardless of the workers' employment relation. In the financial year 2022/23, 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. 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 CO2 emission. Considerations towards environment and climate are incorporated into Silkeborg Grafton One's business processes and it is an area that the management prioritises highly when developing and constructing residential properties. Achievement of DGNB certifications is a field, in which Silkeborg Grafton One has invested heavily again this financial year, which also means that Silkeborg Grafton One at present has received two silver certifications and five gold certifications. We have also applied for or received certifications or pre-certifications on 18 ongoing projects.

At the end of the financial year, a unit consisting of four employees have been established, which exclusively works with sustainability in our projects. This, among other things, includes the work related to DGNB certification of Silkeborg Grafton One'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 Silkeborg Grafton One's goal that all ongoing and future projects will achieve DGNB gold certification.

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.

Scalability must ensure an even lower climate footprint in the future, and at Silkeborg Grafton One, we prioritize awareness of responsibility in construction, and we are always looking for new opportunities to optimize our construction. Since the beginning of 2023, Silkeborg Grafton One has been part of the initiative: “Boligbyggeri fra 4 til 1 planet” (Residential construction from 4 to 1 planet), where we are helping the green transition in the industry by developing and constructing a sample construction with a lower climate footprint of 2.5 kg CO_2-eq/sqm/year. The status is that we have held workshops, been in dialogue with Kolding municipality, who are positive about the project. In financial year 2022/23, we have achieved a climate footprint of 2.81 kg CO_2-eq/sqm/year but are still working on improvements. Our climate footprint is a part of our LCA calculation and we use an external advisor to quality check these calculations. Our team has started a dialogue about the design of the terraced houses in collaboration with our development department and Arkitema as overall consultant.

Silkeborg Grafton One has become the first developer of build-to-rent properties, who has achieved a system certification of all future DGNB projects following the 2020 and 2023 manuals. This means that several of our criteria in the entire certification process are now pre-approved on both terraced houses and apartments. This has great impact on our certification process where we are determined to achieve DGNB Gold certification on all our projects.

Silkeborg Grafton One 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 Silkeborg Grafton One’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.

Silkeborg Grafton One 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.

Silkeborg Grafton One 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.

Statement on gender composition

The Board of Directors of Silkeborg Grafton One consists of three representatives of the Group's owners, all of whom are men. Silkeborg Grafton One has a goal of reaching at least 1 female member of the Board of Directors before the end of the financial year 2026/27. The goal has not been reached this year because there has not been any changes to the Board of Directors during the year.

Management reveiw

Silkeborg Grafton One's management consists of one male member.

Silkeborg Grafton One's lower management level is made up of department heads, who are both men and women, but with an over-representation of men. There are six male managers and two female managers.

As a company, Silkeborg Grafton One is aware of the value which diversity, including equal gender distribution, leads to. This is supported by Silkeborg Grafton One’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.

Income statement 31 March 2022 - 30 June 2023

	Note	Group	Parent company
		2022/23	2022/23
		TDKK 15 months	TDKK 15 months
Revenue	1	2,338,349	0
Work on own account recognised in assets		140,280	0
Value adjustments of assets held for investment		-613	0
Other operating income		11,576	0
Expenses for raw materials and consumables		-2,245,835	0
Other external expenses		-118,839	-77
Gross profit/loss		**124,918**	-77
Staff expenses	2	-190,306	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-140,258	0
Profit/loss before financial income and expenses		**-205,646**	-77
Income from investments in subsidiaries		0	-196,439
Income from investments in associates		5,649	0
Financial income	3	1,861	2,373
Financial expenses	4	-49,693	-44,195
Profit/loss before tax		**-247,829**	**-238,338**
Tax on profit/loss for the year	5	15,024	5,533
Net profit/loss for the year	6	**-232,805**	**-232,805**

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Balance sheet 30 June 2023

Assets

	Note	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Goodwill		1,027,737	0
Intangible assets	7	**1,027,737**	**0**
Land and buildings	9	60,447	0
Investment properties	8	12,500	0
Other fixtures and fittings, tools and equipment	9	23,189	0
Leasehold improvements	9	140	0
Property, plant and equipment		**96,276**	**0**
Investments in subsidiaries	10	0	1,517,825
Investments in associates	11	28,439	0
Receivables from group enterprises	12	0	85,417
Deposits	12	243	0
Fixed asset investments		**28,682**	**1,603,242**
Fixed assets		**1,152,695**	**1,603,242**
Inventories	13	**1,713,812**	**0**
Trade receivables		28,642	0
Contract work in progress	14	0	0
Receivables from associates		85	0
Other receivables		129,400	0
Deferred tax asset	15	51,505	5,410
Corporation tax receivable from group enterprises		0	122
Prepayments	16	2,781	0
Receivables		**212,413**	**5,532**
Cash at bank and in hand		**436,335**	**3,964**
Current assets		**2,362,560**	**9,496**
Assets		**3,515,255**	**1,612,738**

Balance sheet 30 June 2023

Liabilities and equity

	Note	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Share capital		2,804	2,804
Retained earnings		44,816	44,816
Equity		**47,620**	**47,620**
Other provisions	17	3,325	0
Provisions		**3,325**	**0**
Mortgage loans		34,290	0
Payables to group enterprises		1,361,289	1,361,289
Other payables		528,575	203,754
Long-term debt	18	**1,924,154**	**1,565,043**
Mortgage loans	18	1,871	0
Credit institutions		122,052	0
Prepayments received from customers		240	0
Trade payables		136,594	75
Contract work in progress	14	5,519	0
Corporation tax		6,405	0
Deposits		12,787	0
Other payables	18	1,254,688	0
Short-term debt		**1,540,156**	**75**
Debt		**3,464,310**	**1,565,118**
Liabilities and equity		**3,515,255**	**1,612,738**

Contingent assets, liabilities and other financial obligations	21
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Statement of changes in equity

Group

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 31 March	0	0	0	0
Cash payment concerning formation of entity	40	0	0	40
Cash capital increase	2,764	277,621	0	280,385
Net profit/loss for the year	0	0	-232,805	-232,805
Transfer from share premium account	0	-277,621	277,621	0
Equity at 30 June	**2,804**	**0**	**44,816**	**47,620**

Parent company

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 31 March	0	0	0	0
Cash payment concerning formation of entity	40	0	0	40
Cash capital increase	2,764	277,621	0	280,385
Net profit/loss for the year	0	0	-232,805	-232,805
Transfer from share premium account	0	-277,621	277,621	0
Equity at 30 June	**2,804**	**0**	**44,816**	**47,620**

Cash flow statement 31 March 2022 - 30 June 2023

	Group	
	Note	2022/23
		TDKK
Result of the year		-232,805
Adjustments	19	154,593
Change in working capital	20	113,469
Cash flow from operations before financial items		**35,257**
Financial income		1,861
Financial expenses		-49,693
Cash flows from ordinary activities		**-12,575**
Corporation tax paid		-65,567
Cash flows from operating activities		**-78,142**
Purchase of property, plant and equipment		-21,610
Fixed asset investments made etc		-4,224
Sale of property, plant and equipment		21,094
Sale of fixed asset investments made etc		326
Business acquisition		-1,348,920
Dividends received from associates		375
Cash flows from investing activities		**-1,352,959**
Repayment of mortgage loans		-2,294
Repayment of loans from credit institutions		-164,170
Raising of payables to group enterprises		1,361,289
Raising of payables to associates		154
Raising of other long-term debt		392,032
Cash capital increase		280,425
Cash flows from financing activities		**1,867,436**
Change in cash and cash equivalents		**436,335**
Cash and cash equivalents at 30 June		**436,335**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		436,335
Cash and cash equivalents at 30 June		**436,335**

Notes to the Financial Statements

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

1. Revenue

	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Geographical segments		
Revenue, Denmark	2,338,349	0
	2,338,349	**0**
Business segments		
Sale of properties	2,131,257	0
Rental income and other income	36,379	0
Work in progress	170,713	0
	2,338,349	**0**

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

2. Staff Expenses

	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Wages and salaries	164,989	0
Pensions	17,883	0
Other social security expenses	3,818	0
Other staff expenses	3,616	0
	190,306	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**275**	**0**

Notes to the Financial Statements

3. Financial income

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK
Interest received from group enterprises	0	2,373
Other financial income	1,861	0
	1,861	**2,373**

4. Financial expenses

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK
Interest paid to group enterprises	38,399	38,399
Other financial expenses	11,294	5,796
	49,693	**44,195**

5. Income tax expense

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK
Current tax for the year	33,425	0
Deferred tax for the year	-48,449	-5,533
	-15,024	**-5,533**

	Parent company
	2022/23
	TDKK

6. Profit allocation

Retained earnings	-232,805
	-232,805

7. Intangible fixed assets

Group

	Goodwill
	TDKK
Cost at 31 March	0
Additions for the year	1,152,602
Cost at 30 June	1,152,602
Impairment losses and amortisation at 31 March	0
Amortisation for the year	124,865
Impairment losses and amortisation at 30 June	124,865
Carrying amount at 30 June	**1,027,737**

Notes to the Financial Statements

8. Assets measured at fair value

Group

	Investment properties
	TDKK
Cost at 31 March	0
Additions for the year	13,113
Cost at 30 June	13,113
Value adjustments at 31 March	0
Revaluations for the year	-613
Value adjustments at 30 June	-613
Carrying amount at 30 June	**12,500**

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 returnbased model.

In the return-based model, a budgeted result for the properties of TDKK 964 has been calculated. When determining the normalized rent, a correction has been made for leases with expected vacancy.

Sensitivity in determination of fair value of investment properties

A rate of return in the range of 7,25 % - 8,25 % has been applied in the market value assessment at 30 June.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in	-0,5%	Base	0.5%
	TDKK	TDKK	TDKK
Rate of return	7.25	7,75	8.25
Fair value	13,362	12,500	11,742
Change in fair value	862	0	-758

9. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 31 March	0	0	0
Additions for the year	63,899	44,627	161
Disposals for the year	-2,030	-7,990	0
Cost at 30 June	61,869	36,637	161
Impairment losses and depreciation at 31 March	0	0	0
Depreciation for the year	1,422	13,950	21
Reversal of impairment and depreciation of sold assets	0	-502	0
Impairment losses and depreciation at 30 June	1,422	13,448	21
Carrying amount at 30 June	**60,447**	**23,189**	**140**

	Parent company
	2022/23
	TDKK

10. Investments in subsidiaries

Additions for the year	1,714,264
Cost at 30 June	1,714,264
Net profit/loss for the year	-35,231
Amortisation of goodwill	-161,208
Value adjustments at 30 June	-196,439
Carrying amount at 30 June	**1,517,825**
Positive differences arising on initial measurement of subsidiaries at net asset value	1,201,337

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Birch Ejendomme Holding ApS	Silkeborg	100%
Birch Byg Holding ApS*	Silkeborg	100%
Birch Projektudvikling ApS* *	Silkeborg	100%
Birch Parcelhusgrunde ApS* *	Silkeborg	100%
Birch JB Holding ApS* *	Silkeborg	100%
Birch JB Totalentreprise ApS* * *	Silkeborg	100%
Birch Lunden, Horsens ApS* * *	Silkeborg	100%
Birch NK Holding ApS* *	Silkeborg	100%
Birch NK Totalentreprise ApS* * *	Silkeborg	100%
Birch KC Stadionvej, Kolding ApS* * *	Silkeborg	100%
Birch KF Holding ApS* *	Silkeborg	100%
Birch KF Totalentreprise ApS* * *	Silkeborg	100%
Birch GM Entreprise ApS* *	Silkeborg	100%
Birch CB Holding ApS* *	Silkeborg	100%
Birch Fynsvej, Kolding ApS* * *	Silkeborg	100%
Birch Holbæk 1 ApS* * *	Silkeborg	100%
Birch Skovhaven 1 ApS* * *	Silkeborg	100%
Birch JB Totalentreprise 2 ApS* * *	Silkeborg	100%
NS 6 ApS* * *	Silkeborg	100%
NS 7 ApS* * *	Silkeborg	100%
NS 8 ApS* * *	Silkeborg	100%
Birch Engen III, Horsens ApS* * *	Silkeborg	100%

Notes to the Financial Statements

Birch Ndr. Ringgade, Slagelse ApS* * *	Silkeborg	100%
Birch NPF Holding ApS* *	Silkeborg	100%
Birch NPF Totalentreprise ApS* * *	Silkeborg	100%
Birch KC Totalentreprise ApS* * *	Silkeborg	100%
Birch KC Holding ApS* *	Silkeborg	100%
Birch Nørrestrand Holding ApS* *	Silkeborg	100%
Byggemodningsselskabet Birch Nørrestrand ApS* * *	Silkeborg	100%
Birch Nørrestrand Totalentreprise ApS* * *	Silkeborg	100%
Birch Sdr. Bjert ApS* * *	Silkeborg	100%
Glumsø ApS* * *	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%
Birch CB Totalentreprise ApS* * *	Silkeborg	100%
Birch AE Holding ApS* *	Silkeborg	100%
Birch Viby Sjælland 2 ApS* * *	Silkeborg	100%
Birch Bækkelunden 3 ApS* * *	Silkeborg	100%
Birch Bækkelunden 4 ApS* * *	Silkeborg	100%
Birch Sognefogedvej P/S* * *	Silkeborg	100%
Komplementarselskabet Birch Sognefogedvej ApS* * *	Silkeborg	100%
Birch Gødvad Øst ApS* * *	Silkeborg	100%
Birch Gårslev ApS* * *	Silkeborg	100%
Birch Bredal P/S* * *	Silkeborg	100%
Komplementarselskabet Birch Bredal ApS* * *	Silkeborg	100%
Birch Viby Sjælland 1 ApS* * *	Silkeborg	100%
Birch Skærbækvej ApS* * *	Silkeborg	100%
Birch AE Totalentreprise ApS* * *	Silkeborg	100%
Birch Bækkelunden 1 ApS* * *	Silkeborg	100%
Birch Bækkelunden 2 ApS* * *	Silkeborg	100%
Birch Nyborg ApS* * *	Silkeborg	100%
Birch Støvring ApS* * *	Silkeborg	100%
Komplementarselskabet Birch Støvring ApS* * *	Silkeborg	100%

*) Subidiary of susidiary
* *) Subsidiary of subsidiary of subsidiary
* * *) Subsidiary of subsidiary of subsidiary of subsidiary

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

11. Investments in associated companies

	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Additions for the year	23,491	0
Disposals for the year	-1,650	0
Cost at 30 June	21,841	0
Net profit/loss for the year	5,649	0
Other equity movements, net	-375	0
Transfers for the year	1,324	0
Value adjustments at 30 June	6,598	0
Carrying amount at 30 June	**28,439**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Ownership and Votes
Birch JB Jordkærvej ApS*	Silkeborg	50%
Birch Herningvej, Silkeborg Holding ApS*	Silkeborg	50%
NS 5 JV HoldCo ApS*	Silkeborg	30%

*) Associate in subsidiary

Notes to the Financial Statements

12. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 31 March	0
Additions for the year	389
Disposals for the year	-146
Cost at 30 June	243
Carrying amount at 30 June	**243**

Parent company

	Receivables from group enterprises
	TDKK
Cost at 31 March	0
Additions for the year	85,417
Cost at 30 June	85,417
Carrying amount at 30 June	**85,417**

	Group	**Parent company**
	2022/23	2022/23
	TDKK	TDKK

13. Inventories

Properties under construction	1,713,812	0
	1,713,812	**0**

Notes to the Financial Statements

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

14. Contract work in progress

	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Selling price of work in progress	175,182	0
Payments received on account	-169,663	0
	5,519	**0**
Recognised in the balance sheet as follows:		
Work in progress recognised in debt	-5,519	0
	-5,519	**0**

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

15. Deferred tax asset

	Group 2022/23 TDKK	Parent company 2022/23 TDKK
Amounts recognised in the income statement for the year	51,505	5,410
Deferred tax asset at 30 June	**51,505**	**5,410**

The tax assets includes tax lossses that are being carried forward. The group expects to use this tax loss within the coming years.

16. Prepayments

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

17. 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.

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK
Other provisions	3,325	0
	3,325	**0**

The provisions are expected to mature as follows:

Within 1 year	0	0
Between 1 and 5 years	3,325	0
After 5 years	0	0
	3,325	**0**

Notes to the Financial Statements

18. 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 company
	2022/23	2022/23
	TDKK	TDKK
Mortgage loans		
After 5 years	26,151	0
Between 1 and 5 years	8,139	0
Long-term part	34,290	0
Within 1 year	1,871	0
	36,161	**0**
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	1,361,289	1,361,289
Long-term part	1,361,289	1,361,289
Within 1 year	0	0
	1,361,289	**1,361,289**
Other payables		
After 5 years	0	0
Between 1 and 5 years	528,575	203,754
Long-term part	528,575	203,754
Within 1 year	0	0
Other short-term payables	1,254,688	0
	1,783,263	**203,754**

Notes to the Financial Statements

19. Cash flow statement - Adjustments

	Group
	2022/23
	TDKK
Financial income	-1,861
Financial expenses	49,693
Depreciation, amortisation and impairment losses, including losses and gains on sales	128,682
Value adjustments of assets held for investment	613
Income from investments in associates	-5,649
Tax on profit/loss for the year	-15,024
Other adjustments	-1,861
	154,593

20. Cash flow statement - Change in working capital

	Group
	2022/23
	TDKK
Change in inventories	276,890
Change in receivables	-72,205
Change in other provisions	2,082
Change in trade payables, etc	-93,298
	113,469

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK

21. Contingent assets, liabilities and other financial obligations

Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a carrying amount of	72,947	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	72,947	0
The following assets have been placed as security with other payables::		
Inventory	1,713,812	0
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	14,766	0
Between 1 and 5 years	21,642	0
	36,408	**0**
The group has obligations under rental for 6 months to maturity totaling	192	0
Guarantee obligations		
The group has provided a guarantee for ongoing work in progress for a total of	85,498	0

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.

Other contingent liabilities

The group has provided guarantees to suppliers for a total of	39,528	0

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 Group’s liability.

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. 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 Group’s liability.

22. Related parties

	Basis
Controlling interest	
Aermont Capital Real Estate Fund IV SCSp, Luxembourg	Ultimate parent, controlling interes
ACREF IV Holding S.à r.l., Luxembourg	Parent company
Silkeborg Grafton S.à r.l., Luxembourg	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. There have been no such transactions.

23. Fee to auditors appointed at the general meeting

	Group	Parent company
	2022/23	2022/23
	TDKK	TDKK
Audit fee	2,009	61
Tax advisory services	66	0
Non-audit services	394	0
	2,469	**61**

24. Subsequent events

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

Notes to the Financial Statements

25. Accounting policies

The Annual Report of Silkeborg Grafton One ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

As it is the company's first financial year, comparative figures have not been included in the income statement and balance sheet.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Silkeborg Grafton One 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. 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 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.

Segment information on revenue

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

Income statement

Net sales

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 the consolidated revenue for the year.

Other external expenses

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

Notes to the Financial Statements

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 intangible assets and 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 intangible assets and 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.

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 year.

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 assets 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 properties are recognised in cost over the construction period.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

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 historical 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. The assumptions applied are disclosed in the notes.

Return-based valuation model

The fair value of certain investment properties has been determined at 30 June 2023 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 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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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
Leasehold improvements	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 and investments 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.

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 and costs of completion. 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 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 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, including the tax base of tax loss carry-forwards, 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.

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”.

Notes to the Financial Statements

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity