Sofia Residential Development A/S

C/O Øens Virksomhedsadministration ApS
Lergravsvej 59, st.
2300 København S

CVR no. 41507470

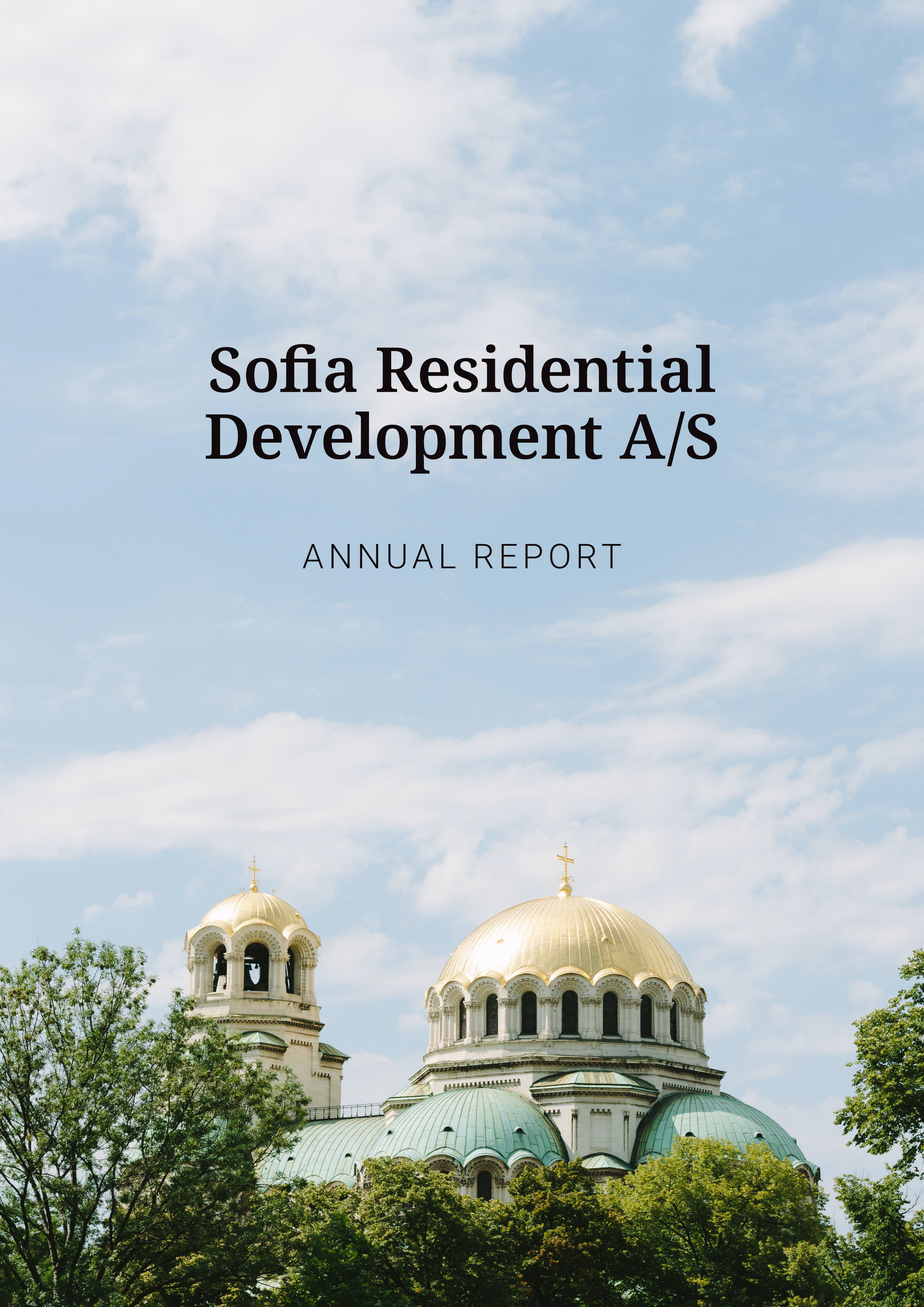
ANNUAL REPORT FOR 2024

Adopted at the annual general meeting on

Anders Johansson
chairman of the general meeting

Sofia Residential Development A/S

ANNUAL REPORT



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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Sofia Residential Development A/S for the financial year 1 January - 31 December 2024.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 December 2024 and of the results of the group and the company operations for the financial year 1 January - 31 December 2024.

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

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

Copenhagen, 12 May 2025

EXECUTIVE BOARD

Anders Retz Johansson
Managing Director and
board member

SUPERVISORY BOARD

Georgi Kirov
Chairman

Majbritt Christensen
Board member

Anders Retz Johansson
Board member

Independent auditor's report

To the shareholder of Sofia Residential Development A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of Sofia Residential Development A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company. The consolidated financial statements and the aren't company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 December 2024 and of the results of the group and the parent company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

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

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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.

Independent auditor's report

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

(continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for pourposes 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.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and 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 of management's review.

Hellerup, 12th May 2025
CVR-nr. 33 25 68 76

Crowe

Søren Jonassen
State Authorised Public Accountant
18488

Company details

The company

Sofia Residential Development A/D
C/O Øens Virksomhedsadministration ApS
Lergravsvej 59, st.
2300 København S

Website:	sresidentialdevelopment.com
CVR no.:	41507470
Reporting period:	01 January 2024 - 31 December 2024
Incorporated:	01. July 2020
Domicile:	Copenhagen

Supervisory board

Georgi Kirov(Chairman)
Majbritt Christensen
Anders Retz Johansson

Executive board

Anders Retz Johansson

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
Rygårds Allé 104
2900 Hellerup

Management's review

BUSINESS REVIEW

The company is a development company acquiring plots, projects, and buildings with the intent of developing and eventually selling apartments and properties to end users or residential rental companies. The company rencently initiated also to provide services within development, brokerage, construction management, and supervision as a consultant, developer, and agent for external clients and purchase and sale of rights.

The main focus is young professionals and the rising middle class seeking affordable yet high-quality housing in Sofia. The company also targets international investors and institutional investors.

FINANCIAL REVIEW

The Company's income statement for the year ended 31 December 2024 shows an EBITDA of DKK 26.126.021 and a net profit of DKK 21.322.808 The balance sheet as of 31 December 2024 shows equity of DKK 110.363.759

The equity method results in assets being shown at cost price, as the underlying entities in the group book all assets at cost price. Consequently, the income statement will not reflect value adjustments of the underlying assets but will solely show the Company's ability to generate profit from the development and sale of projects. This provides transparent reporting, as the Company should be evaluated based on its current and future ability to generate profit from its core operating activities.

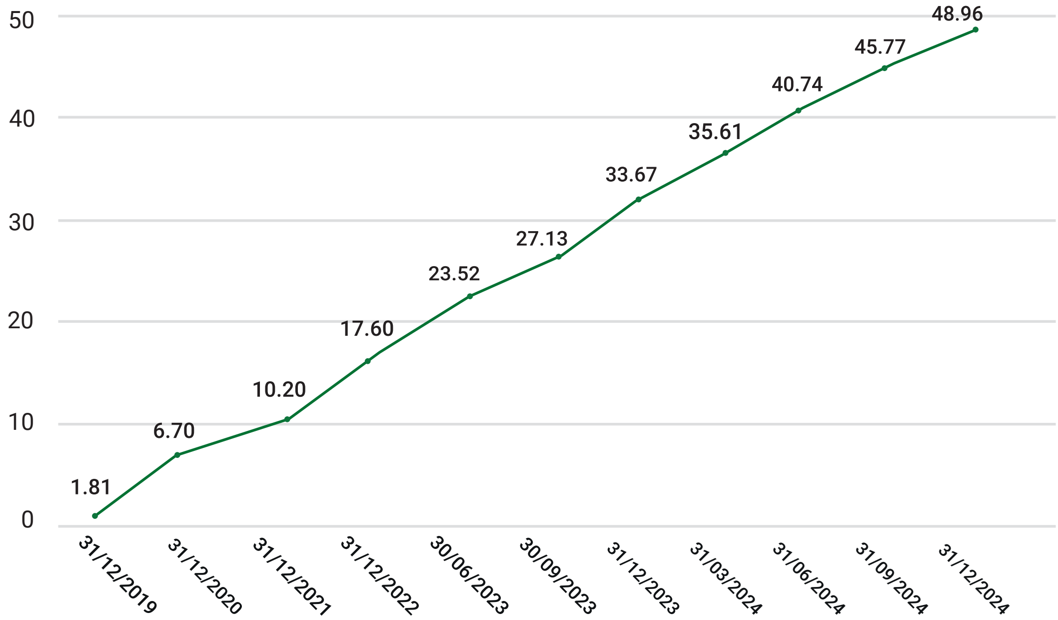
Since the Company is not listed, the board has decided to report an estimated share price quarterly. The method of the estimation is unchanged. A dedicated section of the financial report will detail the estimated value of the Company and explain how it is estimated.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

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

Share price

The Company's share value continues the posive trend.



SHARE PRICE (DKK) SOFIA RESIDENTIAL DEVELOPMENT A/S
ISIN: DK0061556693

2019	2020	2021	2022				2023				2024			
30/12	31/12	31/12	31/03	30/06	31/10	31/12	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12
1.81	6.70	10.20	10.69	11.40	13.32	17.60	21.41	23.52	27.13	33.67	35.61	40.74	45.77	48.96

CEO's letter

Dear shareholders,

It is with great pleasure and pride that I reflect on our results from 2024—a year in which our dedication and strategic efforts moved us significantly closer to our ambitious goals for 2030.

ROBUST SALES PIPELINE

In 2024, we managed to further strengthen the robustness of our sales pipeline. The total value of our pipeline increased by 67,6 % in 2024, from DKK million 466 by 31st December 2023 to DKK million 781 by 31st December 2024. We have a long-term goal to achieve a pipeline of over five years' sales, and in 2024 we succeeded in moving closer to this target, such that our sales pipeline now represents more than four years of sales. This is an increase compared to 2023 and thus a development that brings us a significant step closer to our long-term goal.

FINANCIAL RESULT IN LINE WITH OUR 2030-PLAN

Financially, we have obtained a result that is in line with expectations, an EBITDA of DKK 26.126.021, and a quardrupling of our net result compared to 2023. The result was achieved through the sale of several development projects at various stages from our pipeline in Sofia. The sales and our continued focus on maintaining low fixed costs have resulted in an EBITDA margin of 44.4 %%, which is in line with the expectations we have set for our margins in the 2030 plan.

The positive development in the company's performance has also led to an increase in the share price. The share price in¬creased by 45,4% during 2024. The share price is calculated based on the same method as previous years. The details be¬hind this calculation is thoroughly described in a separate section in this annual report.

ESG WORK

2024 was a milestone year for us on the ESG front, where for the first time we worked with concrete targets, presented at the ordinary general meeting. Our main focus was to implement internal procedures aimed at reducing our environmental footprint, and we consolidated all ESG reporting into a separate ESG annual report.

In addition, we strengthened our efforts within social and governance areas by promoting a healthy, inclusive workplace, updating our Code of Conduct, and enhancing governance structures to ensure ESG is fully integrated into decision-making. These initiatives mark important progress towards a more sustainable and responsible company.

EXPECTATIONS FOR 2025

In 2025, we expect to continue our growth journey and follow our 2030 plan. Thus, we expect to achieve an EBITDA of DKK 40 million, fully in line with our long-term 2030 plan.
We look forward to the future with optimism and continue to strive to deliver value to our shareholders, customers, and the surrounding community.

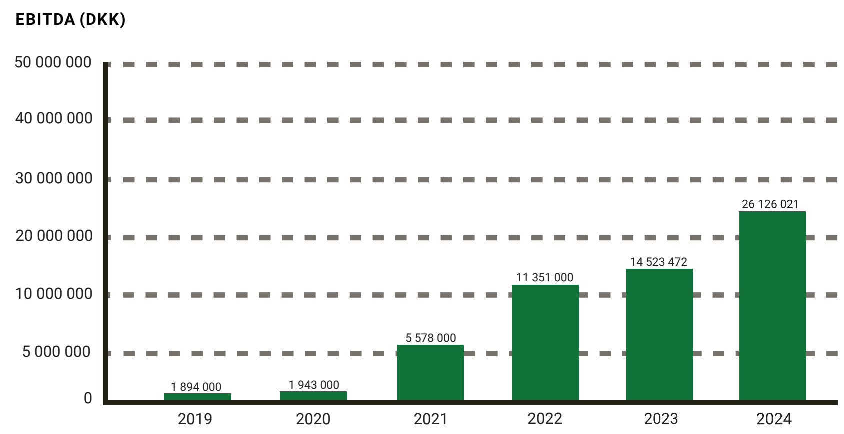
We look forward to the future with optimism and continue to strive to deliver value to our shareholders, customers, and the surrounding community.

Anders Johansson, CEO
Sofia Residential Development A/S

Performance highlights

Sofia Residential Development has experienced a strong 2024, with continued growth in the company's EBITDA, which is in line with the company's 2030 plan.

EBITDA increased by 79.9% in 2024 compared to 2023. Over the past five years, EBITDA has multiplied more than 12 times.

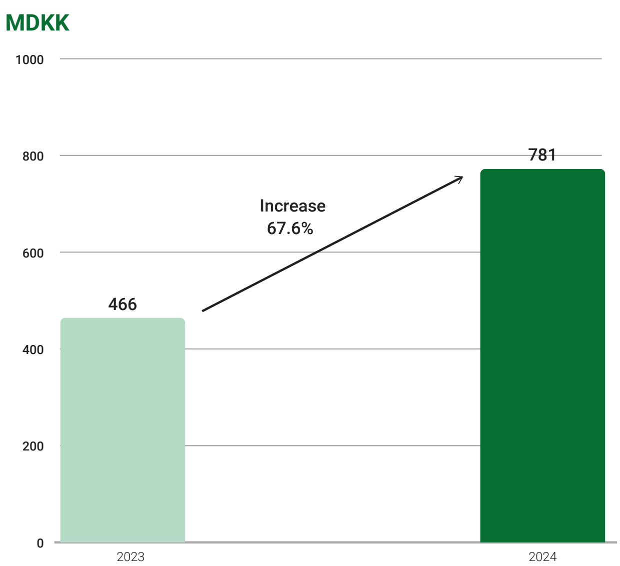


PIPELINE YEARS SECURED

In 2024, the company moved closer to its long-term goal of securing its pipeline for 5 years. The key metric increased in 2024 from 3.6 years to 4.3 years.

The company has achieved significant growth in its pipeline during 2024. The value of its project pipeline amounted to DKK 781million as of 31st December 2024. This represents an increase of 67,6% compared to the company's position as of 31st December 2023.

2023 real.	2024 real.	Long term target
3,6 years	4,3 years	>5 years

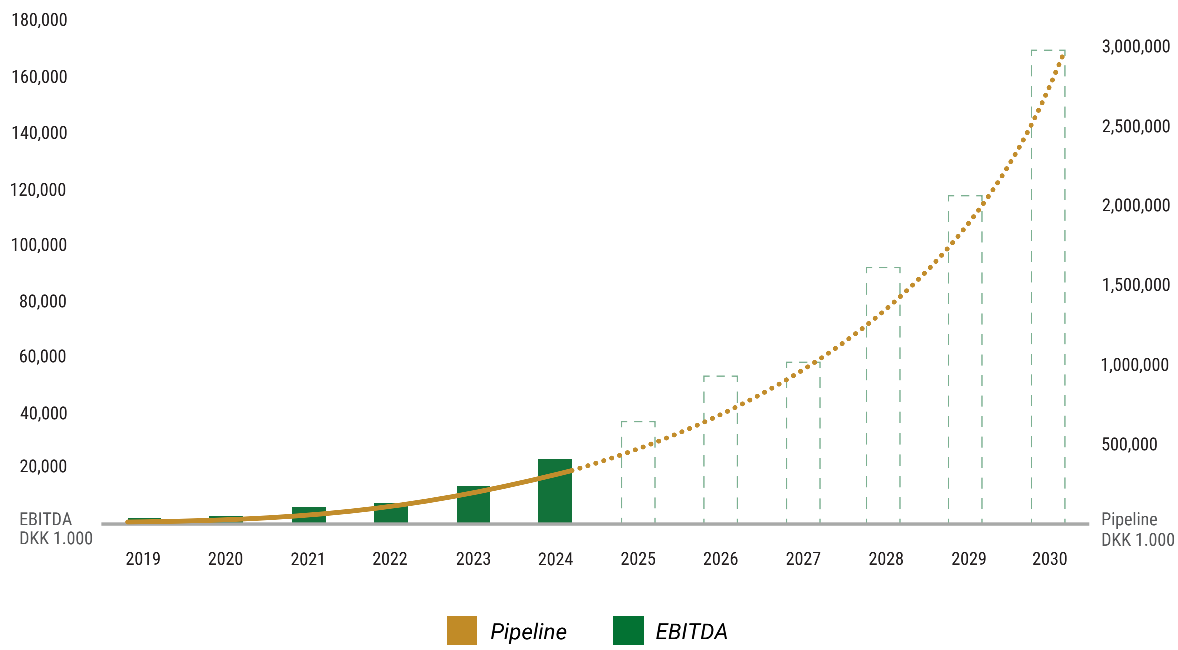


Pipeline

Those shown in green are the completed projects and the ones in grey are under execution.

Our portfolio of new development projects consists of a total of 25 property projects by the end of 2024, at various stages and sizes. To reduce the capital requirement in the company, two of the projects in the pipeline is based on option agreements for future development, while three projects have been sold at an early stage, but the Company is still involved in the completion of the projects. The ongoing projects will be delivered over a period of the next 4-5 years. In addition to ongoing projects, we are in negotiations about a number of additional projects. Therefore, we expect the number of development projects to increase significantly in the coming years. Furthermore, we anticipate that the size of the projects will also be increasing in the future. We continue to experience strong demand for the properties and apartments we deliver to our customers.

SOFIA RESIDENTIAL DEVELOPMENT A/S
GROWTH PLAN ON TRACK



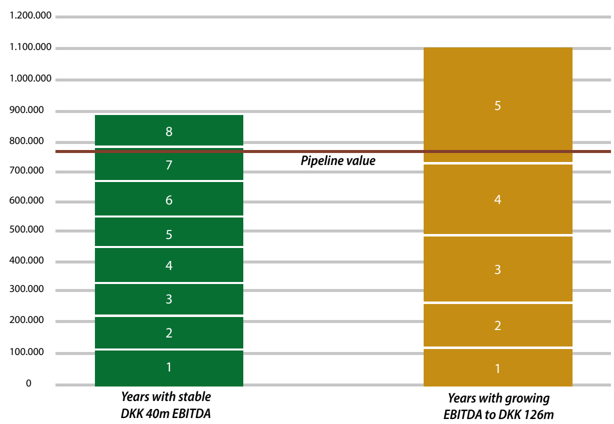
The pipeline of development projects fully develops in line with the business plan that the Company developed in 2021. The figure shows how the we continue to invest in growing our pipeline and how this enables the Company to grow the EBITDA as projects are turned in to finalised residential units.

We have already secured a number of attractive projects that ensure our pipeline for the coming years. The figure illustrates a robust project pipeline, by end of 2024 valued DKK 781 million, which is sufficient to sustain over 4,3 years of sales, ensuring a stable EBITDA of DKK 26.126.021 million annually.

Our strategic growth plan is set to significantly increase sales from DKK 110 million in 2025 to DKK 268 million by 2028, with a projected EBITDA surpassing DKK 100 million. Despite this aggressive growth trajectory, our existing pipeline will cover 4,3 years of anticipated sales.

This strong pipeline positions the Company advantageously, enabling the Company to focus on its expansion to sustain continuous growth. The objective is to maintain a pipeline that covers at least five years of sales, aligned with the budgeted targets. This strategy provides both the Company and investors with confidence in the Company's sustained performance, ultimately enhancing the Company's valuation.

YEARS OF SECURED TURNOVER



Organization

The Management is responsible for the daily operations of Sofia Residential Development. In addition, the Management ensures that the Company's bookkeeping follows the applicable rules and regulations, and that the administration and construction of the Company's assets are carried out in an appropriate manner together with our own staff and professional partners.

GEORGI KIROV
Chairman

Georgi Kirov joined Colliers International in 2001 and has been the head of his department since 2006. Among other things, he has been responsible for the largest real estate transaction in Bulgaria to date, Business Park Sofia, which had a total value of EUR 280 million.

CURRENT EMPLOYMENT
Director Capital Markets, Colliers International, Bulgaria BOARD MEMBER The Royal Institute of Chartered Surveyors, London

MAJBRITT CHRISTENSEN
Board Member

Majbritt Christensen has worked in real estate since 2004, starting with project development in Copenhagen. She later co-founded and sold two companies—Rightsize, a commercial tenancy advisory, and Adoor, a digital platform for homeowners and buyers. Today, she works full-time as an independent advisor.

CURRENT EMPLOYMENT
CEO, Popl ApS.

ANDERS JOHANSSON
CEO + board member

Anders Johansson joined the Company in 2023 as the new CEO. He came from a position as Chief of Fund Management in the largest Danish real estate investor, Koncenton. Besides his strong skills within management of funds and investing, Anders has a background as a shipbroker, where he gained knowledge of cross boarder trade and working relations, which are qualifications that are keen for the future development of the Company and its organisation.

ESG

2024 marked an important year for our organization as we set and pursued specific goals for our ESG initiatives, embracing this challenge with great dedication. Our vision to contribute to Sofia's development as a modern, sustainable metropolis remains unwavering, and we are ready to take ambitious steps forward on this transformative journey.

Our business model is based on six principles that has made our buildings attractive for our target group and business sound for our investors and has enabled us to stay ahead of our peers. These principles are:

1. QUALITY BUILDING WITH GOOD LOCATIONS
We find building plots in the centre of Sofia and other well-established locations in the city, where there is already life, but where the building stock is worn out. Here we build apartments according to Nordic building tradition: bright, with good insulation, and almost all have a balcony.

2. SOCIAL ANCHORING
We build in areas where people already live. Therefore, it is important that our apartments fit into the neighbourhood and that we raise the quality of construction and life. The homes are accessible and safe - also for the elderly and disabled.

3. BUILDING MANAGEMENT
We only take over the risk and pay the full for the project once the authorities have approved the apartments. However, we are always present on the building site from A to Z to ensure the quality and uphold schedules.

4. FOCUS ON THE ENVIRONMENT
Our apartments are well insulated, so the indoor climate is healthy, and the heating bill is low. We preserve planting and build with materials that last longer and are easier to recycle. It ensures homes that are more sustainable than those that were before.

5. PARTICIPATION
The buyers of the apartments are given the opportunity to decide for themselves what their kitchen, bathroom, floors, and walls should look like. It is a well-known principle in the Nordic countries, but it is largely unknown in Sofia.

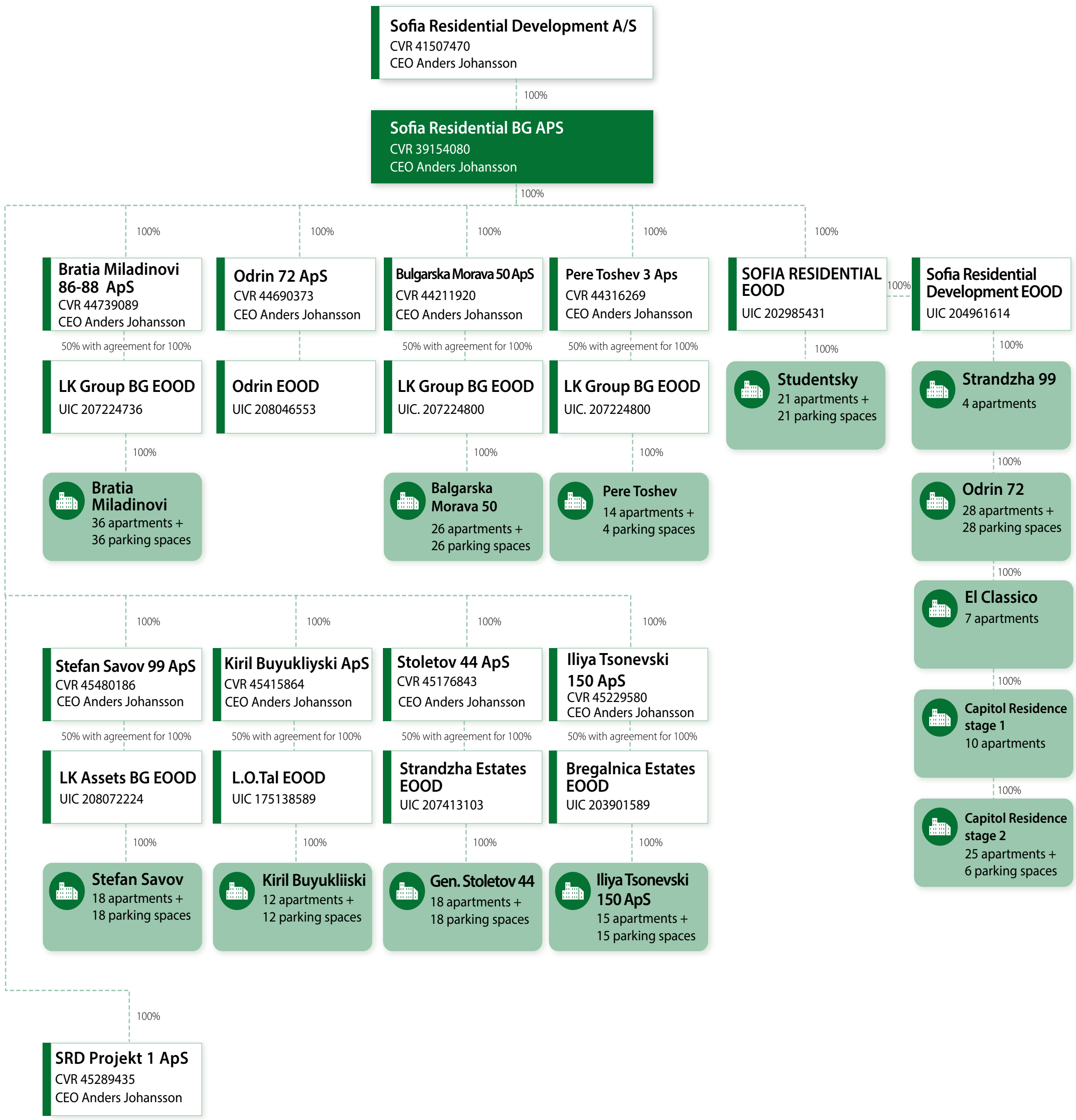
6. WE BEHAVE PROPERLY
When we make a deal, we stick to it. It sounds simple, but it is not always the custom in the construction industry. We distance ourselves from corruption and pay our due taxes. That is why we are a well-liked partner.

For detailed information about our ESG work please refer to our annual ESG report for 2024.

Corporate structure and details

Sofia Residential Development A/S ("the Company") is a Danish limited liability company incorporated on 1 July 2020 under the laws of the Kingdom of Denmark with company registration number 41507470.

The Company's ISIN number is: DK0061556693.
The Company's address is: Lergravsvej 59A, 2300 Copenhagen S, Denmark.
Website: sresidentialdevelopment.com



Valuation principle

ESTIMATION OF MARKET VALUE OF THE COMPANY

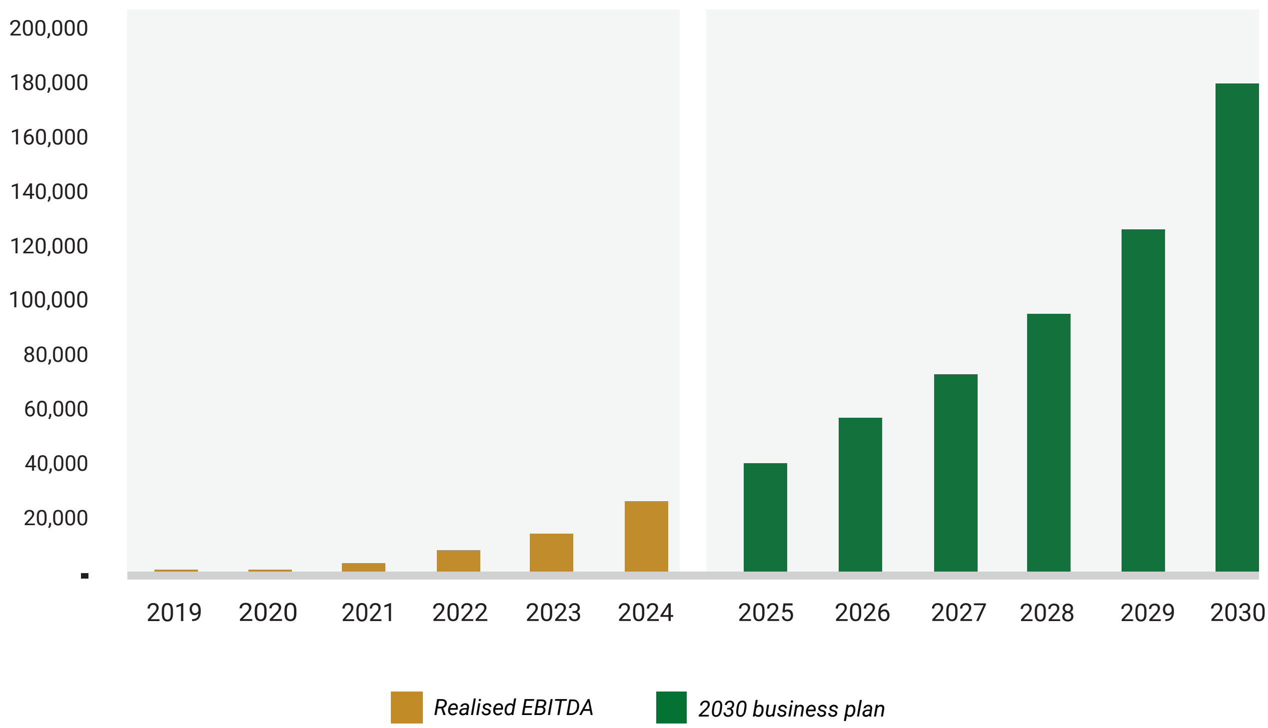
The main focus of Sofia Residential Development is to deliver on operational activities to meet the financial targets in the 2030 plan sustainably, maximizing the overall company valuation.

The development activities are re-valued quarterly based on internal parameters such as current performance, project pipeline, and the sustainability of the 2030 business plan, as well as external parameters such as interest rates, the equity premium related to real estate development, and the market premium related to Bulgaria.

These factors are combined in a model where the development activities are valued using the discounted cash flow method based on three different scenarios:

Valuation 1: Capitalization of current performance this assessment is very conservative as Sofia Residential Development already has a pipeline that supports a larger business. Valuation 1 results in an estimated market value of DKK 311 million.

2030 PLAN FOR SOFIA RESIDENTIAL DEVELOPMENT



- **Valuation 2**: Capitalization of 5-year forecast this assessment takes into account the expected growth in the near future. The assessment therefore recognizes potential but not the full potential of the 2030 business plan. Valuation 2 results in an estimated market value of DKK 606 million.

- **Valuation 3:** Valuation 3 is for the 2024 financial statements, based on the 2030 plan which only includes six remaining years. The value is therefore close to Valuation 2. In 2025, a new 10-year plan (Plan 2035) will be developed, which will form the basis for Valuation 3. From 2021 to 2025, the company has grown its EBITDA by 75% per year. Assuming a conservative projection of 10% annual growth from 2031 to 2035, Valuation 3 will amount to DKK 1,015 million. The goal is to achieve higher growth than 10% in the 2035 plan, but the growth ambition will be finalized during 2025.

The Board of Directors has decided on a weighted approach to how the three valuation approaches should contribute to the final valuation:

- **Valuation 3** will only be recognized when there is a project pipeline exceeding 5 years justifying that Sofia Residential Development will reach the 2030 revenue target.

- **Valuation 2** is recognized to the extent that the project pipeline justifies the revenue level for that period

- **Valuation 1** is recognized to the extent that the project pipeline does not justify the full revenue uplift in the 5-year forecast used in the valuation scenario 2.

The valuation results in a valuation of DKK 568 million. Including all potential as stipulated by valuation scenario 3 will result in a valuation of DKK 1,015 million. Valuation 3 requires that the Company grows the pipeline of projects from 3,5 years of sales to above 5 years of sales.

We work towards obtaining this target within the next 1-2 years.

WACC

For the calculation of the company's value today, a weighted average cost of capital (WACC) is used to discount the company's future earnings.

The Board of Directors decides on a weighted average cost of capital (WACC) that is used to calculate the present value of the cash flow in each valuation scenario. The WACC is determined by combining the return requirements from the following parameters:

- The risk free rate: The Board of Directors uses the 10-year state bond for Bulgaria equal to 3,6% as of 31.12.2024

- Long-term international market premium for equity investments equal to 4,3%

- International premium related to real estate development activities equal to 1,0%

- International market premium related to investments in Bulgaria equal to 2,1%

- Build up of organisation 1,5%

Combined, the WACC is 11,7% as of 31.12.2024 compared to 12,9% as of 31.12.2023. The valuation continues to be very sensitive to changes in the WACC, resulting in a significant value increase with a lower WACC and a value decrease with a higher WACC. For example, a WACC of 6,5% will result in 2,7x higher valuation whereas a WACC of 20% will result in a 2,1x lower valuation. In the 2024 valuations, the Board of Directors assumes a steady-state growth of 3%, the same as in the 2023 valuation.

Accounting policies

The annual report of Sofia Residential Development A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies are identical for both the parent company financial statements and the consolidated financial statements.

BASIS OF RECOGNITION AND MEASUREMENT

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

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

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

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

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

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

RECOGNITION AND MEASUREMENT OF BUSINESS COMBINATIONS

Recently acquired entities are recognised in the financial statements from the date of acquisition. Sold entities are recognised in the financial statements until the date of disposal. Comparative figures are not restated in respect of recently acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the time when the company actually gains control over the acquiree.

The acquisition method is applied to the acquisition of new entities where the company gains control over the acquiree. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or emanate from a contractual right. Deferred tax on the revaluations made is recognised.

Positive differences (goodwill) between, on the one side, the purchase consideration, the value of noncontrolling interests in the acquiree and the fair value of any previously acquired investments and, on the other side, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under ‘Intangible assets’. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of its useful life.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

On acquisition, goodwill is ascribed to / classed with the cash-generating unit, which subsequently forms a basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a oreign entity with another functional currency than the group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are translated on initial recognition into the foreign entity's functional currency using the exchange rate at the date of the transaction.
The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is conditional upon future events or the fulfilment of agreed conditions, this part of the

Accounting policies

purchase consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of conditional purchase consideration are recognised in the income statement.

Expenses defrayed in connection with acquisitions are recognised in the income statement in the year in which they are defrayed.

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminarily calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised as error.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent company Sofia Residential Development A/S moder and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.
Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.
Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

INCOME STATEMENT

GROSS PROFIT

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, less costs of raw materials and consumables and other external expenses.

REVENUE

The Group's revenue primarily comprises:

- Sale of real estate development projects, properties, and individual real estate units,
- Sale of rights to real estate development projects, and
- Revenue from services such as development management, project supervision, brokerage, and construction management.

Revenue from the sale of properties or rights is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer — typically upon delivery — and when the income can be measured reliably and is expected to be received.

EXPENSES FOR RAW MATERIALS AND CONSUMABLES

Costs of raw materials and consumables include cost of acquisitions of plots, real estate development projects, real estate, rights and labour used in generating the year's revenue.

OTHER OPERATING EXPENSES

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

OTHER EXTERNAL COSTS

Other external costs include expenses related to administration.

STAFF COSTS

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Accounting policies

INCOME FROM INVESTMENTS IN SUBSIDIARIES AND PARTICIPATING INTERESTS

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.
Dividend from participating interests is recognised in the financial year in which the dividend is declared.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

TAX ON PROFIT/LOSS FOR THE YEAR

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

BALANCE SHEET

INTANGIBLE ASSETS

Goodwill

Gains or losses on disposal of subsidiaries, participating interests and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.
Acquisitions of entities are accounted for using the purchase method, according to which the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provision is made for expenses to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Goodwill arising on acquisition can be restated until the end of the year after the acquisition.
Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

INVESTMENTS IN SUBSIDIARIES AND PARTICIPATING INTERESTS

Investment in participating interests are measured at cost. If cost exceeds the recoverable amount, a writedown is made to this lower value.
Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Accounting policies

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Sofia Residential Development A/S is adopted are not taken to the net revaluation reserve.
Acquirees are accounted for using the purchase method, see the above description of consolidated financial statements and calculation of goodwill.

STOCKS

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to the lower value.
The cost of work in progress includes costs related to the acquisition of land, real estate development projects, properties, and rights, as well as direct labour costs and indirect production costs.
Net realisable value is determined as the estimated selling price less the costs of completion and the costs necessary to complete the sale. When assessing net realisable value, factors such as marketability, obsolescence, and expected price developments are taken into account.

RECEIVABLES

Receivables are measured at amortised cost.
An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

PREPAYMENTS

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and deposits at banks.

EQUITY

RESERVE FOR NET REVALUATION ACCORDING TO THE EQUITY METHOD

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries relative to the cost.

INCOME TAX AND DEFERRED TAX

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

LIABILITIES

Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

FOREIGN CURRENCY TRANSLATION

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement

	Note	GROUP		PARENT COMPANY	
		2024	2023	2024	2023
		DKK	TDKK	DKK	TDKK
Gross profit		**28.263.379**	**15.816**	**-1.545.393**	**-773**
Staff costs	1	-2.137.717	-1.292	-1.058.270	-535
Profit/loss before amortisation/depreciation and impairment losses		**26.126.022**	**14.524**	**-2.603.663**	**-1.308**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.718.336	-5.669	*0*	*-64*
Other operating costs		0	-9	0	-9
Profit/loss before net financials		**20.407.686**	**8.846**	**-2.603.663**	**-1.381**
Income from investments in subsidiares		0	0	21.591.715	9.392
Financial income	2	1.575.310	772	2.366.131	41
Financial costs	3	-358.484	-4.772	-105.579	-3.061
Profit/loss before tax		**21.624.512**	**4.846**	**21.248.604**	**4.991**
Tax on profit/loss for the year	4	-301.704	145	74.204	0
Profit/loss for the year		**21.322.808**	**4.991**	**21.322.808**	**4.991**
Recommended appropriation of profit/loss					
Reserve for net revaluation under the equity method		0	0	21.591.715	3.865
Retained earnings		21.322.808	4.991	-268.907	1.126
		21.322.808	**4.991**	**21.322.808**	**4.991**

Balance sheet

	Note	GROUP 2024	GROUP 2023	PARENT COMPANY 2024	PARENT COMPANY 2023
		DKK	TDKK	DKK	TDKK
Assets					
Goodwill		38.693.343	44.221	0	0
Intangible assets	5	**38.693.343**	**44.221**	**0**	**0**
Investments in subsidiaries	6	0	0	81.454.217	59.865
Participating interests		149.460	75	0	0
Receivables from participating interests		22.847.657	19.827	0	0
Deposits		12.267	25	12.267	12
Fixed asset investments		**23.009.384**	**19.927**	**81.466.484**	**59.877**
Total non-current assets		**61.702.727**	**64.148**	**81.466.484**	**59.877**
Work in progress		6.026.594	7.883	0	0
Stocks		**6.026.594**	**7.883**	**0**	**0**
Trade receivables		802.492	724	217.500	0
Receivables from subsidiaries		0	0	28.234.338	28.671
Other receivables	7	32.469.555	13.086	57.836	0
Deferred tax asset		129.312	434	74.204	0
Prepayments		40.996	32	21.924	20
Receivables		33.442.355	14.276	28.605.802	28.691
Cash at bank and in hand		**15.231.983**	**6.311**	**646.127**	**2.775**
Total current assets		**54.700.932**	**28.470**	**29.251.929**	**31.466**
Total assets		**116.403.659**	**92.618**	**110.718.413**	**91.343**

Balance sheet

	Note	GROUP		PARENT COMPANY	
		2024	2023	2024	2023
		DKK	TDKK	DKK	TDKK

Equity and liabilities

	Note	Group 2024 DKK	Group 2023 TDKK	Parent 2024 DKK	Parent 2023 TDKK
Share capital		1.063.452	1.063	1.063.452	1.063
Reserve for net revaluation under the equity method		0		25.454.217	3.865
Retained earnings		109.300.311	90.226	83.846.094	86.362
Equity	8	**110.363.763**	**91.289**	**110.363.763**	**91.290**
Trade payables		152.643	379	86.977	0
Other payables		5.887.253	950	267.673	53
Total current liabilities		**6.039.896**	**1.329**	**354.650**	**53**
Total liabilities		**6.039.896**	**1.329**	**354.650**	**53**
Total equity and liabilities		**116.403.659**	**92.618**	**110.718.413**	**91.343**
Contingent liabilities	9				
Mortgages and collateral	10				

Statement of changes in equity

GROUP

	Share capital	Retained earnings	Total
Equity at 1 January 2024	1.063.452	90.226.649	91.290.101
Exchange adjustment, foreign	0	-2.117	-2.117
Purchase of treasury shares	0	-2.247.029	-2.247.029
Net profit/loss for the year	0	21.322.808	21.322.808
Equity at 31 December 2024	**1.063.452**	**109.300.311**	**110.363.763**

PARENT COMPANY

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2024	1.063.452	3.864.619	86.362.030	91.290.101
Exchange adjustment, foreign	0	-2.117	0	-2.117
Purchase of treasury shares	0	0	-2.247.029	-2.247.029
Net profit/loss for the year	0	21.591.715	-268.907	21.322.808
Equity at 31 December 2024	**1.063.452**	**25.454.217**	**83.846.094**	**110.363.763**

Notes

		Note	GROUP 2024	GROUP 2023	PARENT COMPANY 2024	PARENT COMPANY 2023
			DKK	TDKK	DKK	TDKK
1	**Staff costs**					
	Wages and salaries		2.084.525	1.283	1.005.078	526
	Other social security costs		9.885	6	9.885	6
	Other staff costs		43.307	3	43.307	3
			2.137.717	**1.292**	**1.058.270**	**535**
	Number of fulltime employees on average		**3**	**3**	**1**	**1**
2	**Financial income**					
	Interest received from subsidiaries		**0**	**0**	**2.361.235**	**20**
	Other financial income		1.575.310	**772**	4.896	**21**
			1.575.310	772	2.366.131	41
3	**Financial costs**					
	Other financial costs		**358.484**	**4.772**	**105.579**	**3.061**
			358.484	4.772	105.579	3.061
4	**Tax on profit/loss for the year**					
	Current tax for the year		404.316	-145	0	0
	Deferred tax for the year		-102.612	0	-74.204	0
			301.704	**-145**	**-74.204**	**0**

5	**Intangible assets**	
	Group	Goodwill
	Cost at 1 January 2024	55.276.206
	Cost at 31 December 2024	55.276.206
	Impairment losses and amortisation at 1 January 2024	**11.055.242**
	Depreciation for the year	**5.527.621**
	Impairment losses and amortisation at 31 December 2024	**16.582.863**
	Carrying amount at 31 December 2024	**38.693.343**

Notes

		PARENT COMPANY	
		2024	2023
5	**Investments in subsidiaries**	DKK	TDKK
	Cost at 1 January 2024	56.000.000	56.000
	Additions for the year	0	0
	Disposals for the year	0	0
	Cost at 31 December 2024	56.000.000	56.000
	Revaluations at 1 January 2024	3.864.619	-5.528
	Disposals for the year	0	0
	Fair value adjustment of hedging instruments for the year	-2.117	0
	Revaluations for the year, net	27.119.336	14.920
	Depreciation on goodwill	-5.527.621	-5.527
	Equity investments with negative net asset value amortised over receivables	0	0
	Revaluations at 31 December 2024	25.454.217	3.865
	Carrying amount at 31 December 2024	**81.454.217**	**59.865**

6 Parent company

Investments in subsidiaries are specified as follows:

Navn	Registered office	Ownership interest
Sofia Residential BG ApS	Copenhagen, Denmark	100%

7 Other receivables

The following receivables fall due for payment more than 1 year after year end.

Group: TDKK 22.631.

Parent company: TDKK 0.

Notes

8 Equity

The share capital consists of:	Nominal value
10.634.515 shares of DKK 0,10	1.063.452
	1.063.452

In 2024, the company acquired 64.854 treasury shares, corresponding to 0,61%. The total payment for the shares amounted to TDKK 2.247, which has been transferred from retained earnings under 'Equity'. These shares have not been cancelled and are therefore held as treasury shares. The company may choose to sell these shares at a later time. The shares have been acquired as part of the company's strategy.

9 Contingent liabilities

Sofia Residential Development A/S are jointly taxed with the Danish companies in Kindco Holdings 2 ApS. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

10 Mortgages and collateral

The group has no mortgages and collateral.