

Annual Report

1 July 2023 – 30 June 2024



Birch Ejendomme Holding ApS

Sortenborgvej 2, DK-8600 Silkeborg

CVR No. 40 97 52 92

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/12 2024

Maria Charlotte Sneftrup

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Birch Ejendomme Holding ApS for the financial year 1 July 2023 - 30 June 2024.

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 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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

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

Silkeborg, 18 December 2024

Executive Board

Lars Bay-Smidt

Thomas Bertelsen

Maria Charlotte Snestrup

Board of Directors

Kevin Pierre
Chairman

Carl Gustaf Edgar Breitholtz

Independent Auditor's report

To the shareholder of Birch Ejendomme Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Birch Ejendomme Holding ApS for the financial year 1 July 2023 - 30 June 2024, 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.

Independent Auditor's report

- 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, 18 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Company information

The Company	Birch Ejendomme Holding ApS Sortenborgvej 2 DK-8600 Silkeborg CVR No: 40 97 52 92 Financial period: 1 July 2023 - 30 June 2024 Incorporated: 14 November 2019 Financial year: 5th financial year Municipality of reg. office: Silkeborg
Board of Directors	Kevin Pierre, chairman Carl Gustaf Edgar Breitholtz
Executive Board	Lars Bay-Smidt Thomas Bertelsen Maria Charlotte Sneftrup
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2023/24	2022/23	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	1,958,476	1,768,114	1,435,601	2,019,713
Profit/loss of primary operations	-60,765	-61,993	-28,031	66,800
Profit/loss of financial income and expenses	-51,729	-496	60,859	4,021
Net profit/loss for the year	-115,157	-56,485	16,092	51,580
Balance sheet				
Balance sheet total	2,183,391	2,466,375	2,119,425	1,843,133
Investment in property, plant and equipment	51,232	20,237	29,399	36,415
Equity	362,540	477,697	534,182	529,952
Cash flows				
Cash flows from:				
- operating activities	-910,479	-184,753	-739,988	357,877
- investing activities	-35,703	-6,566	235,149	78,790
- financing activities	1,039,801	368,476	541,926	-380,626
Change in cash and cash equivalents for the year	93,619	177,157	37,087	56,040
Number of employees	216	266	319	251
Ratios				
Gross margin	5.8%	7.0%	14.2%	11.3%
Profit margin	-3.1%	-3.5%	-2.0%	3.3%
Solvency ratio	16.6%	19.4%	25.2%	28.8%
Return on equity	-27.4%	-11.2%	3.0%	19.5%

Management's review

Essential activities

Birch Ejendomme is a nationwide professional property development and construction company with headquarters in Silkeborg. Birch Ejendomme 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).

Development during this year

The industry has experienced historically low transaction levels and increased yield requirements from investors. These market conditions have also influenced the yearly performance for Birch Ejendomme.

The financial year 2023/24 spans from July 1, 2023, to June 30, 2024. During the financial year 2023/24, Birch Ejendomme Holding ApS recorded a loss of DKKt -115.157, while the group's balance sheet reflects an equity of DKKt 362,540.

During financial year 2023/24 interest levels have increased significantly in a short period resulting in low transaction levels and increasing yield requirements among buyers of investment properties. This have affected Birch Ejendomme with lower sales prices and increasing interest costs.

The financial year 2023/24 is affected by the selling of a large portfolio consisting of 8 projects to Velkomn. The sale has significantly improved the cash position of Birch and reduced the balance sheet and outstanding debt.

The net profit is affected negatively by postponed projects, which has resulted in delay of construction start of several projects to the next financial year. In addition, the result is impacted negatively by two loss-making projects.

Birch Ejendomme 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 Birch Ejendomme's projects, and in the preparations for implementation of the future regulation on climate impact of construction activities, which will be a statutory requirement on all newbuild of more than 1,000 sqm.

Profit for the year compared with expected development

In Financial year 2023/24, the company realised a result significantly below expectations. This development is mainly due to the above-mentioned conditions regarding lower sales prices and rising interest rates on sold projects. In addition, the result was also significantly affected by the two loss-making projects. Finally, the level of activity has also been below expectations.

Management's review

Ongoing and completed projects

Sold projects in 2023-24

In the financial year of 2023-24 Birch Ejendomme sold and handed over 667 terraced houses across 8 projects in Zealand and Jutland to Velkomn.

The transaction marks yet another major milestone. The Transaction was among the largest residential transactions in Denmark in 2024.

The properties are spread across eight terraced house projects on Zealand and in Jutland. All projects are located in attractive regional growth cities and set in scenic surroundings with easy access to transportation, shopping and child day care. The eight projects have either achieved or are set to achieve DGNB Gold certification.

7 of the projects were transferred to Velkomn in June 2024 and the last project has been transferred in September 2024.

Besides the Velkomn transaction Birch Ejendomme have delivered 3 projects during financial year 2023/24.

Selected projects from the transaction with Velkomn

Skousbobrynet, Viby Sjælland

Viby Sjælland is a small gem with approx. 4,600 inhabitants. Here, we have constructed Skousbobrynet in scenic surroundings right next to Skousbo Forest. We have built 32 terraced houses that cater to a broad range of residents. Community is a keyword for Skousbobrynet; the area is designed with great care to create natural outdoor spaces that invite residents to spend time in the common areas both during weekdays and weekends. In addition, to the 32 terraced houses sold to Velkomn the project includes 32 terraced houses that was sold to a social housing company and 8 detached houses.

All homes feature a bright and inviting kitchen-dining area that is in open extension to the living room. The timeless kitchen is equipped with all essential appliances and sleek elements that fit well into a modern home. The project is DGNB Gold certified.



Management's review

Søpark Brynet, Glumsø

Søpark Brynet consists of 66 terraced houses designed by Kullegaard Architects. This new residential area consists of modern terraced houses made up of garden-style houses with their own outdoor space. Each cluster contains different types of homes catering to a broad audience. The sloping terrain and the placement of the terraced houses give each cluster in Søpark Brynet a unique character. Tenants in this neighbourhood enjoy great comfort with underfloor heating in all rooms, a ventilation system, all necessary appliances, and private parking. The project has a DGNB Gold certification.



Esthers Have, Kolding

In Esthers Have, located in scenic Kolding, one can let calmness take over. Here, we have built 86 terraced houses in various sizes, ranging from 67 to 128 m². Esthers Have is a scenic residential area located in the quiet and green surroundings of Sdr. Bjert. Here, tenants live close to everything they need in their daily life, while Kolding's city center can be reached with just a five-minute drive.

We choose materials to ensure a healthy indoor climate. Additionally, we build homes with ventilation systems that ensure a good indoor climate and underfloor heating in all rooms. The healthy indoor climate is just one of the reasons why the project has achieved DGNB Gold certification.



Management's review

Bækkelunden 1+2, Kolding

In Vonsild, Kolding, lies Bækkelunden, consisting of 152 bright and modern terraced houses. Bækkelunden has a beautiful location directly by Dalby Møllebæk, which surrounds the eastern part of the development and follows the green path stretching all the way from the residential area to Kolding's city center.

When we construct residential areas, the outdoor spaces are an integral part of the project. Therefore, we always create outdoor areas that invites to social interaction and activities, with playgrounds and attractive green spaces. We always strive to make our residential areas and homes a pleasant place to live and contribute to increased quality of life for our tenants. Bækkelunden is DGNB Gold certified.



Other selected ongoing and completed projects sold or transferred to buyers in the financial year 2023/2024

Åbrinken, Kolding

Next to Kolding Ådal, we have built 47 attractive apartments. The modern apartments are beautifully located with nature right outside the door, yet just a short walk or bike ride from Kolding city center. Here, the tenants live in homes with ventilation systems, underfloor heating, and all necessary appliances. We aim to make daily life as easy and convenient as possible for the tenants.

The development is located between two protected nature areas, making it a major focus for us that our common areas and outdoor spaces fit into the beautiful surroundings. Everyone is welcome in our rental homes, and residents are allowed to have up to two pets. The project is DGNB Gold certified. Åbrinken, Kolding has been transferred to the buyer, Goldman Sachs, in November 2023.



Management's review

Skovhaven, Fredericia

Skovhaven is located in Fredericia's popular district of Erritsø, with Jomfruskoven as its closest neighbour and just 600 meters from the sea. The scenic and city-close location in Fredericia makes Skovhaven ideal for a broad range of residents. We have built 126 apartments in various sizes with two to four rooms and eight terraced houses with three to four rooms.

The homes are centred around a bright and inviting living space that combines the kitchen and living room. The kitchens are built with light materials and include all necessary appliances. In Skovhaven, residents can enjoy green common areas, safe pathways, and a fun playground for the youngest residents, where new relationships can blossom. Skovhaven has achieved a DGNB Gold certification.

Skovhaven, Fredericia has been transferred to the buyer, Niam, in December 2023.



Targets and expectations for the year ahead

For the coming year we expect an improved EBITDA in the level of DKKm +20 – -50. The EBITDA is highly depended on sold projects during the year. We have high focus on building pipeline for the coming years and we have during the current financial year reduced the number of FTEs and the cost base quite significant to have a strong foundation for future profitable growth.

Capital resources

It is the management's assessment, that the capital resources are sufficient to realize the expected activity level and execution on the groups pipeline of projects.

Special risks – operating risks and financial risks

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

Operating risks

All ongoing projects within Birch Ejendomme 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.

Management's review

We are dependent on the planning and permit processing times with the municipalities, including their processing of building permits, but in general we have good cooperation with the municipalities. For that reason, it is the management's assessment that there is none 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 extent 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 Birch Ejendomme's lenders to ensure the most optimal terms in connection with the individual project financing.

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 FY23/24 HR has, amongst other things, worked strategically with determined efforts regarding strategic recruitments, employee satisfaction survey 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 Birch Ejendomme also in the future can attract and retain qualified employees to ensure the future growth of the company.

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

Reporting on social responsibility

Business model

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

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

Risks

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

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

Management's review

Policies on Social responsibility

In Birch Ejendomme we recognize that our responsibilities extend beyond the boundaries of our construction sites and as a key player in the construction and real estate industry, we are committed to conducting our business in responsible manner continuously striving to improve in relation to both our environmental and social responsibilities.

Within this financial year Birch Ejendomme has worked on further improving our environmental, social and governance policies, and we have adopted new policies comprised by our anti-money laundering policy and our supplier code of conduct. We have a continuous and strong focus on ensuring compliance with all our policies on social responsibility comprising e.g.:

- Anti-corruption and anti-bribery policy
- Anti-money laundering policy
- Whistleblower scheme
- Privacy policy
- Supplier Code of Conduct
- Health and safety policy
- Environmental certification of projects
- IT safety policy

The management regularly reviews company policies through established procedures, and we have not encountered any significant issues in this financial year.

Employees

In Birch Ejendomme we are committed to maintaining a good and safe working environment for both our employees and those of our business partners. Thus, the following policies guide us to continuously live up to the standards and expectations that we, our business partners, our stakeholders, and the government institutions set for us.

The bi-yearly employee satisfaction survey in Birch Ejendomme shows a result of 82, where the national benchmark is 72.

Anti-corruption and anti-bribery policy

As a key player in the construction and real estate industry, we strongly condemn corruption and bribery. In the construction industry, there is a risk of bribery and secret commissions, particularly in procurement. Birch Ejendomme's anti-corruption and anti-bribery policy and our supplier code of conduct comprise though information of the behavior we require in the entire value chain, comprising employees, business partners, suppliers and contractors. The requirements in our policy are outlined through clear communication to our employees in connection with our annual compliance training sessions and internal controls within procurement. In the financial year 2023-2024, we have not detected any violations of this policy. We anticipate maintaining these results due to our continued focus on these issues.

Supplier Code of Conduct

Our Supplier Code of Conduct outlines our expectations for ethical and sustainable behavior and business practices from the suppliers that sell, or seek to sell, goods or services to Birch Ejendomme. It emphasizes the importance of treating workers fairly, ensuring safe working conditions, and minimizing the environmental impact of construction activities. The Supplier Code of Conduct also addresses the need for transparency in operations, respect for local communities, and adherence to all relevant laws and regulations.

Management's review

The implementation of the Supplier Code of Conduct has become an integrated part of our standard procurement procedure, and during the financial year the majority of our top 50 suppliers have signed our supplier code of conduct, and the code has become an integrated part of our standard contracts with both subcontractors and suppliers to Birch Ejendomme. It is our aim that our supplier code of conduct shall be an integrated part of our agreements with all our suppliers and subcontractors.

Human rights

We generally view the risk of human rights violations in our business as very low. We follow Danish and European regulations and work with trusted partners who share our commitment to human rights and the rule of law. In the financial year 2023-2024, we have not identified any human rights violations associated with our business. We anticipate maintaining these results due to our continued focus on these issues.

Health and safety

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. By primarily using the same business partners as subcontractors and ensuring Birch Ejendomme's significant presence at all construction sites, the risk of illegal labor and breaches of workers' human rights is reduced. This ensures that safety remains constantly high at all sites regardless of the workers' employment status. In the financial year 2023/24, the goal has been to maintain focus on continuous implementation of the health and safety policy and to raise the level of it, 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 in accidents in the future, and the work of setting specific objectives and initiatives to ensure fulfillment is now in progress.

Environmental certification of projects

We continue to view the environment and climate as the foundation for the future of the housing and construction industry. This is underscored by the fact that the construction sector contributes significantly to Denmark's total energy consumption and CO2 emissions. Environmental and climate considerations are integrated into Birch Ejendomme's business processes, and it is an area that the management prioritizes highly in the development and construction of residential properties. Achieving DGNB certifications is an area where Birch Ejendomme has again invested heavily in this financial year, resulting in 4 silver certifications and 13 gold certifications to date. Additionally, we have applied for or received certifications or pre-certifications for 22 ongoing projects.

At the end of the fiscal year, our sustainability team consists of 5 employees who work exclusively on sustainability in our projects. This includes efforts related to DGNB certification of Birch Ejendomme's projects, as well as LCA (Life Cycle Assessment) and LCC (Life Cycle Costing) analyses of the product portfolio in preparation for upcoming regulations on the carbon footprint of construction, which will apply to all new buildings over 1,000 sqm.

Birch Ejendomme's goal is for all ongoing and future projects to achieve DGNB gold certification. Additionally, we are working on several aspects of the Voluntary Sustainability Class (FBK), such as conducting LCA calculations for all projects, as well as LCC calculations from design proposals, including phase updates during authority projects and main projects, as well as variation reviews.

Management's review

Scalability will ensure an even lower carbon footprint in the future, and at Birch Ejendomme, we prioritize awareness of responsibility in construction, always seeking new opportunities to optimize our building processes. Since the beginning of 2023, Birch Ejendomme has been part of the initiative "Housing from 4 to 1 Planet" as a developer, where we contribute to the green transition in the industry by developing and constructing a pilot building with a reduced carbon footprint. Our current carbon footprint stands at 3.41 kg CO₂-eq/sqm/year, but we are continuously working on improvements.

Together with Arkitema/Cowi, we have developed a framework that will serve as the foundation for the design and construction of the Birch 4-1 pilot project. It has been decided that the building will be located in Silkeborg as part of our Gødvard project, with construction taking place throughout 2025 and an inauguration in spring 2026.

Birch Ejendomme is the only developer of rental housing to have achieved a system certification for all future DGNB projects in accordance with both the 2020 and 2023 manuals, which we renewed on June 28th, 2024, for a period of 12 months. This means that several of our criteria throughout the certification process are now pre-approved for both terraced houses and apartments. This has a significant impact on our certification process, where we remain firmly committed to achieving DGNB gold certification for all our projects.

We also participated in the pilot version of the 2025 manual, providing input and challenging criteria with the extensive knowledge our team has gained. The conclusion is that achieving DGNB gold certification will be more difficult in the future.

With assistance from WSP Denmark, we conducted a Scope 3 analysis, which revealed that 48% of total Scope 3 emissions originate from waste.

As a result, our focus is on reducing the amount of waste from our construction sites by implementing stricter requirements for waste sorting, reducing the number of transports, and increasing the reuse of waste materials.

Birch Ejendomme continuously evaluates whether there are risks where formalized sustainability policies would be appropriate. The company's focus and activities are exclusively within the Danish market, where the identified risks related to social responsibility are supported by Danish legislation and handled by Danish authorities and institutions. This further reduces Birch Ejendomme's perceived risk in the area of human rights, and together with our agile management structure, we consider it unnecessary to have a separate human rights policy.

GDPR and IT safety

In Birch Ejendomme, we are dedicated to protecting privacy and maintaining high standards in data protection and data management across the company. We are committed to respecting individual privacy as an essential aspect of our business practices, ensuring safe and non-discriminatory behavior for our employees, tenants and other stakeholders.

In spring 2024, we held our annual compliance training session for all employees in Birch Ejendomme to ensure they are well-informed about the GDPR regulations and understand how to handle personal data in compliance with these rules.

In alignment with our social responsibility policies, we regularly conduct training sessions to enhance our employees' awareness of cybersecurity risks. These sessions are designed to equip our employees with the knowledge and skills necessary to recognize and respond to potential cyber threats. By prioritizing cybersecurity awareness, we ensure that our organization remains resilient against attacks.

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

Management's review

Statement on gender composition

The Board of Directors of Birch Ejendomme Holding consists of two representatives of the Group's owners, both are men. Since there are only 2 members of the board, no target figure for equal distribution has been set according to the rules.

The management of Birch Ejendomme Holding consists of three members and has a diversity of one female and two male members.

Other Management Level	2023/24
Total number of members	3
Underrepresented gender %	33%
Target figure %	33%
Year of meeting Target	2027/28

Birch Ejendomme Group'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 five male managers and two female managers.

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

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

Events occurred after closing of the financial year

New CEO hired with start in September 2024.

Income statement 1 July 2023 - 30 June 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Revenue	1	1,958,476	1,768,114	0	0
Work on own account recognised in assets		106,998	114,870	0	0
Value adjustments of assets held for investment		-800	-613	0	0
Other operating income		5,781	7,533	0	0
Expenses for raw materials and consumables		-1,875,747	-1,667,103	0	0
Other external expenses		-81,311	-99,555	-4,337	-307
Gross profit		113,397	123,246	-4,337	-307
Staff expenses	2	-154,791	-171,430	0	0
Depreciation and impairment losses of property, plant and equipment		-19,371	-13,809	0	0
Profit/loss before financial income and expenses		-60,765	-61,993	-4,337	-307
Income from investments in subsidiaries		0	0	-105,567	-55,277
Income from investments in associates		-4,105	4,009	0	0
Financial income	3	1,934	14	1,864	1,043
Financial expenses	4	-49,558	-4,519	-8,894	-2,308
Profit/loss before tax		-112,494	-62,489	-116,934	-56,849
Tax on profit/loss for the year	5	-2,663	6,004	1,777	364
Net profit/loss for the year	6	-115,157	-56,485	-115,157	-56,485

Balance sheet 30 June 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Land and buildings	8	59,510	60,447	0	0
Investment properties	7	11,700	12,500	0	0
Other fixtures and fittings, tools and equipment	8	41,919	23,189	0	0
Leasehold improvements	8	108	140	0	0
Property, plant and equipment		113,237	96,276	0	0
Investments in subsidiaries	9	0	0	657,995	540,081
Investments in associates	10	27,484	28,439	0	0
Deposits	11	249	243	0	0
Fixed asset investments		27,733	28,682	657,995	540,081
Fixed assets		140,970	124,958	657,995	540,081
Inventories	12	1,310,783	1,697,924	0	0
Trade receivables		7,432	28,642	0	0
Contract work in progress	13	1,563	0	0	0
Receivables from group enterprises		0	745	360,290	20,023
Receivables from associates		95	85	0	0
Other receivables		127,490	129,400	500	1,000
Deferred tax asset	14	66,597	49,469	2,290	531
Prepayments	15	2,471	2,781	0	0
Receivables		205,648	211,122	363,080	21,554
Cash at bank and in hand		525,990	432,371	574	2,497
Current assets		2,042,421	2,341,417	363,654	24,051
Assets		2,183,391	2,466,375	1,021,649	564,132

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Share capital		14,755	14,755	14,755	14,755
Reserve for net revaluation under the equity method		0	0	0	10,815
Retained earnings		347,785	462,942	347,785	452,127
Equity		362,540	477,697	362,540	477,697
Other provisions	16	3,849	3,325	0	0
Provisions		3,849	3,325	0	0
Mortgage loans		218,374	34,290	0	0
Lease obligations		13,541	0	0	0
Payables to group enterprises		652,969	85,417	652,969	85,417
Other payables		75,966	324,821	0	0
Long-term debt	17	960,850	444,528	652,969	85,417
Mortgage loans	17	1,908	1,871	0	0
Credit institutions		7	122,052	0	0
Lease obligations	17	9,457	0	0	0
Prepayments received from customers		81	240	0	0
Trade payables		102,635	137,263	3,243	99
Contract work in progress	13	0	5,519	0	0
Payables to group enterprises relating to corporation tax		3,001	0	0	0
Deposits		11,292	12,787	0	0
Other payables	17	727,771	1,261,093	2,897	919
Short-term debt		856,152	1,540,825	6,140	1,018
Debt		1,817,002	1,985,353	659,109	86,435
Liabilities and equity		2,183,391	2,466,375	1,021,649	564,132
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Subsequent events	23				
Accounting Policies	24				

Statement of changes in equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 July	14,755	462,942	477,697
Net profit/loss for the year	0	-115,157	-115,157
Equity at 30 June	14,755	347,785	362,540

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	14,755	10,815	452,127	477,697
Net profit/loss for the year	0	-10,815	-104,342	-115,157
Equity at 30 June	14,755	0	347,785	362,540

Cash flow statement 1 July 2023 - 30 June 2024

	Note	Group	
		2023/24	2022/23
		TDKK	TDKK
Result of the year		-115,157	-56,485
Adjustments	18	71,514	2,222
Change in working capital	19	-819,212	-125,986
Cash flow from operations before financial items		-862,855	-180,249
Financial income		1,934	14
Financial expenses		-49,558	-4,518
Cash flows from operating activities		-910,479	-184,753
Purchase of property, plant and equipment		-51,232	-20,238
Fixed asset investments made etc		-1,620	-2,864
Sale of property, plant and equipment		17,149	16,210
Sale of fixed asset investments made etc		0	326
Cash flows from investing activities		-35,703	-6,566
Repayment of mortgage loans		0	-1,778
Repayment of loans from credit institutions		-122,045	-16,427
Raising of mortgage loans		184,121	0
Lease obligations incurred		22,998	0
Raising of payables to group enterprises		570,552	2,131
Raising of other long-term debt		384,175	384,175
Other adjustments		0	375
Cash flows from financing activities		1,039,801	368,476
Change in cash and cash equivalents		93,619	177,157
Cash and cash equivalents at 1 July		432,371	255,214
Cash and cash equivalents at 30 June		525,990	432,371
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		525,990	432,371
Cash and cash equivalents at 30 June		525,990	432,371

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Revenue, Denmark	1,958,476	1,768,114	0	0
	1,958,476	1,768,114	0	0
Business segments				
Sale of properties	1,867,724	1,605,823	0	0
Rental income and other income	76,022	21,779	0	0
Work in progress	14,730	140,512	0	0
	1,958,476	1,768,114	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	131,072	148,107	0	0
Pensions	16,186	15,068	0	0
Other social security expenses	1,972	3,554	0	0
Other staff expenses	5,561	4,701	0	0
	154,791	171,430	0	0
Including remuneration to the Executive Board	4,723	6,039	0	0
Average number of employees	216	266	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
3. Financial income				
Interest received from group enterprises	0	0	1,854	1,043
Other financial income	1,934	14	10	0
	1,934	14	1,864	1,043

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
4. Financial expenses				
Interest paid to group enterprises	8,894	2,132	8,894	2,304
Other financial expenses	40,664	2,387	0	4
	49,558	4,519	8,894	2,308

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
5. Income tax expense				
Current tax for the year	21,743	29,895	0	0
Deferred tax for the year	-17,128	-39,501	-1,811	-346
Adjustment of tax concerning previous years	-1,952	3,602	34	-18
	2,663	-6,004	-1,777	-364

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
6. Profit allocation		
Reserve for net revaluation under the equity method	-10,815	-55,277
Retained earnings	-104,342	-1,208
	-115,157	-56,485

Notes to the Financial Statements

7. Assets measured at fair value

Group

	Investment properties
	TDKK
Cost at 1 July	15,290
Cost at 30 June	15,290
Value adjustments at 1 July	-2,790
Revaluations for the year	-800
Value adjustments at 30 June	-3,590
Carrying amount at 30 June	11,700

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 928 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

An in the range of 7,5 % - 8,5 % 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	7.5	8	8.5
Fair value	12,480	11,700	11,012
Change in fair value	780	0	-688

Notes to the Financial Statements

8. Property, plant and equipment Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 July	64,421	52,295	161
Additions for the year	336	50,896	0
Disposals for the year	0	-34,032	0
Transfers for the year	0	13,418	0
Cost at 30 June	64,757	82,577	161
Impairment losses and depreciation at 1 July	3,974	29,106	21
Depreciation for the year	1,273	18,066	32
Reversal of impairment and depreciation of sold assets	0	-19,933	0
Transfers for the year	0	13,419	0
Impairment losses and depreciation at 30 June	5,247	40,658	53
Carrying amount at 30 June	59,510	41,919	108
Including assets under finance leases amounting to	0	29,624	0

Notes to the Financial Statements

9. Investments in subsidiaries

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
Cost at 1 July	529,266	487,266
Additions for the year	223,481	42,000
Cost at 30 June	752,747	529,266
Value adjustments at 1 July	10,815	66,092
Net profit/loss for the year	-105,567	-55,277
Value adjustments at 30 June	-94,752	10,815
Carrying amount at 30 June	657,995	540,081

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
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 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 JB Totalentreprise 2 ApS* *	Silkeborg	100%
Birch Vindinge A ApS* *	Silkeborg	100%
NS 7 ApS* *	Silkeborg	100%
Birch Vindinge B ApS* *	Silkeborg	100%
Birch Engen III, Horsens 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%

Notes to the Financial Statements

Name	Place of registered office	Ownership
Birch Nørrestrand Totalentreprise 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 Kompakthuse ApS* *	Silkeborg	100%
Birch Gårslev ApS* *	Silkeborg	100%
Birch Bredal P/S* *	Silkeborg	100%
Komplementarselskabet Birch Bredal ApS* *	Silkeborg	100%
Birch AE Totalentreprise ApS* *	Silkeborg	100%
Birch Nyborg ApS* *	Silkeborg	100%
Birch Støvring ApS* * *	Silkeborg	100%
Komplementarselskabet Birch Støvring ApS* *	Silkeborg	100%
Birch Lemmingvej P/S* *	Silkeborg	100%
Komplementarselskabet Birch Lemmingvej ApS* *	Silkeborg	100%
Birch Haslund ApS* *	Silkeborg	100%
Birch Engkæret, Risskov ApS* *	Silkeborg	100%
Birch Søkæret, Risskov ApS* *	Silkeborg	100%
Birch Gødvad Række- og dobbelthuse ApS* *	Silkeborg	100%
Birch Gødvad 4:1 ApS* *	Silkeborg	100%
Birch Gødvad Parcelhusgrunde ApS* *	Silkeborg	100%
Birch Haslund Parcelhusgrunde ApS* *	Silkeborg	100%
Birch Støvring Holding ApS* *	Silkeborg	100%
Birch Kompakthuse, Støvring ApS* *	Silkeborg	100%
Birch Middelfart 1 ApS* *	Silkeborg	100%
Birch Dalby ApS* *	Silkeborg	100%
Birch Pannerupvej ApS* *	Silkeborg	100%
Birch NK RK Holding ApS*	Silkeborg	100%

*) Subsidiary of susidiary

**) Subsidiary of subsidiary of subsidiary

***) Subsidiary of subsidiary of subsidiary of subsidiary

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
10. Investments in associates				
Cost at 1 July	21,270	20,056	0	0
Additions for the year	1,619	2,864	0	0
Disposals for the year	0	-1,650	0	0
Cost at 30 June	22,889	21,270	0	0
Value adjustments at 1 July	7,169	2,211	0	0
Net profit/loss for the year	-4,105	4,009	0	0
Other equity movements, net	0	-375	0	0
Transfers for the year	0	1,324	0	0
Value adjustments at 30 June	3,064	7,169	0	0
Equity investments with negative net asset value amortised over receivables	1,531	0	0	0
Carrying amount at 30 June	27,484	28,439	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
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

11. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 July	243
Additions for the year	6
Cost at 30 June	249
Carrying amount at 30 June	249

12. Inventories

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Properties under construction	1,283,363	1,685,789	0	0
Other inventories	27,420	12,135	0	0
	1,310,783	1,697,924	0	0

13. Contract work in progress

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Selling price of work in progress	59,603	169,663	0	0
Payments received on account	-58,040	-175,182	0	0
	1,563	-5,519	0	0

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	1,563	0	0	0
Prepayments received recognised in debt	0	-5,519	0	0
	1,563	-5,519	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
14. Deferred tax asset				
Deferred tax asset at 1 July	49,469	9,968	531	212
Other adjustments	0	0	-52	-27
Amounts recognised in the income statement for the year	17,128	39,501	1,811	346
Deferred tax asset at 30 June	66,597	49,469	2,290	531

The recognized tax asset consists of tax losses carried forward that are expected to be utilized by the group due to increased activity and business operations, regulation of internal transfer pricing and other tax-related dispositions. The gross deferred tax asset before impairment amounts to 88,294 TDKK. In this context, an impairment need of 21,697 TDKK has been assessed, after which the net asset amounts to 66,597 TDKK.

15. Prepayments

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

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
16. Other provisions				
The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Other provisions also include operating losses regarding sold properties.				
Other provisions	3,849	3,325	0	0
	3,849	3,325	0	0

The provisions are expected to mature as follows:

Within 1 year	2,449	0	0	0
Between 1 and 5 years	1,400	3,325	0	0
After 5 years	0	0	0	0
	3,849	3,325	0	0

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

17. Long-term debt

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

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	209,892	26,151	0	0
Between 1 and 5 years	8,482	8,139	0	0
Long-term part	218,374	34,290	0	0
Within 1 year	1,908	1,871	0	0
	220,282	36,161	0	0

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	13,541	0	0	0
Long-term part	13,541	0	0	0
Within 1 year	9,457	0	0	0
	22,998	0	0	0

Payables to group enterprises

After 5 years	0	0	0	0
Between 1 and 5 years	652,969	85,417	652,969	85,417
Long-term part	652,969	85,417	652,969	85,417
Within 1 year	0	0	0	0
	652,969	85,417	652,969	85,417

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	75,966	324,821	0	0
Long-term part	75,966	324,821	0	0
Other short-term payables	727,771	1,261,093	2,897	919
	803,737	1,585,914	2,897	919

Notes to the Financial Statements

18. Cash flow statement - Adjustments

	Group	
	2023/24	2022/23
	TDKK	TDKK
Financial income	-1,934	-14
Financial expenses	49,558	4,519
Depreciation, amortisation and impairment losses, including losses and gains on sales	19,371	7,117
Value adjustments of assets held for investment	800	613
Income from investments in associates	4,105	-4,009
Tax on profit/loss for the year	2,663	-6,004
Other adjustments	-3,049	0
	71,514	2,222

19. Cash flow statement - Change in working capital

	Group	
	2023/24	2022/23
	TDKK	TDKK
Change in inventories	387,141	-65,836
Change in receivables	16,482	-56,465
Change in other provisions	524	1,753
Change in trade payables, etc	-1,223,359	-5,438
	-819,212	-125,986

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
20. 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	71,210	72,947	0	0
The following assets have been placed as security with bankers:				
Owner's mortgage deeds that provide a mortgage on land and buildings, as well as investment properties at a total carrying amount of	71,210	72,947	0	0
The following assets have been placed as security for lease obligations:				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	3,692	14,766	0	0
Between 1 and 5 years	2,569	21,642	0	0
	6,261	36,408	0	0
The group has obligations under rental for 6 months to maturity totaling	192	192	0	0

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

20. Contingent assets, liabilities and other financial obligations

Guarantee obligations

The group has a guarantee limit at Tokio Marine of DKK 300 million, of which the group has an exposure of DKK 121.6 million.

The group guarantees for adjustment of purchase sums on a number of divested companies in the group for a total of DKK 109.1 million. These are not expected to have a significant impact on the group's financial position.

The group guarantees project-specific suppliers for a total of DKK 8 million, in addition to a single case of unlimited liability for a project per 30 June 2024. These are not expected to have a significant impact on the group's financial position.

The group has provided a surety bond for a total of DKK 73.6 million towards affiliated companies' external financiers per 30 June 2024.

The group has bailed/provided a guarantee for group-affiliated companies' balances with suppliers for a total of DKK 22.7 million per 30.06.2024. In addition, the group has 5 with unlimited bail, of which 3 of these are without exposure.

Other contingent liabilities

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

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

Parent

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

Notes to the Financial Statements

21. Related parties and disclosure of consolidated financial statements

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

Transactions

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

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Silkeborg Grafton One ApS	Silkeborg

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
22. Fee to auditors appointed at the general meeting				
PwC				
Audit fee	2,352	2,293	159	137
Tax advisory services	754	66	666	49
Non-audit services	220	394	33	44
	3,326	2,753	858	230

23. Subsequent events

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

Notes to the Financial Statements

24. Accounting policies

The Annual Report of Birch Ejendomme Holding ApS for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TDKK.

There are other minor changes in the comparative figures. These changes do not affect the year's result or equity.

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

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

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

Notes to the Financial Statements

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.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Segment information on revenue

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

Income statement

Revenue

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

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

Notes to the Financial Statements

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries and associates

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

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.

Notes to the Financial Statements

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 suppliers 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	1-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of 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 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.

Notes to the Financial Statements

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 liabilities

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

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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.

Notes to the Financial Statements

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 .

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$