



Nordmark Maskinfabrik A/S

Kjeldgaardsvej 10
9300 Sæby
CVR No. 26632773

Annual report 2023

The Annual General Meeting adopted the annual report on 21.03.2024

Morten Jørgensen Mørk
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	10
Balance sheet at 31.12.2023	11
Statement of changes in equity for 2023	13
Notes	14
Accounting policies	19

Entity details

Entity

Nordmark Maskinfabrik A/S
Kjeldgaardsvej 10
9300 Sæby

Business Registration No.: 26632773
Registered office: Frederikshavn
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Johnny Thomsen, Chairman
Christian Kolding Andreasen
Michael Jacobsen
Camilla Rygaard-Hjalsted
Søren Lomholt Husted
Jens Jørgen Hahn-Petersen

Executive Board

Morten Jørgensen Mørk

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordmark Maskinfabrik A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Sæby, 20.02.2024

Executive Board

Morten Jørgensen Mørk

Board of Directors

Johnny Thomsen
Chairman

Christian Kolding Andreasen

Michael Jacobsen

Camilla Rygaard-Hjalsted

Søren Lomholt Husted

Jens Jørgen Hahn-Petersen

Independent auditor's report

To the shareholders of Nordmark Maskinfabrik A/S

Opinion

We have audited the financial statements of Nordmark Maskinfabrik A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 20.02.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Haugegaard Albrechtsen

State Authorised Public Accountant
Identification No (MNE) mne45846

Jakob Olesen

State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

Financial highlights

	2023	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	52,167	96,494	78,649	75,232	90,488
Operating profit/loss	(9,670)	(4,692)	6,819	2,930	21,802
Net financials	45,545	(44,151)	1,102	741	525
Profit/loss for the year	38,093	(48,274)	6,123	2,824	17,373
Total assets	235,197	203,452	185,449	212,000	198,852
Investments in property, plant and equipment	15,682	20,620	6,123	4,569	6,954
Equity	93,469	55,377	84,650	78,528	75,704
Ratios					
Return on equity (%)	51.18	(68.95)	7.50	3.66	25.36
Equity ratio (%)	39.74	27.22	45.65	37.04	38.07

The financial figures for 2021/22 consists of a 18 month period.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

Nordmark Maskinfabrik A/S is a high technology company that specialises in machining of large-scale steel components.

Development in activities and finances

The financial year is positively affected by reversal of previous years impairment of DKK 46.2m of receivables in group companies and the profit and loss for the year ended with DKK 38.1m.

Profit/loss for the year in relation to expected developments

2023 did not develop as expected as market conditions have remained challenging. Disruptions in the supply-chain, inflationary cost pressure, and higher interest rates have affected the decision-making process for large investments related to wind turbines and thereby also postponing anticipated volumes.

This has resulted in lower volumes than expected and EBITDA for the year was recognised at DKK -2.6m against an outlook of DKK 5 – 10m. Management does not consider the result as being satisfactory.

Uncertainty relating to recognition and measurement

Receivables from group enterprises are recognized at net realisable value based on a specific assessment with underlying budget and discounted cash flow models. The management has based on new capital structure including cash injection in the group reassessed the valuation of group receivables. Changes in valuation of group receivables are presented as impairment losses on financial assets, and amounts to DKK 46.2m (2021/22: DKK -46.2m)

As of 31 December 2023, Nordmark Maskinfabrik A/S has group receivables of DKK 91.2m of which DKK 0m is provided for loss. The estimation uncertainty is related to the realization of future expected efficiencies and the conclusion of expected contracts in affiliated group companies.

Outlook

Management expects activities to continue at a lower level in the first half of 2024, but already from the second half of 2024 and subsequent years to increase significantly.

Management expects EBITDA for the company in the range of DKK 5 - 10m.

Use of financial instruments

The company's most significant operating risks are linked to the ability to maintain customer relations and key employees, as well as to constantly be at the forefront of technological development within business areas.

Raw material risks

Given Nordmark Maskinfabrik A/S mainly acts as a Tier 2 supplier, the company is mainly exposed to the cost of coating and not in steel prices. In the event the company undertakes Tier 1 contracts, there is a risk that fluctuations in steel prices will not be fully reflected on ongoing orders or adequately adjusted for in price indexation. The company seeks to mitigate the risk of changes in raw material prices to a higher degree than in the past, by actively monitoring orders and ensuring adequate price indexation protection mechanisms.

Currency risks

The company mainly trades in DKK and EUR and, as a result of the Danish National Bank's fixed exchange rate policy against the euro and is therefore only mildly exposed to changes in currencies. The company does not enter forward exchange contracts for speculative purposes.

Interest rate risks

Moderate changes in the level of interest rates will have no significant direct effect on earnings. In 2023 the company has not entered any interest-rate positions.

Knowledge resources

Nordmark Maskinfabrik A/S supply products and services of the highest quality by working with the most modern machinery combined with highly qualified staff who are continually learning and developing to improve their skills. The company is committed to efficiency during all corporate activities, including the development of components and delivery of total solutions.

Environmental performance

The Company is continuously under the supervision of environmental, and work environment. It is the company's desire to continue to work on improvements of environmental conditions, in order to help ensure the environmentally sound business practice.

Research and development activities

The Company does not perform actual development but participates in development work in close cooperation and dialogue with its customers.

Events after the balance sheet date

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

Income statement for 2023

	Notes	2023 DKK	2021/22 DKK
Gross profit/loss	3	52,166,500	96,494,069
Staff costs	4	(54,807,832)	(91,964,144)
Depreciation, amortisation and impairment losses		(7,028,845)	(9,221,859)
Operating profit/loss		(9,670,177)	(4,691,934)
Income from financial assets		19,060	11,466
Other financial income	5	6,406,375	5,670,744
Impairment losses on financial assets		46,180,205	(46,180,205)
Other financial expenses	6	(7,060,891)	(3,653,095)
Profit/loss before tax		35,874,572	(48,843,024)
Tax on profit/loss for the year	7	2,218,266	569,152
Profit/loss for the year	8	38,092,838	(48,273,872)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2021/22 DKK
Acquired intangible assets		1,577,311	453,783
Intangible assets	9	1,577,311	453,783
Plant and machinery		67,141,961	61,499,507
Other fixtures and fittings, tools and equipment		992,851	2,864,337
Leasehold improvements		956,825	1,207,571
Property, plant and equipment in progress		5,998,046	7,483,832
Prepayments for property, plant and equipment		5,121,781	5,121,781
Property, plant and equipment	10	80,211,464	78,177,028
Other investments		900	15,463
Financial assets	11	900	15,463
Fixed assets		81,789,675	78,646,274
Raw materials and consumables		6,098,624	1,847,740
Inventories		6,098,624	1,847,740
Trade receivables		36,359,153	45,771,513
Contract work in progress	12	13,455,788	18,279,776
Receivables from group enterprises		91,178,244	53,581,086
Deferred tax	13	2,347,568	0
Other receivables		1,362,408	1,556,545
Joint taxation contribution receivable		2,208	0
Receivables from owners and management		0	2,175,734
Prepayments	14	967,018	1,143,704
Receivables		145,672,387	122,508,358
Cash		1,635,885	450,051
Current assets		153,406,896	124,806,149
Assets		235,196,571	203,452,423

Equity and liabilities

	Notes	2023 DKK	2021/22 DKK
Contributed capital	15	500,000	500,000
Retained earnings		92,969,401	54,876,563
Equity		93,469,401	55,376,563
Deferred tax	13	0	1,083,375
Provisions		0	1,083,375
Lease liabilities		28,534,326	29,575,769
Non-current liabilities other than provisions	16	28,534,326	29,575,769
Current portion of non-current liabilities other than provisions	16	8,823,197	8,459,238
Bank loans		78,093,813	62,657,488
Contract work in progress	12	0	1,609,708
Trade payables		13,544,787	33,066,422
Payables to group enterprises		6,206,594	4,088,746
Other payables		6,524,453	7,535,114
Current liabilities other than provisions		113,192,844	117,416,716
Liabilities other than provisions		141,727,170	146,992,485
Equity and liabilities		235,196,571	203,452,423
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	54,876,563	55,376,563
Profit/loss for the year	0	38,092,838	38,092,838
Equity end of year	500,000	92,969,401	93,469,401

Notes

1 Events after the balance sheet date

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

2 Uncertainty relating to recognition and measurement

Receivables from group enterprises are recognized at net realisable value based on a specific assessment with underlying budget and discounted cash flow models. The management has based on new capital structure including cash injection in the group reassessed the valuation of group receivables. Changes in valuation of group receivables are presented as impairment losses on financial assets, and amounts to DKK 46.2m (2021/22: DKK - 46.2m)

As of 31 December 2023, Nordmark Maskinfabrik A/S has group receivables of DKK 91.2m of which DKK 0m is provided for loss. The estimation uncertainty is related to the realization of future expected efficiencies and the conclusion of expected contracts in affiliated group companies.

3 Gross profit/loss

Gross profit comprises other operation income primarily from gains on disposal of fixed assets at DKK 4.2m (2021/22: 5.8m)

4 Staff costs

	2023	2021/22
	DKK	DKK
Wages and salaries	47,267,770	79,105,967
Pension costs	6,412,021	10,836,694
Other social security costs	1,128,041	2,021,483
	54,807,832	91,964,144

Average number of full-time employees	89	99
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	Remuneration of Management 2023 DKK	Remuneration of Management 2021/22 DKK
Total amount for management categories	1,563,948	1,594,557
	1,563,948	1,594,557

5 Other financial income

	2023	2021/22
	DKK	DKK
Financial income from group enterprises	6,038,437	5,629,214
Other interest income	114,858	846
Exchange rate adjustments	220,985	40,684
Other financial income	32,095	0
	6,406,375	5,670,744

6 Other financial expenses

	2023	2021/22
	DKK	DKK
Financial expenses from group enterprises	0	66,637
Other interest expenses	6,639,203	3,486,683
Other financial expenses	421,688	99,775
	7,060,891	3,653,095

7 Tax on profit/loss for the year

	2023	2021/22
	DKK	DKK
Change in deferred tax	(2,243,447)	(567,618)
Adjustment concerning previous years	25,181	(1,534)
	(2,218,266)	(569,152)

8 Proposed distribution of profit and loss

	2023	2021/22
	DKK	DKK
Retained earnings	38,092,838	(48,273,872)
	38,092,838	(48,273,872)

9 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	453,783
Additions	1,123,528
Cost end of year	1,577,311
Carrying amount end of year	1,577,311

10 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	160,663,337	9,677,595	3,439,169	7,483,832	5,121,781
Transfers	4,536,932	0	0	(4,536,932)	0
Additions	11,685,620	129,381	815,472	3,051,146	0
Disposals	(21,323,817)	(3,265,365)	(2,901,824)	0	0
Cost end of year	155,562,072	6,541,611	1,352,817	5,998,046	5,121,781
Depreciation and impairment losses beginning of year	(99,163,830)	(6,813,258)	(2,231,598)	0	0
Depreciation for the year	(5,510,856)	(564,920)	(15,375)	0	0
Depreciation and impairment losses on assets disposed of	(377,148)	(293,384)	(267,162)	0	0
Reversal regarding disposals	16,631,723	2,122,802	2,118,143	0	0
Depreciation and impairment losses end of year	(88,420,111)	(5,548,760)	(395,992)	0	0
Carrying amount end of year	67,141,961	992,851	956,825	5,998,046	5,121,781
Recognised assets not owned by entity	59,833,639	0	0	0	0

11 Financial assets

	Other investments DKK
Cost beginning of year	5,680
Disposals	(4,780)
Cost end of year	900
Revaluations beginning of year	9,783
Reversal regarding disposals	(9,783)
Revaluations end of year	0
Carrying amount end of year	900

12 Contract work in progress

	2023	2021/22
	DKK	DKK
Contract work in progress	16,205,102	18,793,534
Progress billings regarding contract work in progress	(2,749,314)	(2,123,466)
Transferred to liabilities other than provisions	0	1,609,708
	13,455,788	18,279,776

13 Deferred tax

	2023	2021/22
	DKK	DKK
Property, plant and equipment	(12,131,389)	(10,200,812)
Receivables	(212,744)	(1,536,555)
Liabilities other than provisions	8,218,655	8,367,702
Tax losses carried forward	6,473,046	2,286,290
Deferred tax	2,347,568	(1,083,375)

Changes during the year	2023
	DKK
Beginning of year	(1,083,375)
Recognised in the income statement	2,243,447
Recognised on joint taxation accounts	1,187,496
End of year	2,347,568

Deferred tax assets

Deferred tax assets are measured based on managements expected utilization within a 3-5 year period.

14 Prepayments

Prepayments comprises prepaid expenses such as lease payments, insurance and other prepaid expenses.

15 Share capital

	Number	Par value	Nominal
		DKK	value
			DKK
A-shares	500	500.000	500,000
	500		500,000

16 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Lease liabilities	8,823,197	8,459,238	28,534,326	2,659,403
	8,823,197	8,459,238	28,534,326	2,659,403

17 Unrecognised rental and lease commitments

The Entity has entered agreements of leasing cars with an annual lease cost of 42 t.DKK. The contracts are irredeemable for up to 5 months and have an outstanding commitment of 18 t.DKK.

The Entity has entered an agreement of rented premises with an annual rent cost of 4.776 t.DKK. The contract is irredeemable for up to 124 months and have an outstanding commitment of 34,592 t.DKK.

18 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where CC North Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant, intangible assets and leasehold improvements of 500 t.DKK nominal. The carrying amount of mortgaged assets is 81,789 t.DKK.

Bank loans are secured by way of a deposited floating charge registered to the mortgagor on assets of 30,500 t.DKK. The carrying amount of mortgaged trade receivables, inventories, other fixtures and fittings, tools and equipment, plant and machinery, intangible assets and leasehold improvements is 122,669 t.DKK.

20 Related parties with controlling interest

Related parties exercising control:

CataCap II K/S, Danmark

CC North Invest ApS, Danmark

Nordmark Group Holding ApS, Danmark

Nordmark Group ApS, Danmark

21 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Nordmark Group Holding ApS, Denmark

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Non-comparability

As a result of a new group structure, the financial year was in 2021/21 changed to 31.12, which results in an extended accounting period of 18 months for the financial year 2021/22. The financial year 2023 comprises a period of 12 months.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	1-14 years
Other fixtures and fittings, tools and equipment	1-6 years
Leasehold improvements	5-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials and consumables.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Nordmark Group Holding ApS, Business Reg. No. 43051180