



Nordmark Maskinfabrik A/S

Kjeldgaardsvej 10
9300 Sæby
CVR No. 26632773

Annual report 01.07.2021 - 31.12.2022

The Annual General Meeting adopted the
annual report on 21.03.2023

Morten Jørgensen Mørk
Chairman of the General Meeting

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Entity details

Entity

Nordmark Maskinfabrik A/S

Kjeldgaardsvej 10

9300 Sæby

Business Registration No.: 26632773

Registered office: Frederikshavn

Financial year: 01.07.2021 - 31.12.2022

Board of Directors

Johnny Thomsen, Chairman

Jens Jørgen Hahn-Petersen

Camilla Rygaard-Hjalsted

Jens Karkov Jakobsen

Søren Lomholt Husted

Christian Kolding Andreasen

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 01.07.2021 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.07.2021 - 31.12.2022.

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, 06.03.2023

Executive Board

Morten Jørgensen Mørk

Board of Directors

Johnny Thomsen
Chairman

Jens Jørgen Hahn-Petersen

Camilla Rygaard-Hjalsted

Jens Karkov Jakobsen

Søren Lomholt Husted

Christian Kolding Andreasen

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 01.07.2021 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.07.2021 - 31.12.2022 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, 06.03.2023

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

	2021/22	2020/21	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	96,494	78,649	75,232	90,488	74,193
Operating profit/loss	(4,692)	6,819	2,930	21,802	14,634
Net financials	(44,151)	1,102	741	525	(179)
Profit/loss for the year	(48,274)	6,123	2,824	17,373	11,289
Total assets	203,452	185,449	212,000	198,852	172,694
Investments in property, plant and equipment	20,620	6,123	4,569	6,954	3,117
Equity	55,377	84,650	78,528	75,704	61,331
Ratios					
Return on equity (%)	(68.95)	7.50	3.66	25.36	19.91
Equity ratio (%)	27.22	45.65	37.04	38.07	35.51

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

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 company have changed its financial year and therefore the current financial year covers 18 months.

EBITDA for the year was recognised at DKK 4.5m for the 18-month period against DKK 19.7m in the 12-month period in 2020/2021. Management does not consider the result as being satisfactory.

In 2021/2022, the offshore wind market was impacted by a high degree of market volatility disrupting supply-chains and leading to significant increases in raw material prices and energy cost and therefore the expectations from the annual report for 2020/2021 was not met.

The challenging market conditions have impacted the results negatively. As a consequence, the shareholders of Nordmark Maskinfabrik A/S have contributed DKK 19m by way of a group contributions to strengthen the company's financial position.

The financial year is affected by write-down of DKK 46.2m of receivables in group companies. Furthermore the financial year is positively affected by re-assessed estimated useful lives on fixed assets, which have reduced the depreciations with around DKK 7m and thereby improved profit/loss before tax accordingly.

The management has re-assessed the estimated useful lives on fixed assets, which have reduced the depreciations with around DKK 7m and thereby improved profit/loss before tax accordingly.

Profit/loss for the year in relation to expected developments

The result of the year is disappointing in relation to Management's expectations for the year.

Uncertainty relating to recognition and measurement

Receivables from group enterprises are written down to net realisable value based on a specific assessment with underlying budget and discounted cash flow models.

As of 31 December 2022, Nordmark Maskinfabrik A/S has a group receivable of DKK 99.7m of which DKK 46.2m is provided for loss. The carrying amount at 31 December 2022 amounts to DKK 53.6m. The estimation uncertainty is related to the realization of future expected efficiencies and the conclusion of expected contracts in subsidiaries.

Outlook

Management expects activity to continue at a lower level in 2023 due to continued supply-chain volatility and inflationary pressure, while current market forecasts indicate a steep increase in activity already in 2024 and subsequent years. In turn, management considers 2023 as a year of transition where focus will be on preparing the company for growth.

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.

Energy risks

The company mainly uses electricity in the manufacturing process and is exposed to the development in the market price on electricity. The seeks to mitigate the risk by ensuring adequate price indexation protection mechanisms.

Transport risks

The company is exposed to increases in transport cost but seeks to mitigate this through pricing and competition between suppliers.

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 2021/2022 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 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss		96,494,069	78,649,441
Staff costs	2	(91,964,144)	(58,958,542)
Depreciation, amortisation and impairment losses		(9,221,859)	(12,872,030)
Operating profit/loss		(4,691,934)	6,818,869
Income from financial assets		11,466	24,147
Other financial income	3	5,670,744	2,862,609
Impairment losses on financial assets		(46,180,205)	0
Other financial expenses	4	(3,653,095)	(1,785,036)
Profit/loss before tax		(48,843,024)	7,920,589
Tax on profit/loss for the year	5	569,152	(1,797,902)
Profit/loss for the year	6	(48,273,872)	6,122,687

Balance sheet at 31.12.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Acquired intangible assets		453,783	0
Intangible assets	7	453,783	0
Plant and machinery		61,499,507	49,765,640
Other fixtures and fittings, tools and equipment		2,864,337	1,972,835
Leasehold improvements		1,207,571	609,486
Property, plant and equipment in progress		7,483,832	11,974,223
Prepayments for property, plant and equipment		5,121,781	4,515,478
Property, plant and equipment	8	78,177,028	68,837,662
Other investments		15,463	15,463
Financial assets	9	15,463	15,463
Fixed assets		78,646,274	68,853,125
Raw materials and consumables		1,847,740	2,154,187
Inventories		1,847,740	2,154,187
Trade receivables		45,771,513	52,021,358
Contract work in progress	10	18,279,776	12,665,106
Receivables from group enterprises		53,581,086	37,460,001
Other receivables		1,556,545	11,090,987
Receivables from owners and management		2,175,734	0
Prepayments	11	1,143,704	251,548
Receivables		122,508,358	113,489,000
Cash		450,051	952,636
Current assets		124,806,149	116,595,823
Assets		203,452,423	185,448,948

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital	12	500,000	500,000
Retained earnings		54,876,563	84,150,435
Equity		55,376,563	84,650,435
Deferred tax	13	1,083,375	1,650,993
Provisions		1,083,375	1,650,993
Subordinate loan capital		0	5,000,000
Lease liabilities		29,575,769	31,767,042
Tax payable		0	1,483,087
Other payables		0	1,557,801
Non-current liabilities other than provisions	14	29,575,769	39,807,930
Current portion of non-current liabilities other than provisions	14	8,459,238	7,271,699
Bank loans		62,657,488	2,294,343
Prepayments received from customers		0	671,203
Contract work in progress	10	1,609,708	0
Trade payables		33,066,422	22,545,166
Payables to group enterprises		4,088,746	0
Tax payable		0	1,187,925
Other payables		7,535,114	25,292,218
Deferred income	15	0	77,036
Current liabilities other than provisions		117,416,716	59,339,590
Liabilities other than provisions		146,992,485	99,147,520
Equity and liabilities		203,452,423	185,448,948
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		
Group relations	20		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	84,150,435	84,650,435
Group contributions etc	0	19,000,000	19,000,000
Profit/loss for the year	0	(48,273,872)	(48,273,872)
Equity end of year	500,000	54,876,563	55,376,563

Notes

1 Uncertainty relating to recognition and measurement

Receivables from group enterprises are written down to net realisable value based on a specific assessment with underlying budget and discounted cash flow models.

As of 31 December 2022, Nordmark Maskinfabrik A/S has group receivables of DKK 99.7m of which DKK 46.2m is provided for loss. The carrying amount at 31 December 2022 amounts to DKK 53.6m. The estimation uncertainty is related to the realization of future expected efficiencies and the conclusion of expected contracts in subsidiaries.

2 Staff costs

	2021/22	2020/21
	DKK	DKK
Wages and salaries	79,105,967	51,391,690
Pension costs	10,836,694	6,562,117
Other social security costs	2,021,483	1,004,735
	91,964,144	58,958,542
Average number of full-time employees	99	94

	Remuneration of Management 2021/22 DKK	Remuneration of Management 2020/21 DKK
Total amount for management categories	1,594,557	1,508,617
	1,594,557	1,508,617

3 Other financial income

	2021/22	2020/21
	DKK	DKK
Financial income from group enterprises	5,629,214	2,783,226
Other interest income	846	842
Exchange rate adjustments	40,684	78,541
	5,670,744	2,862,609

4 Other financial expenses

	2021/22	2020/21
	DKK	DKK
Financial expenses from group enterprises	66,637	88,531
Other interest expenses	3,486,683	1,103,433
Other financial expenses	99,775	593,072
	3,653,095	1,785,036

5 Tax on profit/loss for the year

	2021/22	2020/21
	DKK	DKK
Current tax	0	1,487,435
Change in deferred tax	(567,618)	310,467
Adjustment concerning previous years	(1,534)	0
	(569,152)	1,797,902

6 Proposed distribution of profit and loss

	2021/22	2020/21
	DKK	DKK
Retained earnings	(48,273,872)	6,122,687
	(48,273,872)	6,122,687

7 Intangible assets

	Acquired intangible assets DKK
Additions	453,783
Cost end of year	453,783
Carrying amount end of year	453,783

8 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	150,262,642	7,265,822	2,530,180	11,974,223	4,515,478
Transfers	13,777,439	1,294,000	0	(15,980,428)	(1,049,660)
Additions	5,278,212	1,286,673	908,989	11,490,037	1,655,963
Disposals	(8,654,956)	(168,900)	0	0	0
Cost end of year	160,663,337	9,677,595	3,439,169	7,483,832	5,121,781
Depreciation and impairment losses beginning of year	(100,497,002)	(5,292,987)	(1,920,694)	0	0
Depreciation for the year	(7,321,784)	(1,589,171)	(310,904)	0	0
Reversal regarding disposals	8,654,956	68,900	0	0	0
Depreciation and impairment losses end of year	(99,163,830)	(6,813,258)	(2,231,598)	0	0
Carrying amount end of year	61,499,507	2,864,337	1,207,571	7,483,832	5,121,781
Recognised assets not owned by entity	50,435,801				

9 Financial assets

	Other investments DKK
Cost beginning of year	5,680
Cost end of year	5,680
Revaluations beginning of year	9,783
Revaluations end of year	9,783
Carrying amount end of year	15,463

10 Contract work in progress

	2021/22 DKK	2020/21 DKK
Contract work in progress	18,793,534	27,672,950
Progress billings regarding contract work in progress	(2,123,466)	(15,007,844)
Transferred to liabilities other than provisions	1,609,708	0
	18,279,776	12,665,106

11 Prepayments

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

12 Share capital

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

13 Deferred tax

	2021/22 DKK	2020/21 DKK
Property, plant and equipment	10,200,812	8,719,909
Inventories	1,536,555	1,536,555
Provisions	0	(16,937)
Liabilities other than provisions	(8,367,702)	(8,588,534)
Tax losses carried forward	(2,286,290)	0
Deferred tax	1,083,375	1,650,993

Changes during the year	2021/22 DKK	2020/21 DKK
Beginning of year	1,650,993	1,340,526
Recognised in the income statement	(567,618)	310,467
End of year	1,083,375	1,650,993

14 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK	Due within 12 months 2020/21 DKK	Due after more than 12 months 2021/22 DKK	Outstanding after 5 years 2021/22 DKK
Lease liabilities	8,459,238	7,271,699	29,575,769	3,764,498
	8,459,238	7,271,699	29,575,769	3,764,498

15 Deferred income

Deferred income in 2020/21 is received energy grants for conducting tangible fixed assets.

16 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 liable for income taxes etc for the jointly taxed entities, and 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.

17 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of t.DKK 500 nominal. The carrying amount of mortgaged plant is t.DKK 4.072.

Bank loans are secured by way of a deposited floating charge registered to the mortgagor on plant of t.DKK 30,500. The carrying amount of mortgaged plant is t.DKK 70.486.

The company guarantees jointly and severally for the companies Ejendommen Ellehammervej 11, Skagen ApS, Ejendomsselskabet Gyldendalsvej A/S, Nordmark Productions A/S and Nordmark Group ApS's bank debt to Nykredit Bank.

18 Related parties with controlling interest

Related parties exercising control:

CataCap II K/S, Denmark

CC North Invest ApS, Denmark

Nordmark Group Holding ApS, Denmark

Nordmark Group ApS, Denmark

19 Non-arm's length related party transactions

	Parent DKK
Group contributions	19,000,000

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

20 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 has been changed to 31.12, which results in an extended accounting period of 18 months for the financial year 2021/22. The financial year 2020/21 comprises a period of 12 months.

Changes in accounting estimates

The management has re-assessed the estimated useful lives on fixed assets, which have reduced the depreciations with around DKK 7m and thereby improved profit/loss before tax accordingly.

The management has upon group establishment reassessed classification of accounts in the financial statements. Profit/loss for the year and equity has not been affected.

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 ordinary 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 år
Other fixtures and fittings, tools and equipment	1-6 år
Leasehold improvements	5-10 år

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.

Prepayments

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

Cash

Cash comprises bank deposits.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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