



Nordmark Production A/S

Teknikervej 2
8722 Hedensted
CVR No. 33877285

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 Production A/S

Teknikervej 2

8722 Hedensted

Business Registration No.: 33877285

Registered office: Hedensted

Financial year: 01.07.2021 - 31.12.2022

Board of Directors

Christian Kolding Andreasen

Jens Jørgen Hahn-Petersen

Søren Lomholt Husted

Camilla Rygaard-Hjalsted

Johnny Thomsen

Jens Karkov Jakobsen

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 Production 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

Christian Kolding Andreasen

Jens Jørgen Hahn-Petersen

Søren Lomholt Husted

Camilla Rygaard-Hjalsted

Johnny Thomsen

Jens Karkov Jakobsen

Independent auditor's report

To the shareholders of Nordmark Production A/S

Opinion

We have audited the financial statements of Nordmark Production 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	22,559	31,820	31,206	40,758	28,761
Operating profit/loss	(22,981)	331	(7,034)	7,344	(2,112)
Net financials	(437)	(333)	(524)	(1,921)	(2,354)
Profit/loss for the year	(40,366)	5,084	5,356	(12,289)	(10,079)
Total assets	80,455	60,081	84,146	70,021	96,860
Investments in property, plant and equipment	939	517	4,234	12,839	561
Equity	(46,180)	(5,831)	(10,954)	(16,333)	(4,033)
Ratios					
Equity ratio (%)	(57.40)	(9.71)	(13.02)	(23.33)	(4.16)

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

Equity ratio (%):

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

Total assets

Primary activities

Nordmark Production 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 -19.5m for the 18-month period against DKK 4.9m 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. In response to the market conditions, the group management decided in Q3 2022 to close the production in the company to consolidate its activities on fewer sites.

Transfer of equipment and volumes to other sites expected to be completed by Q1 2023.

The challenging market conditions and the expenses for the closing of the production have impacted the results negatively.

The management has decided to move the production facilities to other group companies. This will be effectfull in 2023.

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.

Outlook

Due to the group managements decision to close the production in the company, the outlook for the company is a year with a low revenue and the expenses for the closing.

Management expects EBITDA for the company in the range of DKK -5 to -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 Production 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 Production 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		22,559,072	31,819,946
Staff costs	3	(42,029,302)	(26,882,671)
Depreciation, amortisation and impairment losses		(3,510,875)	(4,588,104)
Other operating expenses		0	(18,000)
Operating profit/loss		(22,981,105)	331,171
Income from investments in group enterprises		(18,093,270)	5,084,616
Income from financial assets		24,280	24,348
Other financial income	4	6,022,715	2,705,944
Other financial expenses	5	(6,484,357)	(3,063,075)
Profit/loss before tax		(41,511,737)	5,083,004
Tax on profit/loss for the year	6	1,145,740	1,257
Profit/loss for the year	7	(40,365,997)	5,084,261

Balance sheet at 31.12.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Plant and machinery		11,465,408	14,521,681
Other fixtures and fittings, tools and equipment		208,289	578,735
Leasehold improvements		0	120,404
Property, plant and equipment in progress		0	30,750
Property, plant and equipment	8	11,673,697	15,251,570
Investments in group enterprises		16,814,911	6,571,899
Other investments		1,050	1,050
Financial assets	9	16,815,961	6,572,949
Fixed assets		28,489,658	21,824,519
Trade receivables		4,778,123	13,268,302
Contract work in progress	10	2,188,374	0
Receivables from group enterprises		41,528,974	23,211,854
Deferred tax	11	2,248,820	1,103,080
Other receivables		906,900	408,839
Tax receivable		11,376	138,013
Prepayments	12	302,329	81,884
Receivables		51,964,896	38,211,972
Cash		0	44,756
Current assets		51,964,896	38,256,728
Assets		80,454,554	60,081,247

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital	13	1,000,000	1,000,000
Reserve for net revaluation according to the equity method		0	6,085,614
Retained earnings		(47,180,205)	(12,916,658)
Equity		(46,180,205)	(5,831,044)
Other provisions	14	625,000	0
Provisions		625,000	0
Subordinate loan capital	15	25,000,000	25,000,000
Lease liabilities		6,250,586	8,253,810
Other payables		0	1,296,303
Non-current liabilities other than provisions	16	31,250,586	34,550,113
Current portion of non-current liabilities other than provisions	16	1,339,806	2,852,685
Bank loans		20,203,559	13,925,636
Prepayments received from customers		743,620	26,250
Contract work in progress	10	0	995,481
Trade payables		3,181,187	7,044,649
Payables to group enterprises		64,734,973	160,000
Other payables		4,556,028	6,357,477
Current liabilities other than provisions		94,759,173	31,362,178
Liabilities other than provisions		126,009,759	65,912,291
Equity and liabilities		80,454,554	60,081,247
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent assets	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 2021/22

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	6,085,614	(12,916,658)	(5,831,044)
Exchange rate adjustments	0	16,836	0	16,836
Profit/loss for the year	0	(6,102,450)	(34,263,547)	(40,365,997)
Equity end of year	1,000,000	0	(47,180,205)	(46,180,205)

Notes

1 Going concern

The company's equity is negative of DKK -46.2m as of 31 december 2022. The management is aware of the Danish companies act concerning lost company capital. The management expects that the company's capital will be reestablished through earnings or capital contributions.

The parent company Nordmark Group ApS has stated that it supports to provide liquidity which may be necessary for the company's ability to fulfill its obligations as they become due up until 31.12.2023. On this basis the financial statements are prepared under the assumption of going concern.

2 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 Production A/S has group receivables of DKK 74m of which DKK 32.5m is provided for loss. The carrying amount at 31 December 2022 amounts to DKK 41.5m. The estimation uncertainty is related to the realization of future expected efficiencies and the conclusion of expected contracts in subsidiaries.

3 Staff costs

	2021/22	2020/21
	DKK	DKK
Wages and salaries	35,942,605	23,021,694
Pension costs	4,390,882	2,770,528
Other social security costs	780,697	529,910
Other staff costs	915,118	560,539
	42,029,302	26,882,671
Average number of full-time employees	42	43

	Remuneration of Management 2021/22 DKK	Remuneration of Management 2020/21 DKK
Total amount for management categories	548,405	234,673
	548,405	234,673

4 Other financial income

	2021/22	2020/21
	DKK	DKK
Financial income from group enterprises	5,367,327	2,514,225
Other interest income	1,307	5,505
Exchange rate adjustments	19,296	16,891
Other financial income	634,785	169,323
	6,022,715	2,705,944

5 Other financial expenses

	2021/22	2020/21
	DKK	DKK
Financial expenses from group enterprises	4,591,796	1,840,520
Other interest expenses	727,403	275,166
Other financial expenses	1,165,158	947,389
	6,484,357	3,063,075

6 Tax on profit/loss for the year

	2021/22	2020/21
	DKK	DKK
Change in deferred tax	(1,145,740)	3,806
Adjustment concerning previous years	0	(5,063)
	(1,145,740)	(1,257)

7 Proposed distribution of profit and loss

	2021/22	2020/21
	DKK	DKK
Retained earnings	(40,365,997)	5,084,261
	(40,365,997)	5,084,261

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
Cost beginning of year	60,358,717	4,056,557	811,283	30,750
Additions	768,074	171,289	0	0
Disposals	(3,957,590)	(714,139)	(707,124)	(30,750)
Cost end of year	57,169,201	3,513,707	104,159	0
Depreciation and impairment losses beginning of year	(45,837,036)	(3,477,822)	(690,879)	0
Depreciation for the year	(3,289,786)	(143,157)	(77,932)	0
Depreciation and impairment losses on assets disposed of	(217,180)	(190,614)	(42,471)	0
Reversal regarding disposals	3,640,209	506,175	707,123	0
Depreciation and impairment losses end of year	(45,703,793)	(3,305,418)	(104,159)	0
Carrying amount end of year	11,465,408	208,289	0	0
Carrying amount if asset had not been revalued	8,514,425			

9 Financial assets

	Investments in group enterprises DKK	Other investments DKK
Cost beginning of year	486,285	1,050
Cost end of year	486,285	1,050
Revaluations beginning of year	6,085,614	0
Exchange rate adjustments	16,836	0
Share of profit/loss for the year	(18,093,270)	0
Investments with negative equity value depreciated over receivables	28,319,446	0
Revaluations end of year	16,328,626	0
Carrying amount end of year	16,814,911	1,050

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Nordmark Properties ApS	Frederikshavn	ApS	100.00
Nordmark GmbH	Cuxhaven	GmbH	100.00

10 Contract work in progress

	2021/22 DKK	2020/21 DKK
Contract work in progress	3,488,184	6,299,600
Progress billings regarding contract work in progress	(1,299,810)	(7,295,081)
Transferred to liabilities other than provisions	0	995,481
	2,188,374	0

11 Deferred tax

	2021/22 DKK	2020/21 DKK
Property, plant and equipment	(1,737,473)	(2,634,591)
Inventories	(641,690)	(641,690)
Provisions	137,500	2,443,429
Liabilities other than provisions	1,669,886	0
Tax losses carried forward	2,820,597	1,937,631
Other taxable temporary differences	0	(1,699)
Deferred tax	2,248,820	1,103,080

	2021/22 DKK	2020/21 DKK
Changes during the year		
Beginning of year	1,103,080	1,106,886
Recognised in the income statement	1,145,740	(3,806)
End of year	2,248,820	1,103,080

Deferred tax assets

Deferred tax assets primarily comprises of tax losses carried forward. The tax losses carried forward are expected to be used within 3-5 years.

12 Prepayments

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

13 Share capital

	Number	Par value DKK	Nominal value DKK
A-Shares	1,000	1,000	1,000,000
	1,000		1,000,000

14 Other provisions

Other provisions comprises of estimated costs related to the restructuring the company's facilities.

15 Subordinate loan capital

Subordinate loan capital comprises of a loan amounting to t.DKK 25.000 issued by Nordmark Maskinfabrik A/S.

16 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
Subordinate loan capital	0	0	25,000,000	25,000,000
Lease liabilities	1,339,806	2,852,685	6,250,586	0
	1,339,806	2,852,685	31,250,586	25,000,000

17 Contingent assets

Nordmark Production holds a not recognized tax asset that amounts to DKK 4m. The tax asset relates to tax losses carried forward. The tax asset is not recognized due to uncertainty related to time of utilization of the tax asset.

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 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.

19 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 12,000 thousands. The mortgage contains receivables, inventories, other fixtures and leasehold improvements amounting to DKK 9,333 thousands.

Certain items of plant and machinery, and other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 8,514 thousands.

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

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.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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.

Changes in accounting estimates

The management has re-assessed the estimated useful lives on fixed assets, which have reduced the depreciations with around DKK 2m and thereby improved profit/loss before tax accordingly.

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 property and plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other operating expenses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of 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.

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

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, subsuppliers 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	5-14 år
Other fixtures and fittings, tools and equipment	5 år
Leasehold improvements	5 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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the

reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

The accounting policies applied to material financial statement items of group enterprises are:

Properties 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

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: Properties 20 years.

Estimated useful lives and residual values are reassessed annually.

Items of property 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.

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of restructuring the company's facilities.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.

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