

# **Northern Industries A/S**

## **Annual Report 2021/22**

2100 København Ø  
Denmark  
Registration no 42 72 86 40

The Annual Report was adopted at  
the Annual General Meeting on  
28 December 2022

Lone Hass  
Chair

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## **Company Details**

Northern Industries  
Dampfærgevej 3  
2100 København Ø

E-mail: [yusufa@northern.industries](mailto:yusufa@northern.industries)  
Website: [www.northern.industries](http://www.northern.industries)  
Registered office: Copenhagen  
Registration no.: 42 72 86 40  
Established: 30 September 2021  
Financial year: 1 July - 30 June

## **Board of directors**

Lone Hass  
Karina Sundbæk Jensen  
Yusufa Sey

## **Executive Management**

Yusufa Sey

## **Auditors**

Beierholm, Statsautoriseret Revisionspartnerselskab  
Voergårdvej 2  
9200 Aalborg SV

## Statement by the Executive Board and Board of Directors on the Annual report

The Executive Management and Board of Directors have today considered and approved the Annual Report for the financial year 30 September 2021 – 30 June 2022 of Northern Industries A/S and the consolidated annual report for the financial year 01 July 2021 – 30 June 2022.

The consolidated financial statements and the financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the parent company financial statements and the consolidated financial statements give a true and fair view of the financial position on 30 June 2022 of the Group and the parent company and of the results of the Group and parent company operations and of the Group's cash flows for 2021/2022 in accordance with the applied accounting policies.

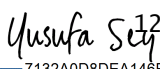
In our opinion, the Management's review includes a true and fair account of the development in the operations and financial circumstances, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

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


Copenhagen, 12 December 2022

### Executive Management

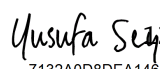
Yusufa Sey  
CEO

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**Board of Directors**

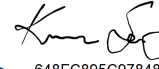
Lone Hass  
Chair

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Yusufa Sey

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Karina Sundbæk Jensen

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# **Independent Auditor's Report**

## **To the shareholders of Northern Industries A/S**

### **Opinion**

We have audited the consolidated financial statements and the financial statements of Northern Industries A/S for the financial year 1 July 2021 - 30 June 2022, which comprise the income statement, balance sheet, statement of changes in equity and notes to the consolidated financial statements and the financial statements, including a summary of significant accounting policies, For the group and the company as well as the consolidated cash flow statement. The consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the accompanying consolidated financial statements and financial statements present fairly, in all material respects, the group's and the company's assets, equity and liabilities and financial position as at 30 June 2022 and the group's and the company's financial performance and the consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements' section of the auditor's report. We are independent of the group and the company 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 consolidated financial statements and the financial statements**

The management is responsible for the preparation and fair presentation of the consolidated financial statements and the financial statements in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Auditor's Report

In preparing the consolidated financial statements and the financial statements, the management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis

## Independent Auditor's Report

of accounting in its preparation of the consolidated financial statements and financial statements and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement regarding the management's review

The management is responsible for the management's review.

Our opinion on the consolidated financial statements and the financial statements does not include the management's review, and we do not express any form of opinion on the management's review.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the consolidated financial statements or the financial statements or the knowledge we have obtained during our audit, or in any other way appears to be materially misstated.

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

## Independent Auditor's Report

Based on the work performed, we believe that the management's review is in accordance with the consolidated financial statements and the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Act. We have not detected any material misstatement in the management's review.

Beierholm Aalborg, 12 December 2022

### Beierholm

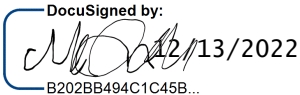
Statsautoriseret Revisionspartnerselskab

CVR no. 32 89 54 68

Martin Ødum Madsen

State Authorized Public Accountant

MNE no. mne45893

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## Financial highlights

GBP '000  
2021/22

Revenue	20.818
Gross profit	6.205
<b>Operating profit</b>	<b>-121</b>
Net financials	-439
<b>Profit for the year</b>	<b>-552</b>
Fixed assets	6.791
Current assets	9.132
<b>Total assets</b>	<b>15.924</b>
Share capital	123
<b>Equity</b>	<b>-188</b>
Long-term liabilities other than provisions	5.140
Short-term liabilities other than provisions	10.502
Cash flow from operating activities	4.529
Cash flow from investing activities	-4.181
<i>Of this investments in property, plant and equipment</i>	-113
Cash flow from financing activities	149
<b>Increase/decrease in cash and cash equivalents</b>	<b>497</b>
<b>Average number of employees</b>	<b>268</b>
<b>Financial ratios</b>	
Operating margin	-0,6%
Gross margin	29,8%
Current ratio	87,0%

## Management's Review

### Introduction

The company's principal activity is to act as the parent company for a group of businesses associated with the manufacture and installation of steel engineering, access covers and security equipment.

Although this marks the very first annual report for Northern Industries A/S, the Northern Industries journey can trace itself back to September 2019 where the U.K based subsidiary (Northern Industries UK 1 Ltd) was registered as part of the very first transaction to acquire a business unit in the steel engineering sector (namely, JHT Fabrications Ltd). With the successful acquisition of JHT Fabrications at hand, Northern Industries set about on executing its strategy of identifying profitable steel engineering businesses located in the United Kingdom and the buy-and-build growth strategy with the aim of generating synergies across the business units.

With the first acquisition at hand, Northern Industries then set about securing both its second and third business units which were Steelway Fensecure Ltd and Steelway Access Covers Ltd (also called BrickHouse) in December of 2020. The combination of these three businesses under the Northern Industries umbrella helped Northern Industries start to achieve some scale as a much larger operator in the steel engineering sector than with the ownership of just JHT Fabrications alone.

With Northern Industries' increased scale and its growing ambition, a decision was made in 2021 to continue to execute on the buy-and-build strategy and it was decided that a Danish entity was to be established as the new ultimate parent company. Therefore, in the second half of 2021 Northern Industries A/S was established as part of a "share-swap" whereby all shareholders of Northern Industries UK 1 Ltd then became shareholders in Northern industries A/S the new parent company to the Northern Industries group.

To continue the growth through acquisitions further capital was raised over the course of 2022 by Northern Industries A/S from a broader base of investors. This made it possible to acquire CEL Sheet Metal Ltd in March 2022. Similarly, to the effects of the previous acquisitions the addition of CEL Sheet Metal Ltd materially increased Northern Industries A/S revenue base.

During these first years of establishing the Northern Industries A/S group it has been a challenging business environment with material impact from the Covid-19 pandemic, Russia's invasion of Ukraine and the rise in inflation. The challenging business environment in 2021/22 continued to leave an ongoing ripple effect that has translated to lower earnings for Northern Industries as a group. However, despite the many challenges on the steel engineering sector, Northern Industries has still managed to maintain revenue growth as a combined group in 2021/22.

Illustration of Northern Industries A/S current group structure as of June 2022:



### Business review

The Group's revenue for 2021/22 amounted to 20.818 thousand GBP, and the operating profit ended at -121 thousand GBP. Net financials showed an expense of 439 thousand GBP. Profit for the year amounted to a loss of 522 thousand GBP.

The Group's total assets amounts to 15.916 thousand GBP. The equity ended at -160 thousand GBP.

The parent company's operating profit amounts to -208 thousand GBP and profit for the year ended at a loss of 175 GBP. Total assets 2.328 thousand GBP. The equity ended at 685 thousand GBP

For all divisions, the financial year started with cautious ambition, the market was still somewhat uncertain following the COVID-19 recovery. JHT's core market remained flat throughout the year, however both Steelway and CEL saw sales and order levels continue to grow throughout the period.

The political situation in Ukraine at the start of 2022, saw unprecedented volatility in raw material pricing, predominantly steel – which is the primary raw material for all 3 companies. Despite this, each were able to react promptly in such a way as to limit erosion to gross margins.

Steelway Fensecure added a division, Steelway Protect, supplying approved security products to infrastructure sectors, the division performed well in its first year establishing strong market position. The Primary Steelway division, delivered pleasing sales growth and finished the year with an order book that had doubled in size during the period providing a strong platform for FY22/23. The Fensecure division, largely supplying the new housing sector, saw a streamlining to cease B2C sales and focus on its distribution partner network. The Brickhouse division saw modest growth but secured significant framework contracts during the period to provide optimism for the coming financial year.

CEL Sheetmetal, a sub-contract provider of sheet metal parts to a broad variety of markets, saw sustained growth in the period up to the acquisition and this increased level of sales was sustained also in the final quarter.

## **Key risks and uncertainties**

The group's operations are exposed to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The group does not have material exposure in any of the areas identified above and, consequently does not use derivative instruments to manage these exposures.

The group's principal financial instruments comprise Danish Kroner cash, sterling cash and bank deposits, a large debt provider used for the funding of business acquisitions obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments can be analyzed as follows:

### **Key risks**

#### ***General risks***

The Group's main operating risks are attributable to the development of the competitive environment in the steel market. In addition, risks are associated with the development of world market prices of the key raw materials such as steel together with the development of the transportation and energy prices.

#### ***Price risk***

The group has no significant exposure to securities price risk, as it holds no listed equity instruments.

#### **Financial risks**

##### *Interest rate risks*

Interest rate risks arise in relation to interest-bearing assets and liabilities. The Company is in a net debt position which is expected to continue into 2022/23. The Group expects to be financed mainly through fixed interest rate loans. The interest rate risk will therefore be very limited.

### *Currency risks*

The group's currency risks occur partly because there is an imbalance between income, expenses and group company loans in each currency (transaction risk), and partly because the group includes companies with a functional currency other than GBP (translation risk).

As the groups functional currency is GBP and operates mainly in the United Kingdom, the income statement, balance sheet, and cash flows are subject to a minimal risk of currency fluctuations.

### **Credit risk**

The group's principal financial assets are bank balances, cash, and trade debtors, which represent the group's maximum exposure to credit risk in relation to financial assets. However, there is a risk that the operating businesses customers encounter credit downgrades due to the current market volatility, which could impact the operating business's ability to fully draw on the maximum invoice financing facilities against those associated customers up to a certain extent.

The primary customer base is directly or indirectly linked to government infrastructure sites, specifically within the utility sector. Given the profile of the customers, the directors consider the risk associated to the debtor book to be modest.

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### **Liquidity risk**

The group's policy has been to ensure continuity of funding through acquiring an element of the group's fixed assets under finance leases and arranging funding via shareholder and bank loans. However, as the steel sector has experienced a certain level of volatility there is always a risk of having to effectively manage the group's cash position as well as that of its business units.

### **Business Outlook for the Year Ahead**

Northern Industries enters 2022/23 with a growing order book allowing for revenue growth in the coming year and expects a revenue in the range of 28-32 million GBP. The challenged market conditions are expected to influence 2022/23 as seen in 2021/22 and continued increase in key production costs along with higher inflation will put the margin under pressure. Management expects EBITDA margins slightly above the level in 2021/22.

## Income statement

Parent company		GBP	
30/09-21 - 30/06-22 Note		Group 01/07-21 - 30/06-22	
0	1	<b>Revenue</b>	20.817.702
0	9/19	Production costs	-14.612.445
0		<b>Gross profit</b>	6.205.257
0	9/19	Sales- and distribution costs	-401.277
-207.650	9/19	Administrative expenses	-6.037.824
0		Other operating income	112.906
0		Other operating expenses	0
-207.650		<b>Operating profit</b>	-120.938
0	2	Financial income	9.493
-13.382	3	Financial expenses	-448.403
-221.032		<b>Profit before tax</b>	-559.848
48.627	4	Tax on profit/loss	7.367
-172.405		<b>Profit for the year</b>	-552.481

## Balance Sheet 30.06.2022

Parent company			Group
30-06-2022	Note		30-06-2022
0	5	Goodwill	3.964.192
0	6	Patents & licences	13.500
0		<b>Total intangible assets</b>	<b>3.977.692</b>
0	7	Plant and machinery	2.595.865
0	8	Fixtures and fittings, tools and equipment	165.188
0		<b>Total property, plant and equipment</b>	<b>2.761.053</b>
3.972	10	Deposits	3.972
48.627	11	Deferred tax	48.627
1.903.381		Amounts owed by affiliated companies	0
364.001	12	Investments in subsidiaries	0
2.319.981		<b>Total financial assets</b>	<b>52.599</b>
2.319.981		<b>Total fixed assets</b>	<b>6.791.344</b>
0	13	<b>Inventories</b>	<b>1.611.414</b>
0		Trade receivables	6.109.961
0		Other receivables	18.090
4.644		Prepayments	333.285
4.644		<b>Total receivables</b>	<b>6.461.336</b>
3.254		<b>Cash at bank and in hand</b>	<b>1.059.702</b>
7.898		<b>Total current assets</b>	<b>9.132.452</b>
2.327.879		<b>Total assets</b>	<b>15.923.796</b>

## Balance Sheet 30.06.2022

Parent company 30-06-2022	Note	GBP Group 30-06-2022
123.064	14 Share capital	123.064
561.438	Retained earnings	-311.062
0	Proposed dividend	0
684.502	<b>Equity</b>	-187.998
0	15 Deferred tax	469.613
0	<b>Total provisions</b>	469.613
0	16 Other loans	975.000
1.358.526	Amounts owed to affiliated companies	1.358.526
0	16 Finance lease obligations	580.142
0	16/17 Bank loans and overdrafts	2.226.343
1.358.526	<b>Long-term liabilities other than provisions</b>	5.140.011
0	16/17 Current portion of long term liabilities other than provisions	736.847
87.699	Amounts owed to affiliated companies	87.699
0	16 Other loans	675.933
0	16 Borrowings	2.288.247
0	16 Finance lease obligations	129.445
21.816	Trade payables	4.662.250
0	Corporation taxes	296.064
175.336	Other payables	1.625.685
284.851	<b>Short-term liabilities other than provisions</b>	10.502.170
1.643.377	<b>Total liabilities other than provisions</b>	15.642.181
2.327.879	<b>Total liabilities and equity</b>	15.923.796
	18 <b>Contigent liabilities</b>	
	19-21 <b>Notes without reference</b>	
	22-23 <b>Notes to cashflow statement</b>	
	24 <b>Events after the balance sheet date</b>	



## Statement of Changes in Equity

Group		Share capital	Share premium	Retained earnings	Total
Note					
14	Equity at 1 July	113.480	250.519	0	364.000
	Capital increase	9.583	502.289	0	511.872
	Transfers	0	-752.808	752.808	0
	Other adjustments	0	0	-492.424	-492.424
	Profit for the year	0	0	-552.481	-552.481
	Sale of treasury shares	0	0	32.018	32.018
	Purchase of treasury shares	0	0	-50.983	-50.983
	<b>Equity at 30 June</b>	<b>123.064</b>	<b>0</b>	<b>-311.062</b>	<b>-187.998</b>

Parent		Share capital	Share premium	Retained earnings	Total
Note					
14	Equity at 30 September	113.480	250.519	0	364.000
	Capital increase	9.583	502.289	0	511.872
	Transfers	0	-752.808	752.808	0
	Profit for the year	0	0	-172.405	-172.405
	Sale of treasury shares	0	0	32.018	32.018
	Purchase of treasury shares	0	0	-50.983	-50.983
	<b>Equity at 30 June</b>	<b>123.064</b>	<b>0</b>	<b>561.438</b>	<b>684.502</b>

## Cash Flow Statement

	Note	GBP Group 30-06-2022
<b>Operating profit</b>		-120.938
Net financials		-438.951
Depreciation, amortisation and impairment losses		898.033
		338.144
Changes for the year on items below:		
Inventories		-464.527
Trade receivables		-964.801
Other receivables		-3.972
Prepayments		-27.749
Trade payables		2.902.819
Other payables		2.760.246
Currency exchange adjustments		-10.685
Paid tax		0
<b>Total cash flow from operating activities</b>		<b>4.529.475</b>
<b>Total cash flow from investing activities</b>	22	<b>-4.181.313</b>
<b>Total cash flow from financing activities</b>	23	<b>148.974</b>
Cash flow from operating activities		4.529.475
Cash flow from investing activities		-4.181.313
Cash flow from financing activities		148.974
<b>Increase/decrease in cash and cash equivalents</b>		<b>497.136</b>
Cash and cash equivalents at beginning of the year		562.566
<b>Cash and cash equivalents at the end of the year</b>		<b>1.059.702</b>

# Notes

Parent company 30/09-21 - 30/06-22	Note	GBP Group 01/07-21 - 30/06-22
<b>1 Segment information</b>		
Primary segment: geography		
	<u>Revenue</u>	
0	United Kingdom	20.785.879
0	Europe	31.823
0	<u>Total</u>	<u>20.817.702</u>
Secondary segment: business area		
	<u>Revenue</u>	
	Structural	8.751.626
	Handrails	865.713
	Flooring	923.998
	Fencing	1.948.350
	Installing	1.455.682
	Access Covers	5.990.918
	Security Products	799.314
	Other	82.101
	<u>Total</u>	<u>20.817.702</u>
<b>2 Financial income</b>		
0	Financial income from subsidiaries	0
0	Other financial income	9.493
0	<u>Total</u>	<u>9.493</u>
<b>3 Financial expenses</b>		
-9.502	Financial expenses to affiliated companies	-129.514
-3.880	Other financial expenses	-318.889
-13.382	<u>Total</u>	<u>-448.403</u>
<b>4 Tax</b>		
0	Tax on profit and loss	-64.283
48.627	Adjustment of deferred tax	71.650
48.627	<u>Total</u>	<u>7.367</u>

## Notes

Parent company 30.06.2022	Note	Group 01/07-21 - 30/06-22	GBP
<b>5 Goodwill</b>			
0	Cost at 1 July		2.092.721
0	Additions		2.720.452
0	Cost at 30 June		<u>4.813.173</u>
0	Impairment losses and amortisation at 1 July		-227.313
0	Amortisation		-299.891
0	Impairment losses		<u>-321.777</u>
0	Impairment losses and amortisation at 30 June		<u>-848.981</u>
0	Carrying amount at 30 June		<u>3.964.192</u>
<b>6 Patents &amp; licenses</b>			
0	Cost at 1 July		45.000
0	Additions		<u>0</u>
0	Cost at 30 June		<u>45.000</u>
0	Impairment losses and amortisation at 1 July		-27.000
0	Amortisation		<u>-4.500</u>
0	Impairment losses and amortisation at 31 December		<u>-31.500</u>
0	Carrying amount at 30 June		<u>13.500</u>

## Notes

Parent company		GBP
30/09-21 - 30/06-22	Note	Group 01/07-21 - 30/06-22
<b>7 Plant and machinery</b>		
0	Cost at 1 July	2.854.629
0	Additions, business combinations	2.173.925
0	Additions	50.670
0	Disposals	-1.700
0	Cost at 30 June	<u>5.077.524</u>
0	Impairment losses and amortisation at 1 July	-2.098.122
	Adjustments	0
0	Drepreciations	-226.627
0	Depreciation on disposals	15.203
0	Impairment losses	-172.113
0	Impairment losses and amortisation at 30 June	<u>-2.481.659</u>
0	Carrying amount at 30 June	<u>2.595.865</u>
<b>8 Other fixtures and fittings, tools and equipment</b>		
0	Cost at 1 July	1.016.128
0	Additions, business combinations	122.848
0	Additions	62.551
0	Disposals	-10.810
0	Cost at 30 June	<u>1.190.717</u>
0	Impairment losses and amortisation at 1 July	-929.277
0	Drepreciations	-43.389
0	Depreciation on disposals	7.038
0	Impairment losses	-59.901
0	Impairment losses and amortisation at 30 June	<u>-1.025.529</u>
0	Carrying amount at 30 June	<u>165.188</u>
<b>9 Impairment losses and depreciation</b>		
The total impairment losses and depreciation analysed as follows:		
0	Production costs	0
0	Sales- and distribution costs	0
0	Administrative expenses	896.184
0	Total	<u>896.184</u>

## Notes

Parent company 30/09-21 - 30/06-22	Note	GBP Group 01/07-21 - 30/06-22
<b>10 Deposits</b>		
0	Cost at 1 July	0
3.972	Additions	3.972
0	Disposals	0
<u>3.972</u>	Cost at 30 June	<u>3.972</u>
<u>3.972</u>	Carrying amount at 30 June	<u>3.972</u>
<b>11 Deferred tax, asset</b>		
0	Deferred tax at 1 July	0
48.627	Additions	48.627
<u>48.627</u>	Deferred tax 30 June	<u>48.627</u>
Deferred tax relates to:		
48.627	Loss carried forward	48.627
<u>48.627</u>	Carrying amount at 30 June	<u>48.627</u>
The parent expects to generate revenue and be profitable within the next few years.		
<b>12 Investments in subsidiaries</b>		
0	Cost at 1 July	
364.001	Additions	
<u>364.001</u>	Cost at 30 June	
<u>364.001</u>	Carrying amount at 30 June	

Subsidiaries	Ownership Registered office	Net Profit	Equity
Northern Industries UK 1 Limited	100% Co. Durham, United Kingdom	118.504	169.258
JHT Group Holdings Limited	100% Newcastle Upon Tyne, United Kingdom	202.431	-417.890
JHT Fabrications Limited	100% Newcastle Upon Tyne, United Kingdom	-54.460	245.228
Steelway Group Holdings Limited	100% Wolverhampton, United Kingdom	152.229	220.910
Steelway Group Limited	100% Wolverhampton, United Kingdom	-10.000	0
Steelway Holdings Limited	100% Wolverhampton, United Kingdom	0	1.193.078
Steelway Fensecure Limited	100% Wolverhampton, United Kingdom	65.888	1.152.926
CEL Sheet Metal (Holdings) Limitec	100% Co. Durham, United Kingdom	-1.000	410.215
CEL Sheet Metal Limited	100% Staffordshire, United Kingdom	351.754	2.615.586
Matt Page Installations Limited	100% Hertfordshire, United Kingdom	58.267	20.028
Steelway Limited	100% Wolverhampton, United Kingdom	-4.844	-4.843

CEL Sheet Metal Holdings Limited was acquired on 19 January 2022

CEL Sheet Metal Limited was acquired on 8 March 2022.

Matt Page Installations Limited was acquired on 1 April 2022.

## Notes

Parent company		Group	
30/09-21 - 30/06-22		01/07-21 - 30/06-22	
	Note		GBP
<b>13 Inventories</b>			
0	Raw material and consumables		906.104
0	Work in progress		634.662
0	Manufactured goods and goods for resales <sup>1</sup>		70.648
0	Carrying amount at 30 June		1.611.414
<b>14 Share capital</b>			
<p>As Northern Industries increase scale and execute on the ambition to grow, a decision was made in 2021 to continue to execute on the buy-and-build strategy and implemented a capital increase of nom. 9.583 GBP during the year.</p> <p>The share capital at 30 June 2022 was thus nom. 123.064 GBP (1.084.448,60 DKK) and consists of 10.844.486 shares of 0,01135 GBP (0,1 DKK).</p> <p>In the second half of 2021 Northern Industries A/S was established as part of a "share-swap" whereby all shareholders of Northern Industries UK 1 Ltd became shareholders in Northern industries A/S to the Northern Industries group and the group acquired Treasury shares from the former owners of JHT Fabrications Limited.</p> <p>The parent owns treasury shares with a nominal value of 1.016 GBP, corresponding to 0,81% of the share capital. The shares are valued at nil and are not included in the balance sheet.</p>			
<b>15 Deferred tax, liability</b>			
Deferred tax relates to:			
0	Accelerated capital allowance		502.603
0	Loss carried forward		-32.990
0	Carrying amount at 30 June		469.613

## Notes

Parent company 30/09-21 - 30/06-22	Note	Group 01/07-21 - 30/06-22	GBP
<b>16 Borrowings</b>			
<b>Bank loans</b>			
0	Due within the first year		736.847
0	Due after 5 years		0
0	<b>Total</b>		<b>736.847</b>
<b>Finance lease obligations</b>			
0	Due within the first year		129.445
0	Due after 5 years		0
0	<b>Total</b>		<b>129.445</b>
<b>Factoring obligations</b>			
0	Due within the first year		2.288.247
0	Due after 5 years		0
0	<b>Total</b>		<b>2.288.247</b>
<b>Amounts owed to affiliated companies</b>			
0	Due within the first year		0
582.290	Due after 5 years		582.290
582.290	<b>Total</b>		<b>582.290</b>
<b>Other loans</b>			
0	Due within the first year		675.933
0	Due after 5 years		975.000
0	<b>Total</b>		<b>1.650.933</b>

675.933 GBP of the amount in Loans (long term) relates to deferred consideration due to the sellers from the purchase of CEL Sheet Metal Limited which is payable within one year.

525.000 GBP of the amount in Loans (long term) relates to deferred consideration due to the sellers from the purchase of CEL Sheet Metal Limited which is not yet payable.

450.000 GBP of the amount in Loans (long term) relates to deferred consideration due to the sellers from the purchase of Steelway Group Limited which is not yet payable.

### 17 Financial instruments

A loan was entered into by JHT Group Holdings Limited in September 2019 with a lending company, Triple Point. The loan is to be repaid in equal quarterly instalments over 48 months on which interest is paid at a rate of 8,75%, repayable by September 2023.

A loan was entered into by Steelway Group Holdings Limited in December 2020 with a lending company, Triple Point. The loan is to be repaid in equal quarterly instalments over 48 months on which interest is paid at a rate of 8,25%, repayable by December 2024.



## Notes

Parent company 30/09-21 - 30/06-22	Note	Group 01/07-21 - 30/06-22	GBP
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### 18 Contingent liabilities and pledged assets

#### Operating lease

0	Due within the first year	461.090
0	Due between 2 and 5 years	784.119
0	Due after 5 years	112.693
0	<b>Total</b>	<b>1.357.902</b>

#### Bank loans

The loan entered into by JHT Group Holdings Limited is secured by way of a fixed and floating charge over the assets held by JHT Group Holdings Limited and JHT Fabrications Limited, its wholly owned subsidiary.

The loan entered into by Steelway Group Holdings Limited is secured by way of a fixed and floating charge over the assets and investments held by Steelway Group Holdings Limited and group companies Steelway Fensecure Limited, Steelway Access Covers Limited, Steelway Group Limited, JHT Fabrications Limited and JHT Group Holdings Limited.

### 19 Staff costs

95.324	Wages and salaries	6.702.709
0	Pensions	168.918
0	Other social security costs	624.212
95.324	<b>Total</b>	<b>7.495.839</b>

1	Average number of employees	268
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The staff costs has been included in the following line items:

0	Production costs	4.785.370
0	Sales- and distribution costs	0
95.324	Administrative expenses	2.710.469
95.324	<b>Total</b>	<b>7.495.839</b>

95.324	Remuneration including incentive plans to: Executive Management and Board of Directors	421.202
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### 20 Fee paid to auditors appointed at the annual general meeting

17.731	Fee regarding statutory audit	69.881
0	Tax assistance	7.500
0	Other assistance	26.010
0	<b>Total</b>	<b>103.391</b>

### 21 Related parties

Northern Industries A/S' related parties are:

<u>Control:</u> Kjøller A/S, Aalborg, Denmark	<u>Basic</u> Control
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#### Other related parties:

Northern Industries UK 1 Limited	Subsidiary
JHT Group Holdings Limited	Subsidiary
JHT Fabrications Limited	Subsidiary
Steelway Group Holdings Limited	Subsidiary
Steelway Group Limited	Subsidiary
Steelway Holdings Limited	Subsidiary
Steelway Fensecure Limited	Subsidiary
CEL Sheet Metal (Holdings) Limited	Subsidiary
CEL Sheet Metal Limited	Subsidiary
Matt Page Installations Limited	Subsidiary
Steelway Limited	Subsidiary

Related parties also include Board of Directors and the Executive Management

# Notes

Parent company 30/09-21 - 30/06-22	Note	Group 01/07-21 - 30/06-22	GBP
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## 21 Related parties, continued

Transactions:

Shareholder loans exist with Kjøller A/S, a shareholder with significant control of Northern Industries A/S. There are five shareholder loans as detailed below.

At year end loan 1, 2, 3 and 4 are combined into one loan (loan 5) entered by Northern Industries A/S as the borrower and Kjøller A/S as the lender.

### Loan 1

The principal amount is 400.000 GBP and was entered by Northern Industries UK 1 Limited. The loan is free of installments, and the interest is accrued on a monthly basis at a rate of 8,75%. The loan is secured personally by Y Sey, L Sorlini and M Lunde. They assign their full ownership and associated rights in the entity to the Lender without payment in event of default on the loan. The balance of the loan 1 as per year end is transferred to Northern Industries A/S.

### Loan 2

The principal amount is 800.000 GBP and was entered by Northern Industries UK 1 Limited. The interest is accrued on a monthly basis at a rate of 10%. The loan is secured personally by Y Sey, L Sorlini and M Lunde. They assign their full ownership and associated rights in the entity to the Lender without payment in event of default on the loan. The balance of the loan 2 as per year end is transferred to Northern Industries A/S.

### Loan 3

The principal amount is 58.333 GBP and was entered by Steelway limited. The interest is accrued on a monthly basis at a rate of 10%. The balance of the loan 3 as per year end is transferred to Northern Industries A/S.

### Loan 4

The principal amount is 71.500 GBP and was entered by JHT Fabrications Limited. The loan is free of installments and has been made interest free. Charges of 6.500 GBP were payable to Kjøller A/S on arrangement of the loan. The balance of loan 4 as per year end is transferred to Northern Industries A/S.

### Loan 5 (Convertible)

The principal amount is 1.358.526 GBP and was entered by Northern Industries A/S. The interest is payable on a monthly basis at a rate of 10%. First installment is due in October 2023. Kjøller A/S can fully or partially convert the outstanding amount of the loan to ownership at any time within the term. The price for conversion is determined based on a pre-money valuation of Northern Industries A/S at 60.000.000 DKK (6.809.000 GBP) as determined on the basis of Northern Industries A/S fully diluted nominal share capital per 24 June 2022. In the event that the Northern Industries A/S is listed on the stock exchange, the right to conversion expires on the day of listing.

### Loan 6

The principal amount is 251.682 GBP and was entered by Northern Industries A/S with Kjøller A/S. The interest is payable at a monthly basis at a rate of 10%. The balance as at 30 June 2022 is 87.699 GBP.

# Notes

Parent company 30/09-21 - 30/06-22	Note	Group 01/07-21 - 30/06-22	GBP
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## 21 Related parties, continued

Transactions, continued:

During the year JHT Fabrications Limited leased a property from J Thompson and L Jackson at a rental amounting to 36.996 GBP, which is charged on normal commercial terms.

J Thompson and L Jackson were paid 49.000 GBP in consultancy fees by JHT Fabrications Limited during the year. J Thompson and L Jackson were shareholders of Northern Industries UK 1 Limited, during the year.

During the year, Michael Lunde was paid 58.407 GBP in consultancy fees by JHT Fabrications Limited and 19.977 GBP by Steelway Fensecure Limited, totalling 78.383 GBP for the year. Michael Lunde was a shareholder of Northern Industries UK 1 Limited during the year. Michael Lunde is now a shareholder of Northern Industries A/S.

During the year, YMS Investments 1 ApS, a company controlled by Yusufa Sey, was paid 48.577 GBP by Steelway Fensecure Limited and 15.000 GBP from JHT Fabrications Limited in consultancy and project management fees. Yusufa Sey is a director and was shareholder of Northern Industries UK 1 Limited and are now a director and shareholder of Northern Industries A/S.

During the year, IPO Capital ApS, a company controlled by Yusufa Sey and Magnus Kjøller, was paid 12.000 GBP by Steelway Fensecure Limited and 15.000 GBP by JHT Fabrications Limited in consultancy and project management fees. Yusufa Sey is a director and was shareholder of Northern Industries UK 1 Limited and are now a director and shareholder of Northern Industries A/S. Magnus Kjøller is a Shareholder of Northern Industries A/S.

During the year, Pulz Solutions, a company controlled by Magnus Kjøller, was paid 20.004 GBP by Steelway Fensecure Limited and 10.000 GBP by JHT Fabrications Limited in management fees. Magnus Kjøller is a Shareholder of Northern Industries A/S.

450.000 GBP of the amount in Loans relates to deferred consideration from the purchase of Steelway Group Limited and is owed to D Houghton, R Houghton and W Karpynec, who are current shareholders of Northern Industries UK 1 Limited. The amount is not yet payable in accordance with the terms of the SPA.

## Notes

**GBP**  
Group  
01/07-21 - 30/06-22

### 22 Cash flow from investing activities

Purchase of subsidiary	-5.114.007
Proceeds from issue of shares, net	543.891
Purchase of tangible fixed assets	-113.221
Cash acquired with subsidiary	501.983
Interest received	41
<b>I alt</b>	<b>-4.181.313</b>

### 23 Cash flow from financing activities

Repayment of borrowings	-1.110.376
Proceeds from borrowing	1.385.000
Purchase of treasury shares	-50.986
Payment of finance lease obligations	-74.664
<b>I alt</b>	<b>148.974</b>

### 24 Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the consolidated financial statements and the financial statements of the Parent Company.

## Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

No comparative figures have been provided as this is the parents' and the group's first financial year.

### Basis of recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

### INCOME STATEMENT

#### Revenue

Income from the sale of goods is recognized in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is

determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

### **Production costs**

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortization and impairment losses on the fixed assets used in the production process, are recognized under production costs.

### **Distribution costs**

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising, and exhibition costs etc. and lease of and depreciation, amortization and impairment losses on the fixed assets used in the distribution and sales activity, are recognized under distribution costs.

### **Administrative expenses**

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortization and impairment losses on the fixed assets used for administration, are recognized under administrative expenses.

### **Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill, and gains on the sale of intangible assets and property, plant, and equipment.

### **Depreciation, amortization and impairment losses**

The depreciation and amortization of intangible assets and property, plant and equipment aim at systematic depreciation and amortization over the expected useful lives of the assets. Assets are depreciated and amortized according to the straight-line method based on the following expected useful lives and residual values:

Plant and machinery	3 - 20 years
Fixtures and fittings, tools and equipment	3 - 10 years

### **Goodwill**

Goodwill is amortized over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

### **Other net financials**

Interest income and interest expenses etc. are recognized in other net financials.

### **Tax on profit/loss for the year**

The current and deferred tax for the year is recognized in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognized directly in equity.

## **BALANCE SHEET**

### **Intangible assets**

#### **Goodwill**

Goodwill is measured in the balance sheet at cost less accumulated amortization and impairment losses.

Goodwill is amortized using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortization and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

### **Property, plant, and equipment**

Property, plant, and equipment comprise other fixtures and fittings, tools, and equipment.

Property, plant, and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant, and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortization and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

### **Equity investments in group enterprises**

Equity investments in subsidiaries are measured at cost less any impairment losses in the balance sheet of the parent. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments in the balance sheet of the parent, while transaction costs are recognised in the income statement in the consolidated financial statements.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

### **Inventories**

Inventories are measured at cost calculated according to. Inventories are written down to the lower of cost and net realizable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realizable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

### **Receivables**

Receivables are measured at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognized under assets comprise deposits paid to the lessor under leases entered into by the company.

### **Provisions**

Other provisions comprise expected expenses incidental to restructuring etc. and are recognized when the company has a legal or constructive obligation at the balance sheet date, and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realizable value or fair value if the provision is expected to be settled over the longer term.



## **Current and deferred tax**

Current tax payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognized on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is non-amortizable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognized, following an assessment, at the expected realizable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallize as current tax.

## **Payables**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortized cost where capital losses and loan expenses are recognized in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortized cost, normally corresponding to the nominal value of such payables.

## **Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

## **CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.