Northern Industries A/S

Annual Report 2022/23

August Bournonvilles Passage 1
1055 København K
Denmark
Registration no 42 72 86 40

The Annual Report was adopted at the Annual General Meeting on 31 December 2023

Lone Hass
Chair

Table of Contents

Company Details

Northern Industries A/S
August Bournonvilles Passage 1
1055 København K

E-mail: yusufa@northern.industries
Website: 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
Peder Gellert Pedersen
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 consolidated financial statements and the financial statements for the financial year 01 July 2022 – 30 June 2023 of Northern Industries A/S.

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 2023 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 2022/2023 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, 31 December 2023

Executive Management

Yusufa Sey
CEO

Board of Directors

Lone Hass Chair	Karina Sundbæk Jensen
Yusufa Sey	Peder Gellert Pedersen

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 2022 - 30 June 2023, 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 2023 and the group’s and the company’s financial performance and the consolidated cash flows for the financial year 1 July 2022 - 30 June 2023 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.

Material uncertainty related to going concern
We draw attention to note 1 in the annual accounts, from which it appears that the parent company had a loss of GBP 140,750 in the financial year that ended on 30.06.23, and that the company's short-term liabilities per this date amounts to GBP 974,645, which exceeds the company's current assets by GBP 330,847. The company's main shareholder has granted a loan of GBP 1,816,335, of which GBP 630,683 is due within 12 months, which is why it is presented as short-term debt.

These conditions mean that there is significant uncertainty about the company's ability to continue operations. We agree with the management in the description of the uncertainty and the choice of accounting principle. Our opinion is not modified in respect of this matter.

Independent Auditor’s Report

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.

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.

Independent Auditor’s Report

- 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 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

Independent Auditor's Report

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 con tains the information required under the Danish Financial Statements Act.

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, 28 December 2023

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Peter Thor Kellmer
State Authorized Public Accountant
MNE no. mne26805

Financial highlights

Group	GBP '000 2022/23	GBP '000 2021/22
Revenue	30.584	20.818
Gross profit	8.954	6.205
Operating profit	**454**	**-121**
Net financials	-699	-439
Profit for the year	**-52**	**-552**
Fixed assets	5.999	6.791
Current assets	8.162	9.132
Total assets	**14.161**	**15.924**
Share capital	128	123
Equity	**-52**	**-188**
Long-term liabilities other than provisions	2.615	5.140
Short-term liabilities other than provisions	11.199	10.502
Cash flow from operating activities	527	4.529
Cash flow from investing activities	93	-4.181
Of this investments in property, plant and equipment	-122	-113
Cash flow from financing activities	-1.412	149
Increase/decrease in cash and cash equivalents	**-791**	**497**
Average number of employees	**265**	**268**
Financial ratios		
Operating margin	1,5%	-0,6%
Gross margin	29,3%	29,8%
Current ratio	72,9%	87,0%

Management's Review

Background

Northern Industries' 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.

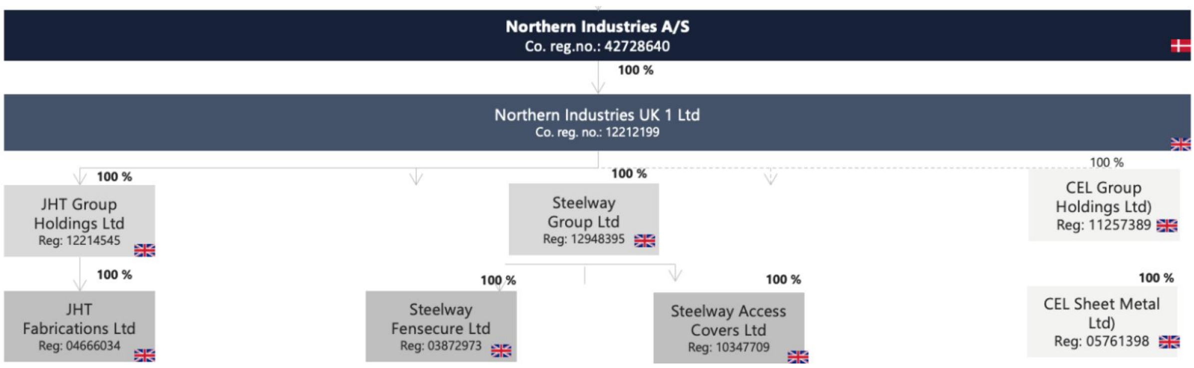
The journey can trace itself back to September 2019 where the U.K based subsidiary (Northern Industries UK 1 Ltd) was registered as part of the very first transaction to acquire a business unit in the steel engineering sector (namely, JHT Fabrications Ltd). With the successful acquisition of JHT Fabrications 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.

Illustration of Northern Industries A/S current group structure as of June 2023:



Management's Review

The financial year July 2022 – June 2023 was characterized by the fact that our management focus was primarily on stabilization and refinement across the entire group and as such all of our activities were carried out with that specific focus in mind. Having ended the previous financial year with the recent acquisition of CEL Sheet Metal Ltd we set about achieving the goal of having a full year void of any further acquisitions and rather, focused on absorbing the recent addition of CEL into the wider group as well as strengthening our existing business units, Steelway Group and JHT Fabrications.

Business review

Members of the management team are pleased with the fact that the actual revenue for this financial year fell perfectly within the forecasted range provided in the FY 21/22 annual report of 28 – 32 million GBP.

The Group's revenue for 2022/23 amounted to 30.584 thousand GBP, and the operating profit ended at 454 thousand GBP. Net financials showed an expense of 782 thousand GBP. Profit for the year amounted to -52 thousand GBP.

The Group's total assets amounts to 14.161 thousand GBP. The equity ended at -52 thousand GBP.

The parent company's operating profit amounts to -177 thousand GBP and profit for the year ended at a loss of 141 thousand GBP. Total assets 2.912 thousand GBP. The equity ended at 751 thousand GBP.

The parent owns treasury shares with a nominal value of 571 GBP (4.952,70), corresponding to 0,44% of the share capital. The shares are valued at nil and are not included in the balance sheet.

Key risks

***General* risks**

The groups operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The groups principal financial instruments comprise sterling cash and bank deposits, inter-group debt used for the funding of the purchase of the business units alongside institutional debt from banks, together with trade debtors and trade creditors that arise directly from the operations of its business units.

The main risks arising from the company's financial instruments can be analysed as follows:

Price risk

The group is exposed to price risk from the cost increases in material and utility cost in the market.

Management's Review

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 2023/24. 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 of the underlying business units 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 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 many counterparties and customers.

Liquidity risk

The group's policy has been to ensure continuity of funding through acquiring an element of the groups fixed assets under finance leases and arranging funding via shareholder and bank loans.

Management's Review

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 2023/24 with a growing order book allowing for revenue growth in the coming year and expects a revenue in the range of 30 to 33 million GBP. The challenged market conditions are expected to influence 2023/24 as seen in 2022/23 and continued increase in key production costs along with higher inflation will put the margin under pressure. Management expects EBITDA in the range of 1,6 to 1,9 million GBP.

Going Concern

These financial statements are prepared on the going concern basis. The director has a reasonable expectation that the group will continue in operational existence for the foreseeable future.

The group is currently in a net liability position and has made losses before tax for the current period and previous two periods. The group currently has loans and borrowings outstanding of 5.819.534 GBP. Of these loans, 1.819.534 GBP is owed to the group's majority shareholder, Kjøller A/S who has issued a letter of support within 2023/ 2024 for the financial year ending 30th June 2024..

Although the group has reported a loss before tax, EBITDA of 1.373.178 GBP has been generated in the period, and the director expects that the growth of the group will continue over the next 12- 24 months, strengthening the group's overall position.

The Director is always exploring multiple possible scenarios for further funding for the group which could also include potential financial support from shareholders or other means of attracting external capital into the group. The director is confident that a financing solution will be achieved.

Income statement

Parent				Group	GBP
30.09.21-30.06.22	2022/23	Note		2022/23	30.09.21-30.06.22
0	150.233	1	Revenue	30.584.421	20.817.702
0	0	3/11	Production costs	-21.629.923	-14.612.445
0	150.233		**Gross profit**	8.954.498	6.205.257
0	0	3/11	Sales- and distribution costs	-891.457	-401.277
-207.650	-327.323	3/11	Administrative expenses	-7.626.988	-6.037.824
0	0		Other operating income	18.388	112.906
0	0		Other operating expenses	0	0
-207.650	-177.090		**Operating profit**	454.441	-120.938
0	242.592	4	Financial income	100.827	9.493
-13.382	-245.951	5	Financial expenses	-800.135	-448.403
-221.032	-180.449		**Profit before tax**	-244.867	-559.848
48.627	39.699	6	Tax on profit/loss	192.417	7.367
-172.405	-140.750		**Profit for the year**	-52.450	-552.481

Balance Sheet 30.06.2023

Parent				Group	GBP
30.06.22	30.06.23	Note		30.06.23	30.06.22
0	0	7	Goodwill	3.476.287	3.964.192
0	0	8	Patents & licences	9.000	13.500
0	0		**Total intangible assets**	3.485.287	3.977.692
0	0	9	Plant and machinery	2.235.598	2.595.865
0	0	10	Fixtures and fittings, tools and equipment	189.514	165.188
0	0		**Total property, plant and equipment**	2.425.112	2.761.053
3.972	519	12	Deposits	519	3.972
48.627	88.326	13	Deferred tax	88.326	48.627
1.903.381	1.809.215		Amounts owed by affiliated companies	0	0
364.001	369.663	14	Investments in subsidiaries	0	0
2.319.981	2.267.723		**Total financial assets**	88.845	52.599
2.319.981	2.267.723		**Total fixed assets**	5.999.244	6.791.344
0	0	15	**Inventories**	1.309.553	1.611.414
0	0		Trade receivables	6.200.946	6.109.961
0	630.683		Amounts owed by affiliated companies	0	0
0	12.276		Other receivables	14.989	18.090
4.644	0		Prepayments	367.938	333.285
4.644	642.959		**Total receivables**	6.583.873	6.461.336
3.254	839		**Cash at bank and in hand**	268.463	1.059.702
7.898	643.798		**Total current assets**	8.161.889	9.132.452
2.327.879	2.911.521		**Total assets**	14.161.133	15.923.796

Balance Sheet 30.06.2023

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23	Group 30.06.22
					GBP
123.064	128.436	16	Share capital	128.436	123.064
561.438	622.788		Retained earnings	-180.408	-311.062
0	0		Proposed dividend	0	0
684.502	751.224		**Equity**	-51.972	-187.998
0	0	17	Deferred tax	399.257	469.613
0	0		**Total provisions**	399.257	469.613
1.358.526	1.185.652		Amounts owed to affiliated companies	1.185.652	1.358.526
0	0	18	Finance lease obligations	440.221	580.142
0	0	18/19	Bank loans and overdrafts	318.740	2.226.343
0	0	18	Other loans	670.000	975.000
1.358.526	1.185.652		**Long-term liabilities other than provisions**	2.614.613	5.140.011
0	0	18/19	Current portion of long term liabilities other than provisions	789.668	736.847
87.699	630.683		Amounts owed to affiliated companies	630.683	87.699
0	0	18	Borrowings	2.894.791	2.288.247
0	0	18	Finance lease obligations	151.010	129.445
0	0	18	Other loans	485.000	675.933
21.816	15.946		Trade payables	3.995.144	4.662.250
0	0		Corporation taxes	206.020	296.064
175.336	328.016		Other payables	2.046.920	1.625.685
284.851	974.645		**Short-term liabilities other than provisions**	11.199.236	10.502.170
1.643.377	2.160.297		**Total liabilities other than provisions**	13.813.849	15.642.181
2.327.879	2.911.521		**Total liabilities and equity**	14.161.134	15.923.796

20	**Contingent liabilities**
21-22	**Notes without reference**
23-24	**Notes to cashflow statement**
25	**Events after the balance sheet date**

Statement of Changes in Equity

Parent Note		Share capital	Share premium	Retained earnings	Total
16	Equity at 1 July	123.064	0	561.438	684.502
	Capital increase	3.457	194.418	0	197.875
	Transfers	0	-194.418	194.418	0
	Profit for the year	0	0	-140.750	-140.750
	Foreign currency translation adjustments	1.915	0	7.683	9.598
	Sale of treasury shares	0	0	0	0
	Purchase of treasury shares	0	0	0	0
	Equity at 30 June	**128.436**	**0**	**622.788**	**751.225**

Group Note		Share capital	Share premium	Retained earnings	Total
16	Equity at 1 July	123.064	0	-311.062	-187.998
	Capital increase	3.457	194.418	0	197.875
	Transfers	0	-194.418	194.418	0
	Profit for the year	0	0	-52.450	-52.450
	Foreign currency translation adjustments	1.915	0	-11.314	-9.399
	Sale of treasury shares	0	0	0	0
	Purchase of treasury shares	0	0	0	0
	Equity at 30 June	**128.436**	**0**	**-180.408**	**-51.972**

Cash Flow Statement

			GBP
		Group	
	Note	30.06.23	30.06.22
Operating profit		454.441	-120.938
Net financials		-799.308	-438.951
Depreciation, amortisation and impairment losses		918.737	898.033
		573.870	338.144
Changes for the year on items below:			
Inventories		301.861	-464.527
Trade receivables		-90.985	-964.801
Other receivables		6.554	-3.972
Prepayments		-34.653	-27.749
Trade payables		-667.106	2.902.819
Other payables		421.235	2.760.246
Currency exchange adjustments		24.270	-10.685
Paid tax		-7.682	0
Total cash flow from operating activities		**527.364**	**4.529.475**
Total cash flow from investing activities	22	**92.983**	**-4.181.313**
Total casf flow from financing activities	23	**-1.411.587**	**148.974**
Cash flow from operating activities		527.364	4.529.475
Cash flow from investing activities		92.983	-4.181.313
Cash flow from financing activities		-1.411.587	148.974
Increase/decrease in cash and cash equivalents		**-791.239**	**497.136**
Cash and cash equivalents at beginning of the year		1.059.702	562.566
Cash and cash equivalents at the end of the year		**268.463**	**1.059.702**

Notes

Parent 30.09.21-30.06.22	Parent 2022/23	Note		Group 2022/23	Group 30.09.21-30.06.22 (GBP)
		1	**Going Concern**		

These financial statements are prepared on the going concern basis. The director has a reasonable expectation that the group will continue in operational existence for the foreseeable future.

The group is currently in a net liability position and has made losses before tax for the current period and previous two periods. The group currently has loans and borrowings outstanding of 5.819.534 GBP. Of these loans, 1.816.335 GBP is owed to the group's majority shareholder, Kjøller A/S who has issued a letter of support within 2023/24 for the financial year ending on 30 June 2024.

Although the group has reported a loss before tax, EBITDA of 1.373.178 GBP has been generated in the period, and the director expects that the growth of the group will continue over the next 12- 24 months, strengthening the group's overall position.

The Director is always exploring multiple possible scenarios for further funding for the group which could also include potential financial support from shareholders or other means of attracting external capital into the group. The director is confident that a financing solution will be achieved.

Parent 30.09.21-30.06.22	Parent 2022/23	Note		Group 2022/23	Group 30.09.21-30.06.22
		2	**Segment information**		
			Primary segment: geography		
			Revenue		
0	150.233		United Kingdom	30.545.464	20.785.879
0	0		Europe	38.957	31.823
0	150.233		Total	30.584.421	20.817.702
			Secundary segment: business area		
			Revenue		
			Structural	5.430.569	8.751.626
			Handrails	1.250.036	865.713
			Flooring	1.435.357	923.998
			Fencing	1.941.890	1.948.350
			Installing	1.511.272	1.455.682
			Access Covers	6.645.665	5.990.918
			Security Products	2.032.297	799.314
			Laser cutting	9.951.613	0
			Scrap metal sales	249.611	0
	150.233		Other	136.111	82.101
0	150.233		Total	30.584.421	20.817.702
		3	**Staff costs**		
95.324	150.683		Wages and salaries	9.332.094	6.702.709
0	0		Pensions	260.291	168.918
0	166		Other social security costs	890.186	624.212
95.324	150.849		Total	10.482.571	7.495.839
1	1		Average number of employees	265	268
			The staff costs has been included in the following line items:		
0	0		Production costs	7.155.748	4.785.370
0	0		Sales- and distribution costs	0	0
95.324	150.849		Administrative expenses	3.326.823	2.710.469
95.324	150.849		Total	10.482.571	7.495.839
			Remuneration including incentive plans to:		
95.324	150.849		Executive Management and Board of Directors	477.232	421.202
		4	**Financial income**		
0	225.565		Financial income from subsidiaries	0	0
0	17.027		Other financial income	100.827	9.493
0	242.592		Total	100.827	9.493
		5	**Financial expenses**		
-9.502	-241.965		Financial expenses to affiliated companies	-241.965	-129.514
-3.880	-3.986		Other financial expenses	-558.170	-318.889
-13.382	-245.951		Total	-800.135	-448.403
		6	**Tax**		
0	0		Tax on profit and loss	-206.020	-64.283
0	0		Adjustment of tax relating to previous years	288.382	0
48.627	39.699		Adjustment of defered tax	110.055	71.650
48.627	39.699		Total	192.417	7.367

Notes

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23	Group 30.06.22
					GBP
		7	**Goodwill**		
0	0		Cost at 1 July	4.813.173	2.092.721
0	0		Additions	0	2.720.452
0	0		Cost at 30 June	4.813.173	4.813.173
0	0		Impairment losses and amortisation at 1 July	-848.981	-227.313
			Amortisation	-487.905	-299.891
0	0		Impairment losses	0	-321.777
0	0		Impairment losses and amortisation at 31 December	-1.336.886	-848.981
0	0		Carrying amount at 30 June	3.476.287	3.964.192
		8	**Patents & licenses**		
0	0		Cost at 1 July	45.000	45.000
0	0		Additions	0	0
0	0		Cost at 30 June	45.000	45.000
0	0		Impairment losses and amortisation at 1 July	-31.500	-27.000
0	0		Amortisation	-4.500	-4.500
0	0		Impairment losses and amortisation at 31 December	-36.000	-31.500
0	0		Carrying amount at 30 June	9.000	13.500

Notes

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23	Group 30.06.22 (GBP)
		9	**Plant and machinery**		
0	0		Cost at 1 July	5.077.524	2.854.629
0	0		Additions, business combinations	0	2.173.925
0	0		Additions	29.833	50.670
0	0		Disposals	-47.201	-1.700
0	0		Cost at 30 June	5.060.156	5.077.524
0	0		Impairment losses and amortisation at 1 July	-2.481.659	-2.098.122
			Adjustments	0	0
0	0		Drepreciations	-371.075	-226.627
0	0		Depreciation on disposals	28.176	15.203
0	0		Impairment losses	0	-172.113
0	0		Impairment losses and amortisation at 31 December	-2.824.558	-2.481.659
0	0		Carrying amount at 30 June	2.235.598	2.595.865
		10	**Other fixtures and fittings, tools and equipment**		
0	0		Cost at 1 July	1.190.717	1.016.128
0	0		Additions, business combinations	0	122.848
0	0		Additions	92.530	62.551
0	0		Disposals	-43.542	-10.810
0	0		Cost at 30 June	1.239.705	1.190.717
0	0		Impairment losses and amortisation at 1 July	-1.025.529	-929.277
0	0		Drepreciations	-55.257	-43.389
0	0		Depreciation on disposals	30.595	7.038
0	0		Impairment losses	0	-59.901
0	0		Impairment losses and amortisation at 31 December	-1.050.191	-1.025.529
0	0		Carrying amount at 30 June	189.514	165.188
		11	**Impairment losses and depreciation** The total impairment losses and depreciation analysed as follows:		
0	0		Production costs	0	0
0	0		Sales- and distribution costs	0	0
0	0		Administrative expenses	918.737	896.184
0	0		Total	918.737	896.184

Notes

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23 (GBP)	Group 30.06.22 (GBP)
		12	**Deposits**		
0	3.972		Cost at 1 July	3.972	0
3.972	0		Additions	0	3.972
0	-3.453		Disposals	-3.453	0
3.972	519		Cost at 30 June	519	3.972
3.972	519		Carrying amount at 30 June	519	3.972
		13	**Deferred tax, asset**		
0	48.627		Deferred tax at 1 july	48.627	0
48.627	39.699		Additions	39.699	48.627
48.627	88.326		Deferred tax 31 December	88.326	48.627
			Deferred tax relates to:		
48.627	88.326		Loss carried forward	88.326	48.627
48.627	88.326		Carrying amount at 30 June	88.326	48.627

The parent expects to generate revenue and be profitable within the next few years.

Parent 30.06.22	Parent 30.06.23	Note	
		14	**Investments in subsidiaries**
0	364.001		Cost at 1 July
364.001	0		Additions
0	0		Salg af dattervirksomhed
364.001	364.001		Cost at 30 June
0	0		Value adjustment 1 July
0	5.662		Foreign currency translation adjustments
0	5.662		Value adjustment 30 June
364.001	369.663		Carrying amount at 30 June

Subsidiaries	Ownership	Registered office	Net Profit	Equity
Northern Industries UK 1 Lin	100%	Co. Durham, United Kingdom	-163.393	5.865
JHT Group Holdings Limited	100%	Newcastle Upon Tyne, United Kingdom	100.164	-317.726
JHT Fabrications Limited	100%	Newcastle Upon Tyne, United Kingdom	4.097	116.602
Steelway Group Holdings Lin	100%	Wolverhampton, United Kingdom	465.741	686.651
Steelway Group Limited	100%	Wolverhampton, United Kingdom	0	0
Steelway Holdings Limited	100%	Wolverhampton, United Kingdom	0	1.193.078
Steelway Fensecure Limited	100%	Wolverhampton, United Kingdom	593.332	1.139.101
CEL Sheet Metal (Holdings) I	100%	Co. Durham, United Kingdom	492.998	903.213
CEL Sheet Metal Limited	100%	Staffordshire, United Kingdom	270.517	2.480.923
Matt Page Installations Limit	100%	Hertfordshire, United Kingdom	-3.723	103
Steelway Limited	100%	Wolverhampton, United Kingdom	0	-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 30.06.22	Parent 30.06.23	Note	GBP	Group 30.06.23	Group 30.06.22
		15	**Inventories**		
0	0		Raw material and consumables	800.427	906.104
0	0		Work in progress	426.821	634.662
0	0		Manufactured goods and goods for resales'	82.305	70.648
0	0		Carrying amount at 30 June	1.309.553	1.611.414

16 Share capital

Northern Industries A/S implemented a capital increase of nom. 3.457 GBP during the year (nom. 9.583 GBP 2021/22).

The share capital at 30 June 2023 was thus nom. 128.435 GBP (1.114.448,70 DKK) and consists of 11.144.448 shares of 0,01135 GBP (0,1 DKK).

The parent owns treasury shares with a nominal value of 571 GBP (4.952,70), corresponding to 0,44% of the share capital. The shares are valued at nil and are not included in the balance sheet.

Parent 30.06.22	Parent 30.06.23	Note	GBP	Group 30.06.23	Group 30.06.22
		17	**Deferred tax, liability**		
			Deferred tax relates to:		
0	0		Accelerated capital allowance	429.891	502.603
0	0		Loss carried forward	-30.634	-32.990
0	0		Carrying amount at 30 June	399.257	469.613

Notes

Parent				Group	GBP
30.06.22	30.06.23	Note		30.06.23	30.06.22
		18	**Borrowings**		
			Bank loans		
0	0		Due within the first year	789.668	736.847
0	0		Due after 5 years	0	0
0	0		Total	789.668	736.847
			Finance lease obligations		
0	0		Due within the first year	151.010	129.445
0	0		Due after 5 years	0	0
0	0		Total	151.010	129.445
			Factoring obligations		
0	0		Due within the first year	2.894.791	2.288.247
0	0		Due after 5 years	0	0
0	0		Total	2.894.791	2.288.247
			Amounts owed to affiliated companies		
0	630.683		Due within the first year	630.683	0
582.290	546.137		Due after 5 years	546.137	582.290
582.290	1.176.820		Total	1.176.820	582.290
			Other loans		
0	0		Due within the first year	485.000	675.933
0	0		Due after 5 years	0	975.000
0	0		Total	485.000	1.650.933

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

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

350.000 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.

320.000 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.

19 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.

A loan was entered into by Steelway Fensecure Limited in March 2023, with Cynergi Finance. The loan is to be repaid in equal monthly instalments over 5 years on which interest is paid at a rate of 35%. The loan is to be fully repaid by March 2028. The loan is secured by way of a fixed charge over the plant and equipment owned by Steelway Fensecure Limited.

Notes

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23	Group 30.06.22 (GBP)
		20	**Contingent liabilities and pledged assets**		
			Operating lease		
0	0		Due within the first year	768.283	461.090
0	0		Due between 2 and 5 years	1.147.055	784.119
0	0		Due after 5 years	126.216	112.693
0	0		Total	2.041.554	1.357.902

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.

The loan entered into by Steelway Fensecure Limited in March 2023, with Cynergi Finance is secured by way of a fixed charge over the plant and equipment owned by Steelway Fensecure Limited.

Parent 30.06.22	Parent 30.06.23	Note		Group 30.06.23	Group 30.06.22
		21	**Fee paid to auditors appointed at the annual general meeting**		
17.731	18.251		Fee regarding statutory audit	39.838	69.881
0	8.030		Tax assistance	18.130	7.500
0	0		Other assistance	59.046	26.010
17.731	26.281		Total	117.014	103.391

22 Related parties

Northern Industries A/S' related parties are:

Control:	Basic
Kjøller A/S, Aalborg, Denmark	Majority shareholder

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

All transactions with related parties are settled on an arm's length basis.

Notes

	Group 30.06.23	GBP 30.06.22
23 Cash flow from investing activities		
Purchase of subsidiary	0	-5.114.007
Proceeds from issue of shares, net	194.418	543.891
Purchase of tangible fixed assets	-122.363	-113.221
Sale of tangible assets	20.478	0
Cash acquired with subsidiary	0	501.983
Interest received	450	41
I alt	**92.983**	**-4.181.313**
24 Cash flow from financing activities		
Repayment of borrowings	-2.230.246	-1.110.376
Proceeds from invoice discounting facility	606.544	0
Proceeds from borrowings	330.472	1.385.000
Purchase of treasury shares	0	-50.986
Payment of finance lease obligations	-118.357	-74.664
I alt	**-1.411.587**	**148.974**

25 Events after the balance sheet date

On 25 July 2023 the board of directors of Northern Industries A/S signed a share purchase agreement in which the shares of Northern Industries A/S will be purchased by a Swedish company and in turn the existing shareholders of Northern Industries A/S will purchase 90% of the shares in the Swedish company. Northern Industries A/S has committed to costs of 600,000 DKK in respect of the above deal. To be effective the share purchase agreement (SPA) will be cancelled and void, meaning all rights and obligations shall be withdrawn if execution has not been submitted by November 30th 2023. Execution has not been submitted by November 30th 2023 and Northern Industries A/S is no longer commited to the above deal.

No other events have occured 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.

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.

The annual report is presented in GBP the GBP/DKK exchange rate for 2022/23 is 867,71 (881,21).

For the fiscal year ended 30 June 2023, the financial statements are expressed in GBP. Transactions are recognized and measured using the exchange rate at the end of the reporting period. The exchange rate as of the balance sheet date for the current year was 867,71 (881,21).

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 recog nized 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 tax- able 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 sub-sequent 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.