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Nordmark Group Holding ApS

Kjeldgaardsvej 10
9300 Sæby
CVR No. 43051180

Annual report 2023

The Annual General Meeting adopted the annual report on 21.03.2024

Morten Jørgensen Mørk
Chairman of the General Meeting

Contents

Entity details

Entity

Nordmark Group Holding ApS
Kjeldgaardsvej 10
9300 Sæby

Business Registration No.: 43051180
Registered office: Frederikshavn
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

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

Executive Board

Morten Jørgensen Mørk

Auditors

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

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordmark Group Holding ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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

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

Sæby, 20.02.2024

Executive Board

Morten Jørgensen Mørk

Board of Directors

Johnny Thomsen
Chairman

Christian Kolding Andreasen

Michael Jacobsen

Camilla Rygaard-Hjalsted

Søren Lomholt Husted

Jens Jørgen Hahn-Petersen

Independent auditor's report

To the shareholders of Nordmark Group Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Nordmark Group Holding ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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 on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 20.02.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Haugegaard Albrechtsen
State Authorised Public Accountant
Identification No (MNE) mne45846

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000
Key figures		
Revenue	227,525	284,422
Gross profit/loss	92,653	57,920
Operating profit/loss	(32,012)	(49,091)
Net financials	(10,115)	(8,231)
Profit/loss for the year	(39,134)	(54,111)
Balance sheet total	326,039	460,848
Investments in property, plant and equipment	19,036	290,225
Equity	129,630	158,765
Cash flows from operating activities	(37,699)	(46,273)
Cash flows from investing activities	35,600	(185,758)
Cash flows from financing activities	(7,437)	245,743
Ratios		
Gross margin (%)	40.72	20.36
Net margin (%)	(17.20)	(19.02)
Equity ratio (%)	39.76	34.45

The financial figures for 2022 consists of a 10 month period.

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

Nordmark ("Nordmark" or the "Company") is a technology-driven company offering comprehensive solutions and advanced machining of large-scale steel components. Rooted in decades of experience in the industry, Nordmark has forged strong customer relationships in particular targeting the next-generation wind turbines of the future. Nordmark strives to be a trusted partner by adhering to our fundamental principles of being competent, credible, collaborative, climate conscious, and committed.

During Q1 2023, Nordmark acquired Skagen Overfladeteknik, now Nordmark Coating, offering surface treatment of large steel components. The acquisition will strengthen Nordmark's ability to deliver solutions for the wind turbines of the future.

Acquisition of Nordmark by Danish Private Equity Fund, CataCap II K/S ("CataCap")

In February 2022, CataCap invested in Nordmark to consolidate Nordmark's strong market position and further accelerate growth in partnership with the former owners. Today, CataCap is the majority shareholder in Nordmark with 69,9% of the shares and voting shares.

CataCap is a member of "Active Owners" and complies with ethical guidelines, guidelines for responsible ownership. Nordmark strives to fulfil the guidelines issued by Active Owners. More information about Active Owners is found on http://aktiveejere.dk.

The annual report for Nordmark Group Holding can be found on the website.

Development in activities and finances

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

Profit/loss for the year in relation to expected developments

In turn, financial performance in 2023 did not meet expectations with an EBITDA of DKK -1,4m compared to an outlook of DKK 10-30m. The main drivers behind the EBITDA shortfall can be attributed to:

• Lower than expected activity/machine utilisation (fewer volumes) caused by supply-chain delays within the wind industry

• Restructuring costs connected to consolidation of production sites

• Start-up costs in connection with run-in of new components for next-gen wind turbines

Management does not consider the result as being satisfactory.

To strengthen the Company's financial position and prepare for growth, the shareholders have contributed DKK 10m by way of a capital increase.

Uncertainty relating to recognition and measurement

The carrying amount of goodwill and other intangible assets relates to acquisitions. Management monitors goodwill and other intangible assets for the Nordmark Group as a whole. The Group has been significantly effected by the decrease in the offshore wind market due to a high degree of market volatility and lower activity than expected. Therefore Management has made an impairment test of recognized net assets within the group. The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and outlook approved by management covering a nine-year period. Cash flows beyond the nine-year period are extrapolated using the estimated growth rates. Due to the current market volatility and the nature of these calculations are based on future cashflows there are significant uncertainty relating to recognition and measurement of the recognized assets of DKK 233.2m and investments in group enterprises 129.4m (parent).

The sensitivity of WACC (pre-tax) - a change of +1.0% equals will not lead to impairment of goodwill. The sensitivity of long term growth rate - a change of -1% will not lead to impairment of goodwill, a change of + 1.0% of both WACC (pre-tax) and growth rate equals to an increase in impairment of group goodwill on DKK 12.5m and DKK 38.5m on investments in group enterprises (parent).

Outlook

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

Management expects EBITDA for the group in the range of DKK 10-20m.

Use of financial instruments

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

Raw material risks

Given Nordmark primarily acts as a Tier 2 supplier, the company is not that effected by increases in steel prices. In the event the company undertakes Tier 1 contracts, there is a risk that fluctuations in steel prices will not be fully reflected on ongoing orders or adequately adjusted for in price indexation. Nordmark seeks to mitigate the risk of changes in raw material prices by actively monitoring orders and ensuring adequate price indexation protection mechanisms if possible.

Currency risks

Nordmark mainly trades in DKK and EUR and is therefore only mildly exposed to changes in currencies. The company does not enter forward exchange contracts for speculative purposes.

Interest rate risks

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

Knowledge resources

Nordmark’s business objective is to supply products and services of the highest quality to the global energy market and heavy industry. The company works with the most modern machinery combined with a highly qualified staff who are continually learning and developing to improve their skills. This involves specific requirements when it comes to hiring and maintaining qualified talent.

Statutory report on corporate social responsibility

Nordmark is a dedicated supplier of large-scale, heavy CNC machined components, which primarily support the green transition in the global wind energy sector and heavy industry.

The company is aiming to integrate more sustainable practices into its governance approach and has the ambition to release its first Sustainability Report during 2024 with scope 1,2 & 3 calculations. This will also cover the results from the double materiality assessment and set the ambitions for the future.

CSR is an integrated part of the company's business, strategy, and policies, and the Code of Conduct is available in the management system for all employees, in 4 languages. The Code of Conduct is integrated in the personnel handbook and forms part of the onboarding process for all employees. Nordmark is a member of UN Global Compact.

Double Materiality Assessment (DMA) – Nordmark's way to CSRD compliance

During 2023 Nordmark has carried out a Double Materiality Assessment. Carrying out a Double Materiality Assessment is an essential first step towards achieving CSRD compliance, as it enables Nordmark to identify which disclosure requirements listed in "The European Sustainability Reporting Standards" are relevant for the company. Furthermore, the DMA has enabled Nordmark to identify and assess which key areas related to Environment, Social & Governance that are material.

Environment and sustainability

Nordmark aims to comply with all applicable environmental regulations and laws, which govern the company's activities. To show consideration for the next generation, Nordmark supports initiatives towards a cleaner and more sustainable production process to minimize any negative consequences for the environment, and Nordmark is committed to limiting our impact on the environment, e.g., by way of reducing raw material and energy consumption, reducing, and recycling waste. Nordmark's environmental risks are related to the use of steel in production, cutting oil and energy consumption.
Some of the key activities Nordmark has carried out during 2023 related to environmental management are as follows:

- Calculated Scope 1 & 2 with 2022 as baseline
- Carried out a double materiality assessment (DMA)
- Completed a screening related to Scope 3
- Initiated data collection & calculations related to Scope 3
- Identified waste in own operations for 2022 (part of our baseline calculation)
- Preparation for ISO 14001 certification (expected to be finalised during spring 2024)

The above-mentioned activities are some of the key elements that will help Nordmark securing the right level of transparency, governance and processes going forward.

Human rights

Nordmark supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Employees are forbidden to take any action that violates the human rights principles, directly and indirectly, as presented in Nordmark Groups Code of Conduct. The company upholds freedom of association and the effective recognition of the right to collective bargaining. To mitigate the risk of violating these rights, the group is upholding all national laws and regulations made between labour market parties including collective agreements. In 2023 no breaches of human rights were identified, and Nordmark will continue to focus efforts to prevent any breaches of human rights.

Anti-corruption and bribery

Nordmark is committed to never engage in any form of bribery, corruption, extortion, or embezzlement, and to avoid the risk of illegal methods influencing public officials, the judiciary, or any other private parties. This is implemented in the code of conduct. The biggest risks relate to new employees and their familiarity with the internal policies. To mitigate this risk, the company keeps communication high, and new employees are included in a mandatory introductory program, where anti-corruption is a topic. Furthermore, a whistleblower scheme was established during 2023, to enable transparency. In 2023 no corruption instances within the company's activities have been experienced which is also in line with future expectations.

Statutory report on the underrepresented gender

	2023	2022
Supreme management body		
Total number of members	5	5
Underrepresented gender (%)	17.00	17.00
Target figures (%)	33.00	33.00
Year of expected achievement of target figures	2025	2025

Employees

Nordmark is to remain a workplace that creates attractive jobs and supports the personal and professional development of its employees. In addition, the company is dedicated to ensuring a safe and healthy working environment of the highest standards, this is done through ensuring that all employees are familiar with our policy on Code of Conduct and on Health and Safety.

Some of our key risks identified related to employees are ensuring that Nordmark has the right working conditions and are focused on health and safety. We mitigate these risks by ensuring proper onboarding, high degree of communication, townhall meetings, supporting unions and fostering an open culture, where everybody can speak their mind.

The company believes that employee diversity, including a gender balance, contributes positively to the work environment and strengthens the company's performance and competitiveness.

Nordmark strives to be an inclusive workplace without discrimination. Recruitment of new employees is based solely on the best evaluation of candidates' competence and experience. Gender, belief, age, nationality, ethnicity, or sexual orientation are not relevant criteria when recruiting. Nordmark seeks a balanced split between genders, as presented in the Code of Conduct.

As per year end 2023, the composition of shareholder-elected Board members was 1 female and 5 male members. In 2022 Nordmark set a target, that at least two of six shareholder-elected Board members should be female by 2025. This target was not achieved in 2023, as no external board members were changed.

The share of senior management positions held by females was 21% in 2023 (3 out of 14). In 2023 Nordmark set a target, that at least 40% of people senior management positions should be female by 2025.
This target was not achieved in 2023 as the recruitment of new employees was based solely on the best evaluation of candidates' competence and experience.

The policy and target are to increase the female share through internal promotion and recruitment. To bring more females into managerial positions, a mandate has been put in place to always include qualified candidates from both genders in managerial recruitment.

The split of employees is as followed:

Denmark	**2022**	**2023**
Male	120	88
Female	8	12
% Female	*6*	*12*

Rest of the world	**2022**	**2023**
Male	34	43
Female	2	2
% Female	*6*	*4*

	2023	**2022**
Other management levels		
Total number of members	11	7
Underrepresented gender (%)	21.00	36.00
Target figures (%)	40.00	40.00
Year of expected achievement of target figures	2025	2025

Statutory report on data ethics policy

Nordmark is responsible for and processes the information that customers provide, or which is collected about the customers. Customer information is treated with respect for the confidentiality of the information and for customer privacy. There is a clear corporate policy on that personal information is used respectfully for customers' and other stakeholder's privacy, to ensure compliance with the Data Protection Act and the Data Protection Regulation. The policy is included in the management system and personnel handbook and instructs the employees in safe behavior on personal information in relation to the General Data Protection Regulation (GDPR). In addition to this, Nordmark informs all stakeholders on which personal information Nordmark records and processes and their right to gain insight in which data the company stores and exchange with third parties.

Statutory report on corporate governance

Board of directors

Johnny Thomsen, Chairman

• Chairman of the Board at: BladeRobots A/S, Kanda ApS
• Member of the Board at: Esbjerg Havn, Østermark Grouting A/S

Christian Kolding Andreasen, Deputy Chairman

• Member of Executive Board at: CKA INVEST ApS

Michael Jacobsen, Member

• Chairman of the Board at: Ejendommen Ellehammervej 11, Skagen ApS, Ejendomsselskabet Gyldendalsvej A/S
• Member of Executive Board at: MJ Holding, Hirtshals ApS, Ejendommen Ellehammervej 11, Skagen ApS, Ejendomsselskabet Tranåsvej 27A Sæby ApS

Camilla Rygaard- Hjalsted, Member

Søren Lomholt Husted, Member
• Member of the Board at: AUHE Midtvest's Støttefond, A/S Midtjysk Betonvare- og Elementfabrik, Core One A/S.
• Member of Executive Board at: Voldmøllebakken Holding ApS

Jens Jørgen Hahn-Petersen, Member
• Partner at: CataCap
• Member of the Board at: CC Globe Holding II A/S, CC Globe Holding I ApS, Group Online A/S, CC Green Wall Invest ApS, The Army Painter ApS, The Army Painter Group ApS, The Army Painter Group Holding ApS
• Member of Executive Board at: CC Globe Invest ApS, CataCap General Partner II ApS, CataCap DM II ApS, CC Fly Invest ApS, CataCap General Partner III ApS, CataCap General Partner I ApS, CC II Management Invest 2017 GP ApS, Luxplus MIIP ApS, CataCap DM ApS, CC BidCo ApS, CC TopCo Invest ApS, Rekom ManCo ApS, Globe ManCo ApS, CC DAFA Invest ApS, CataCap Management A/S, Prosperitas ApS, CC Toaster Invest ApS, CataCap OP ApS, TPA Green ManCo ApS, CC North Invest ApS, DAFA MIIP ApS, CC TAP Invest ApS, CC HoldCo ApS, CC NLM Invest ApS, CC TopCo IV Invest ApS, CC HoldCo IV ApS, CC BidCo IV ApS, TAP MIIP ApS, CC TopCo V Invest ApS, CC HoldCo V ApS, CC BidCo V ApS

Executive Board
Morten Jørgensen Mørk, CEO
• Member of the Board at: Ejendommen Ellehammervej 11, Skagen ApS, Ejendomsselskabet Gyldendalsvej A/S
• Member of Executive Board at: Ejendomsselskabet Tranåsvej 27A Sæby ApS, Mørk Invest 3 ApS, Mørk Invest ApS, Ejendommen Ellehammervej 11, Skagen ApS, Ejendomsselskabet Gyldendalsvej A/S

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue	2	227,524,956	284,422,369
Other operating income	3	14,387,474	3,702,848
Cost of sales		(116,647,342)	(185,182,564)
Other external expenses	4	(32,612,228)	(45,022,509)
Gross profit/loss		**92,652,860**	**57,920,144**
Staff costs	5	(94,085,543)	(84,835,726)
Depreciation, amortisation and impairment losses	6	(30,579,165)	(22,175,025)
Operating profit/loss		**(32,011,848)**	**(49,090,607)**
Income from other fixed asset investments		34,057	35,746
Other financial income		571,374	532,398
Other financial expenses		(10,720,052)	(8,798,789)
Profit/loss before tax		**(42,126,469)**	**(57,321,252)**
Tax on profit/loss for the year		2,992,090	3,209,835
Profit/loss for the year	7	**(39,134,379)**	**(54,111,417)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		20,105,757	22,511,457
Goodwill		28,903,515	30,487,269
Intangible assets	8	**49,009,272**	**52,998,726**
Land and buildings		57,166,292	111,295,891
Plant and machinery		126,999,944	142,121,303
Other fixtures and fittings, tools and equipment		3,789,361	4,779,810
Property, plant and equipment in progress		6,100,028	7,483,831
Prepayments for property, plant and equipment		5,121,781	5,121,781
Property, plant and equipment	9	**199,177,406**	**270,802,616**
Other investments		1,950	16,513
Deposits		327,000	0
Financial assets	10	**328,950**	**16,513**
Fixed assets		**248,515,628**	**323,817,855**
Raw materials and consumables		7,236,667	1,847,740
Assets held for sale		262,699	0
Inventories		**7,499,366**	**1,847,740**

Trade receivables		43,814,801	94,458,967
Contract work in progress	11	19,062,602	20,468,150
Receivables from group enterprises		242,661	0
Other receivables		1,505,516	2,470,684
Tax receivable		70,765	81,986
Receivables from owners and management	12	0	2,175,734
Prepayments	13	1,152,072	1,814,986
Receivables		**65,848,417**	**121,470,507**
Cash		**4,175,764**	**13,712,077**
Current assets		**77,523,547**	**137,030,324**
Assets		**326,039,175**	**460,848,179**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	14	222,868	212,868
Translation reserve		9,567	9,567
Retained earnings		129,398,003	158,542,382
Equity		**129,630,438**	**158,764,817**
Deferred tax	15	2,667,248	11,574,207
Other provisions	16	0	625,000
Provisions		**2,667,248**	**12,199,207**
Mortgage debt		0	17,715,425
Bank loans		4,816,306	14,170,861
Lease liabilities		28,534,326	35,826,355
Non-current liabilities other than provisions	17	**33,350,632**	**67,712,641**
Current portion of non-current liabilities other than provisions	17	17,430,939	30,102,849
Bank loans		95,007,673	101,941,195
Prepayments received from customers		0	743,620
Contract work in progress	11	2,803,199	3,676,843
Trade payables		21,671,433	43,111,312
Payables to group enterprises		0	136,516
Tax payable		776,277	1,216,501
Other payables		9,028,897	26,290,114
Deferred income	18	13,672,439	14,952,564
Current liabilities other than provisions		**160,390,857**	**222,171,514**
Liabilities other than provisions		**193,741,489**	**289,884,155**
Equity and liabilities		**326,039,175**	**460,848,179**
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	20		
Contingent assets	21		
Contingent liabilities	22		
Assets charged and collateral	23		
Transactions with related parties	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	212,868	0	9,567	158,542,382	158,764,817
Increase of capital	10,000	9,990,000	0	0	10,000,000
Transferred from share premium	0	(9,990,000)	0	9,990,000	0
Profit/loss for the year	0	0	0	(39,134,379)	(39,134,379)
Equity end of year	**222,868**	**0**	**9,567**	**129,398,003**	**129,630,438**

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(32,011,848)	(49,090,607)
Amortisation, depreciation and impairment losses		30,579,165	22,175,025
Other provisions		(625,000)	625,000
Working capital changes	19	(9,201,307)	(9,302,226)
Profit from sale of fixed assets		(14,980,334)	615,892
Cash flow from ordinary operating activities		**(26,239,324)**	**(34,976,916)**
Financial income received		476,876	568,144
Financial expenses paid		(10,720,052)	(8,298,789)
Taxes refunded/(paid)		(1,216,501)	(3,565,612)
Cash flows from operating activities		**(37,699,001)**	**(46,273,173)**
Acquisition etc. of intangible assets		(1,123,528)	(453,783)
Acquisition etc. of property, plant and equipment		(19,035,787)	(11,788,563)
Sale of property, plant and equipment		56,052,174	506,050
Acquisition of enterprises		0	(174,021,886)
Dividends received		34,057	0
Deposits paid		(327,000)	0
Cash flows from investing activities		**35,599,916**	**(185,758,182)**
Free cash flows generated from operations and investments before financing		**(2,099,085)**	**(232,031,355)**
Repayments of loans etc.		(1,168,092)	(12,269,450)
Cash capital increase		10,000,000	212,866,667
Changes in bankloans		(16,269,136)	45,146,215
Cash flows from financing activities		**(7,437,228)**	**245,743,432**
Increase/decrease in cash and cash equivalents		**(9,536,313)**	**13,712,077**
Cash and cash equivalents beginning of year		13,712,077	
Cash and cash equivalents end of year		**4,175,764**	**13,712,077**

Cash and cash equivalents at year-end are composed of:

Cash	4,175,764	13,712,077
Cash and cash equivalents end of year	**4,175,764**	**13,712,077**

Notes to consolidated financial statements

1 Uncertainty relating to recognition and measurement

The carrying amount of goodwill and other intangible assets relates to acquisitions. Management monitors goodwill and other intangible assets for the Nordmark Group as a whole. The Group has been significantly effected by the decrease in the offshore wind market due to a high degree of market volatility and lower activity than expected. Therefore Management has made an impairment test of recognized net assets within the group. The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and outlook approved by management covering a nine-year period. Cash flows beyond the nine-year period are extrapolated using the estimated growth rates. Due to the current market volatility and the nature of these calculations are based on future cashflows there are significant uncertainty relating to recognition and measurement of the recognized assets of DKK 233.2m and investments in group enterprises 129.4m (parent).

The sensitivity of WACC (pre-tax) - a change of +1.0% equals will not lead to impairment of goodwill. The sensitivity of long term growth rate - a change of -1% will not lead to impairment of goodwill, a change of + 1.0% of both WACC (pre-tax) and growth rate equals to an increase in impairment of group goodwill on DKK 12.5m and DKK 38.5m on investments in group enterprises (parent).

2 Revenue

	2023 DKK	2022 DKK
Denmark	99,201,320	71,252,115
Other EU countries	128,323,636	213,170,254
Total revenue by geographical market	**227,524,956**	**284,422,369**

3 Other operating income

Other operation income comprises primarily from gains on disposal of fixed assets of DKK 10.8m (2022: -0,6m)

4 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK	2022 DKK
Statutory audit services	418,000	472,500
Tax services	337,781	955,000
Other services	129,249	4,388,500
	885,030	**5,816,000**

5 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	81,144,438	71,487,212
Pension costs	10,813,826	9,430,087
Other social security costs	1,385,795	1,709,593
Other staff costs	741,484	2,208,834
	94,085,543	**84,835,726**

Average number of full-time employees	**153**	**174**

In accordance with §98b (3) of the Danish Financial Statements Act information about remuneration to management is not disclosed.

6 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	5,112,982	3,834,737
Depreciation on property, plant and equipment	25,466,183	18,340,288
	30,579,165	**22,175,025**

7 Proposed distribution of profit/loss

	2023 DKK	2022 DKK
Retained earnings	(39,134,379)	(54,111,417)
	(39,134,379)	**(54,111,417)**

8 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	25,158,378	31,675,085
Additions	1,123,528	0
Cost end of year	**26,281,906**	**31,675,085**
Amortisation and impairment losses beginning of year	(2,646,921)	(1,187,816)
Amortisation for the year	(3,529,228)	(1,583,754)
Amortisation and impairment losses end of year	**(6,176,149)**	**(2,771,570)**
Carrying amount end of year	**20,105,757**	**28,903,515**

9 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	117,210,426	149,169,880	5,756,823	7,483,831	5,121,781
Transfers	0	4,536,932	0	(4,536,932)	0
Additions	1,595,472	12,282,168	2,005,018	3,153,129	0
Disposals	(76,224,241)	(80,330,520)	(6,779,072)	0	0
Cost end of year	**42,581,657**	**85,658,460**	**982,769**	**6,100,028**	**5,121,781**
Depreciation and impairment losses beginning of year	(5,914,535)	(7,048,577)	(977,013)	0	0
Depreciation for the year	(8,195,654)	(13,858,028)	(1,354,977)	0	0
Depreciation and impairment losses on assets disposed of	(267,162)	(1,433,514)	(356,848)	0	0
Reversal regarding disposals	28,961,986	63,681,603	5,495,430	0	0
Depreciation and impairment losses end of year	**14,584,635**	**41,341,484**	**2,806,592**	**0**	**0**
Carrying amount end of year	**57,166,292**	**126,999,944**	**3,789,361**	**6,100,028**	**5,121,781**
Recognised assets not owned by Entity		73,266,906			

10 Financial assets

	Other investments DKK	Deposits DKK
Cost beginning of year	16,513	0
Additions	0	327,000
Disposals	(14,563)	0
Cost end of year	**1,950**	**327,000**
Carrying amount end of year	**1,950**	**327,000**

11 Contract work in progress

	2023 DKK	2022 DKK
Contract work in progress	32,610,498	38,037,595
Progress billings	(16,351,095)	(21,246,288)
Transferred to liabilities other than provisions	2,803,199	3,676,843
	19,062,602	**20,468,150**

12 Receivables from owners and management

Receivables from owners and management consists of receivable from former majority shareholder, who has partially sold his ownership stake in the group in 2022, and has thus become minority shareholder per. 31.12.2022. The receivables have been settled during 2023.

13 Prepayments

Prepayments consists of prepaid expenses etc.

14 Contributed capital

	Number	Par value DKK	Nominal value DKK
A1-Shares	144,864	1.00	144,864
A2-Shares	78,004	1.00	78,004
	222,868		**222,868**

15 Deferred tax

	2023 DKK	2022 DKK
Intangible assets	7,327,276	4,852,688
Property, plant and equipment	14,233,311	19,328,673
Inventories	0	2,178,245
Receivables	212,744	0
Provisions	0	(137,500)
Liabilities other than provisions	(8,218,656)	(8,367,702)
Tax losses carried forward	(10,887,427)	(6,280,197)
Deferred tax	**2,667,248**	**11,574,207**

Changes during the year	2023 DKK	2022 DKK
Beginning of year	11,574,207	0
Recognised in the income statement	(4,394,784)	(5,635,933)
Deferred tax liability upon business combinations	0	17,210,140
Disposal upon business combinations etc.	(4,512,175)	0
End of year	**2,667,248**	**11,574,207**

16 Other provisions

Other provisions consists of provisions relating to reestablishment of leasehold improvements.

17 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Mortgage debt	0	1,558,693	0	0
Bank loans	8,607,742	8,588,801	4,816,306	0
Lease liabilities	8,823,197	19,955,355	28,534,326	2,659,403
	17,430,939	**30,102,849**	**33,350,632**	**2,659,403**

18 Deferred income

Deferred income consists of grants received for the acquisition of the tangible fixed assets. The grants is recognized as income in line with depreciation on the associated tangible fixed assets.

19 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in inventories	(5,388,927)	1,080,867
Increase/decrease in receivables	55,659,465	27,286,870
Increase/decrease in trade payables etc.	(59,471,845)	(37,669,963)
	(9,201,307)	**(9,302,226)**

20 Unrecognised rental and lease commitments

The Group has entered agreements of leasing machines with an annual lease cost of 578 t.DKK. The contracts are irredeemable for up to 44 months and have an outstanding commitment of 1,866 t.DKK.

The Group has entered agreements of rented premises with an annual rent cost of 5,034 t.DKK. The contracts are irredeemable for up to 124 months and have an outstanding commitment of 35,881 t.DKK.

21 Contingent assets

The group holds a not recognized tax asset that amounts to DKK 23,4m. The tax asset relates to tax losses carried forward for the subsidiaries Nordmark GmbH and Nordmark Coating A/S. The tax asset is not recognized due to uncertainty related to time of utilization of the tax asset.

22 Contingent liabilities

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

23 Assets charged and collateral

Mortgage debt are secured by way of a deposited mortgage deed registered to the mortgagor on property. The carrying amount of mortgaged propety is 55,508 t.DKK.

Bank loans are secured by way of a deposisted floating charge registered to the mortgagor on assets of 42,000 t.DKK nominal. The mortgage contains trade receivables, inventories, other fixtures and fittings, tools and equipment, plant and machinery and intangible assets amounting to 242,152 t.DKK.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on assets of 500 t.DKK nominal. The mortgage contains land and buildings incl. other fixtures and fittings, tools and equipment amounting and intangible assets to 97,916 t.DKK.

24 Non-arm’s length related party transactions

	Subsidiaries DKK
Group contributions	40,600,451

Only non-arm's length related party transactions are disclosed in the annual report. In addition to the above transactions, related party transactions were conducted on an arm’s length basis during the financial year.

25 Subsidiaries

	Registered in	**Corporate form**	**Ownership %**
Nordmark Group ApS	Frederikshavn	ApS	100.00
Nordmark Maskinfabrik A/S*	Frederikshavn	A/S	100.00
Nordmark Coating A/S*	Frederikshavn	A/S	100.00
Nordmark Properties ApS**	Frederikshavn	ApS	100.00
Nordmark GmbH**	Cuxhaven, Germany	GmbH	100.00

* Direct ownership in Nordmark Group ApS
** Direct ownership in Nordmark Coating A/S

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Other external expenses		443,487	(500,000)
Gross profit/loss		**443,487**	**(500,000)**
Income from investments in group enterprises		(41,036,286)	(52,174,223)
Other financial income	1	1,854,861	1,024,110
Other financial expenses	2	0	(2,866,667)
Profit/loss before tax		**(38,737,938)**	**(54,516,780)**
Tax on profit/loss for the year		(396,441)	405,363
Profit/loss for the year	3	**(39,134,379)**	**(54,111,417)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		129,399,508	129,835,344
Receivables from group enterprises		0	29,024,110
Financial assets	4	**129,399,508**	**158,859,454**
Fixed assets		**129,399,508**	**158,859,454**
Receivables from group enterprises		242,661	0
Deferred tax	5	0	405,363
Prepayments	6	17,761	0
Receivables		**260,422**	**405,363**
Cash		**23,641**	**0**
Current assets		**284,063**	**405,363**
Assets		**129,683,571**	**159,264,817**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		222,868	212,868
Retained earnings		129,407,570	158,551,949
Equity		**129,630,438**	**158,764,817**
Trade payables		17,500	500,000
Tax payable		35,633	0
Current liabilities other than provisions		**53,133**	**500,000**
Liabilities other than provisions		**53,133**	**500,000**
Equity and liabilities		**129,683,571**	**159,264,817**
Employees	7		
Contingent liabilities	8		
Related parties with controlling interest	9		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	212,868	0	158,551,949	158,764,817
Increase of capital	10,000	9,990,000	0	10,000,000
Transferred from share premium	0	(9,990,000)	9,990,000	0
Profit/loss for the year	0	0	(39,134,379)	(39,134,379)
Equity end of year	**222,868**	**0**	**129,407,570**	**129,630,438**

Notes to parent financial statements

1 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	1,854,447	1,024,110
Other interest income	414	0
	1,854,861	**1,024,110**

2 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	0	1,863,333
Other interest expenses	0	1,003,334
	0	**2,866,667**

3 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Retained earnings	(39,134,379)	(54,111,417)
	(39,134,379)	**(54,111,417)**

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	182,000,000
Additions	40,600,450
Cost end of year	**222,600,450**
Impairment losses beginning of year	(52,164,656)
Share of profit/loss for the year	(41,036,286)
Impairment losses end of year	**(93,200,942)**
Carrying amount end of year	**129,399,508**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Deferred tax

Changes during the year	2023 DKK	2022 DKK
Beginning of year	405,363	0
Recognised in the income statement	(405,363)	405,363
End of year	**0**	**405,363**

Deferred tax relates to tax losses carried forward.

6 Prepayments

Prepayments compromises prepaid expenses such as insurance and other prepaid expenses.

7 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

8 Contingent liabilities

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

9 Related parties with controlling interest

CC North Invest ApS owns the majority of shares in the Entity, thus exercising control. CataCap II K/S owns the majority of shares in CC North Invest ApS.

Accounting policies

Reporting class

The consolidated financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The parent financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Non-comparability

The group was established in 2022 and therefore the comparative financial figures covers 10 months. The financial year 2023 comprises a period of 12 months.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement

Revenue

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

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Other external expenses

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

Staff costs

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

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

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

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

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

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

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement. The period of amortization is 7 years.

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

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

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

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

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

	Useful life
Buildings	20 years
Plant and machinery	3-14 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

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

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

Other investments
Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

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

Cost consists of purchase price plus delivery costs.

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

Assets held for sale
Assets held for sale are assets that are no longer in use and have been put up for sale. The assets are measured at the lower of carrying amount at the date of reclassification and net realisable value, and no amortisation or depreciation is made.

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

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

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

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

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

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

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

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of loss on contract work in progress, decided and published restructuring, etc.

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

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

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the

goods agreed or completion of the service agreed.

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.