



Nordmark Group ApS

Kjeldgaardsvej 10
9300 Sæby
CVR No. 43051458

Annual report 2023

The Annual General Meeting adopted the annual report on 21.03.2024

Morten Jørgensen Mørk
Chairman of the General Meeting

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Entity details

Entity

Nordmark Group ApS

Kjeldgaardsvej 10

9300 Sæby

Business Registration No.: 43051458

Registered office: Frederikshavn

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Johnny Thomsen

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

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordmark Group 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations 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

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 ApS

Opinion

We have audited the financial statements of Nordmark Group 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements 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

Primary activities

The company's purpose is to invest in equity investments in order to generate a return on investment and other related activities.

Description of material changes in activities and finances

The result is affected by an impairment of group receivables of DKK 62.5m.

The company was established in 2022 and therefore the comparative financial figures cover 10 months. The company has received a capital increase of DKK 40.6m.

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 affected 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 uncertainty relating to recognition and measurement of the recognized assets of DKK 161.5m. The carrying amount of goodwill and other assets recognized in the investments in group enterprises amounts to DKK 69.3m.

The sensitivity of WACC (pre-tax) - a change of +1.0% equals will not lead to impairment of goodwill and other assets. 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 goodwill on DKK 6m.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		4,942,902	(7,625,401)
Staff costs	2	(7,477,895)	(4,373,758)
Other operating expenses		(32,750)	0
Operating profit/loss		(2,567,743)	(11,999,159)
Income from investments in group enterprises		(37,469,005)	(40,130,439)
Other financial income	3	404,397	16,363
Other financial expenses	4	(2,131,311)	(1,041,295)
Profit/loss before tax		(41,763,662)	(53,154,530)
Tax on profit/loss for the year		939,735	767,947
Profit/loss for the year		(40,823,927)	(52,386,583)
Proposed distribution of profit and loss			
Retained earnings		(40,823,927)	(52,386,583)
Proposed distribution of profit and loss		(40,823,927)	(52,386,583)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		161,547,631	155,350,579
Financial assets	5	161,547,631	155,350,579
Fixed assets		161,547,631	155,350,579
Assets held for sale		262,699	0
Inventories		262,699	0
Receivables from group enterprises		58,378,640	2,673,771
Deferred tax		1,641,291	767,947
Prepayments		8,388	0
Receivables		60,028,319	3,441,718
Cash		1,050,757	12,126,806
Current assets		61,341,775	15,568,524
Assets		222,889,406	170,919,103

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		117,000	117,000
Retained earnings		129,282,508	129,505,984
Equity		129,399,508	129,622,984
Trade payables		2,709,527	810,933
Payables to group enterprises		89,414,489	29,160,626
Other payables	6	1,365,882	11,324,560
Current liabilities other than provisions		93,489,898	41,296,119
Liabilities other than provisions		93,489,898	41,296,119
Equity and liabilities		222,889,406	170,919,103

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Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	117,000	129,505,984	129,622,984
Group contributions etc.	0	40,600,451	40,600,451
Profit/loss for the year	0	(40,823,927)	(40,823,927)
Equity end of year	117,000	129,282,508	129,399,508

Notes

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 161.5m. The carrying amount of goodwill and other assets recognized in the investments in group enterprises amounts to DKK 69.3m.

The sensitivity of WACC (pre-tax) - a change of +1.0% equals will not lead to impairment of goodwill and other assets. 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 goodwill on DKK 6m.

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	6,817,944	4,232,861
Pension costs	616,224	132,318
Other social security costs	35,557	8,579
Other staff costs	8,170	0
	7,477,895	4,373,758
Average number of full-time employees	5	3

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	395,388	16,363
Other financial income	9,009	0
	404,397	16,363

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	2,090,667	1,024,110
Other interest expenses	0	17,185
Other financial expenses	40,644	0
	2,131,311	1,041,295

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	195,471,451
Additions	4,334,469
Disposals	(28,353,994)
Cost end of year	171,451,926
Impairment losses beginning of year	(40,120,872)
Amortisation of goodwill	(8,973,474)
Share of profit/loss for the year	38,260,633
Reversal regarding disposals	929,418
Impairment losses end of year	(9,904,295)
Carrying amount end of year	161,547,631

Included in income in investments in group enterprises in 2023 is a impairment of DKK 62.5m of group receivables.

Investments in subsidiaries	Corporate form	Equity interest %
Nordmark Coating A/S	A/S	100.00
Nordmark Maskinfabrik A/S	A/S	100.00

6 Other payables

	2023	2022
	DKK	DKK
VAT and duties	216,395	394,914
Wages and salaries, personal income taxes, social security costs, etc. payable	585,477	330,910
Holiday pay obligation	427,261	356,047
Other costs payable	136,749	10,242,689
	1,365,882	11,324,560

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where CC North Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, which is 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 dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

The company guarantees jointly and severally for the companies Nordmark Maskinfabrik A/S and Nordmark Coating A/S' bank debt to Nykredit Bank. The bank debt amounts to 78,115 t.DKK. as of 31 December 2023.

Collateral provided for group enterprises

The company has stated that it supports to provide liquidity to the subsidiary Nordmark Coating A/S, which may be necessary for the subsidiary's ability to fulfill its obligations as they become due up until 31.12.2024.

The company has made guarantee towards rent commitments in Nordmark Maskinfabrik related to the facility in Sæby. The total commitment amounts to 34,592 t.DKK.

9 Non-arm's length related party transactions

	Parent DKK
Group contributions	40,600,451

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Nordmark Group Holding ApS, CVR No. 43051180

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Consolidated financial statements

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

Non-comparability

The company 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, and external expenses.

Revenue

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.

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, and salary refunds.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Staff costs

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

Other operating expenses

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

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.

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 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 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 Entity is jointly taxed with all 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**Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on 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 calculated as the difference between cost and fair value of the pro rata share of assets and liabilities acquired. 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 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.

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

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).

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.

Receivables

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

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.

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 financial liabilities

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