

Northern Industries A/S

Annual Report 2023/24

C/O Danders & More
Frederiksgade 17
1265 København K
Denmark
Registration no 42 72 86 40

The Annual Report was adopted at
the Annual General Meeting on
19 December 2024

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Company Details

Northern Industries A/S
C/O Danders & More
Frederiksgade 17
1265 København K

E-mail: yusufa@northern.industries
Website: <https://www.northernindustriessgroup.co.uk/>
Registered office: Copenhagen
Registration no.: 42 72 86 40
Established: 30 September 2021
Financial year: 1 July - 30 June

Board of directors

Paul Sweeting
Lee Jackson
Yusufa Sey

Executive Management

Yusufa Sey
Tatenda Mudzengerere

Auditors

Beierholm- Limited Partnership Company
Langagervej 1 - DK-9220 Aalborg Ø
Denmark

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 2023 – 30 June 2024 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 2024 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 2023/2024 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, 19 December 2024

Executive Management

Yusufa Sey
CEO

Board of Directors

Yusufa Sey
Chair

Paul Sweeting

Lee Jackson

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 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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.

In our opinion, the accompanying consolidated financial statements and financial statements give a true and fair view of the groups and the company's financial position at 30 June 2024 and of the results of the group's and the company's operations and the consolidated cash flows for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of the consolidated financial statements and the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, 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 in preparing the consolidated financial statements and the financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the groups and the company'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 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.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures, and whether the consolidated financial statements and the 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 regarding the management's review

Management is responsible for the management's review.

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

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 doing so consider whether the management's review is materially inconsistent with the consolidated financial statements or the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed; we conclude 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 requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the management's review.

Aalborg, 19 December 2024

Beierholm

Godkendt Revisionspartnerselskab

CVR no. 32 89 54 68

Martin Ødum Madsen

State Authorised Public Accountant

MNE no. mne45893

Financial highlights

Group	GBP '000 2023/24	GBP '000 2022/23
Revenue	32,332	30,584
Gross profit	11,684	8,954
Operating profit	1,295	454
Net financials	-641	-699
Profit for the year	403	-52
Fixed assets	5,604	5,999
Current assets	8,596	8,162
Total assets	14,200	14,161
Share capital	128	128
Equity	341	-52
Long-term liabilities other than provisions	2,163	2,615
Short-term liabilities other than provisions	11,171	11,199
Cash flow from operating activities	830	527
Cash flow from investing activities	-395	93
<i>Of this investments in property, plant and equipment</i>	-397	-122
Cash flow from financing activities	-355	-1,412
Increase/decrease in cash and cash equivalents	79	-791
Average number of employees	301	265
Financial ratios		
Operating margin	4.0%	1.5%
Gross margin	36.1%	29.3%
Current ratio	77.0%	72.9%

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.

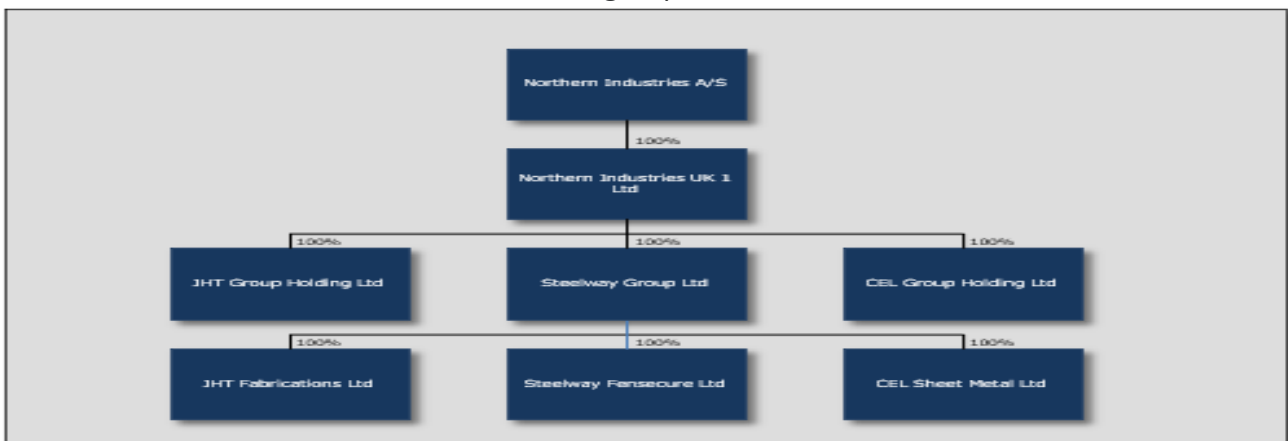
The journey can trace itself back to September 2019 where the U.K based subsidiary (Northern Industries UK 1 Ltd) was registered as part of the very first transaction to acquire a business unit in the steel engineering sector (namely, JHT Fabrications Ltd). With the successful acquisition of JHT Fabrications 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 2024:



Management's Review

The financial year July 2023 – June 2024 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. No acquisitions were executed in the financial year.

Our largest business unit, Steelway Group experienced rapid and continuous growth and development not only in sheer scale of operations, but also as a direct result, in an increase in revenues and earnings. The Steelway business unit serves as the cornerstone business for the group and its financial performance is the anchor which tethers the remaining businesses. The financial year saw Steelway roll out a host of operational improvements.

JHT Fabrications greatly benefitted from the integration process with Steelway and has been thriving under the adjusted structure of being an independent business unit that is economically attached to Steelway. This has resulted in operational improvements across the JHT business as well and led to increased economic productivity in the business.

Whilst JHT and Steelway had enviable financial performance for the year, CEL has experienced a number of challenges during the past year. However, the business unit has been supported to a certain extent by the cash generative nature of its sister companies and has benefitted operationally by tapping into some of the key learnings from the Steelway business.

Business review

The Group's revenue for 2023/24 amounted to £32,331,729 GBP, and the operating profit ended at £1,295,392 GBP. Net financials showed an expense of £640,635 GBP. Profit for the year amounted to £402,740 GBP. The Group's gross assets amount to £14,199,702 GBP. The equity ended at £340,533 GBP.

The parent company's operating profit amounted to (£413,216) GBP, and gross assets amounted to £2,175,116 GBP. The equity ended at £326,508 GBP.

The group's equity levels improved from (£51,972) GBP as of June 30th, 2023, to £340,532 GBP as of June 30th, 2024, which is an equity improvement of £392,504 GBP. Management expects that this trend of positive equity improvements will continue in the subsequent financial year.

Principal Risks and Uncertainties

The group's 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 and invoice financing which is a major component debt, together with trade debtors and trade creditors that arise directly from the operations of its business units.

Management's Review

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.

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.

Management's Review

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 group's fixed assets under finance leases and arranging funding via shareholder and bank loans.

However, as the steel sector has experienced a certain level of volatility there is always a risk of having to effectively manage the group's cash position as well as that of its business units.

Business outlook for the year ahead

Northern Industries enters 2024/25 year with a £9.2m order books, and a very healthy sales pipeline. Investments in CRM software, a new commercial lead for our northern operation and planned extended shift working patterns are planned to support the additional required output.

Management expects EBITDA in the range of 2,3 million GBP to 2,6 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. Please refer to Note 1 for more information.

Income statement

Parent				Group		GBP
2023/24	2022/23	Note	Profit & loss	2023/24	2022/23	
318,632	150,233	2	Revenue	32,331,729	30,584,421	
0	0	3/11	Production costs	-20,648,029	-21,629,923	
318,632	150,233		Gross profit	11,683,700	8,954,498	
0	0	3/11	Sales- and distribution costs	-912,235	-891,457	
-314,882	-327,323	3/11	Administrative expenses	-9,494,936	-7,626,988	
-416,966	0	3/12	Amounts written off subsidiaries			
0	0		Other operating income	18,863	18,388	
			Other operating expenses	-	-	
-413,216	-177,090		Operating profit	1,295,392	454,441	
171,268	242,592	4	Financial income	1,232	100,827	
-178,560	-245,951	5	Financial expenses	-641,867	-800,135	
-420,508	-180,449		Profit before tax	654,757	-244,867	
779	39,699	6	Tax on profit/loss	-252,017	192,417	
-419,729	-140,750		Profit for the year	402,740	-52,450	

Balance Sheet 30.06.2024

Parent		Group		GBP	
30.06.24	30.06.23	Note	Balance sheet	30.06.24	30.06.23
0	0	7	Goodwill	3,102,815	3,476,289
0	0	8	Patents & licences	4,500	9,000
0	0		Total intangible assets	3,107,315	3,485,289
0	0	9	Plant and machinery	2,227,201	2,235,598
0	0	10	Fixtures and fittings, tools and equipment	180,505	189,514
0	0		Total property, plant and equipment	5,515,021	5,910,401
0	519	12	Deposits	0	519
88,515	88,326	13	Deferred tax	88,515	88,326
1,281,417	1,809,215		Amounts owed by affiliated companies	0	0
364,341	369,663	14	Investments in subsidiaries	0	0
1,734,273	2,267,723		Total financial assets	88,515	88,845
1,734,273	2,267,723		Total fixed assets	5,603,536	5,999,245
0	0	15	Inventories	1,477,535	1,309,553
13,346	0		Trade receivables	6,348,303	6,200,946
336,732	630,683		Amounts owed by affiliated companies	0	0
0	0		Corporate tax recoverable	12,366	0
0	12,276		Other receivables	7,221	14,989
0	0		Prepayments	402,790	367,938
350,078	642,959		Total receivables	6,770,680	6,583,873
90,765	839		Cash at bank and in hand	347,951	268,463
440,843	643,798		Total current assets	8,596,166	8,161,889
2,175,116	2,911,521		Total assets	14,199,702	14,161,134

Balance Sheet 30.06.2024

Parent				Group		GBP
30.06.24	30.06.23	Note		30.06.24	30.06.23	
128,386	128,436	16	Share capital	128,386	128,436	
198,124	622,788		Retained earnings	212,147	-180,408	
0	0		Proposed dividend	0	0	
<u>326,510</u>	<u>751,224</u>		Equity	<u>340,533</u>	<u>-51,972</u>	
0	0	17	Deferred tax	476,166	399,257	
0	0		Total provisions	<u>476,166</u>	<u>399,257</u>	
653,691	1,185,652	18	Amounts owed to affiliated companies	653,691	1,185,652	
0	0	18	Finance lease obligations	413,592	440,221	
0	0	18/19	Bank loans and overdrafts	147,811	318,740	
397,553	0	18	Other loans	947,553	670,000	
<u>1,051,244</u>	<u>1,185,652</u>		Long-term liabilities other than provisions	<u>2,162,647</u>	<u>2,614,613</u>	
4,012	0	18/19	Current portion of long term liabilities other than provision	299,012	789,668	
565,019	630,683	18	Amounts owed to affiliated companies	565,019	630,683	
0	0	18	Borrowings	4,169,654	2,894,791	
0	0	18	Finance lease obligations	167,054	151,010	
0	0	18	Other loans	49,767	485,000	
7,275	15,946		Trade payables	3,715,826	3,995,144	
0	0		Corporation taxes	149,095	206,020	
221,056	328,015		Other payables	2,055,161	2,046,920	
<u>797,362</u>	<u>974,644</u>		Short-term liabilities other than provisions	<u>11,170,589</u>	<u>11,199,236</u>	
<u>1,848,606</u>	<u>2,160,297</u>		Total liabilities other than provisions	<u>13,333,236</u>	<u>13,813,849</u>	
<u>2,175,116</u>	<u>2,911,521</u>		Total liabilities and equity	<u>14,199,702</u>	<u>14,161,134</u>	
		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		Share capital	Share premium	Retained earnings	Total
Note					
16	Equity at 1 July	128,436		622,789	751,225
	Capital increase				
	Transfers				
	Profit for the year	0	0	-419,729	-419,729
	Foreign currency translation adjustments	-51		-4,936	-4,987
	Sale of treasury shares	0	0	0	0
	Purchase of treasury shares	0	0	0	0
	Equity at 30 June	128,386	0	198,124	326,510

Group		Share capital	Share premium	Retained earnings	Total
Note					
16	Equity at 1 July	128,436		-180,408	-51,972
	Capital increase	0	0	0	0
	Transfers	0	0	0	0
	Profit for the year	0	0	402,740	402,740
	Foreign currency translation adjustments	-51	0	-10,185	-10,235
	Sale of treasury shares	0	0	0	0
	Purchase of treasury shares	0	0	0	0
	Equity at 30 June	128,386	0	212,147	340,533

Cash Flow Statement

		Group	
	Note	30.06.24	30.06.23
			GBP
Operating profit		1,295,392	454,441
Net financials		-640,635	-799,308
Depreciation, amortisation and impairment losses		858,824	918,737
		1,513,581	573,870
Changes for the year on items below:			
Inventories		-167,982	301,861
Trade receivables		-147,357	-90,985
Other receivables		4,598	6,554
Prepayments		-34,852	-34,653
Trade payables		-279,318	-667,106
Other payables		8,241	421,235
Currency exchange adjustments		-10,236	24,270
Paid tax		-56,925	-7,682
Total cash flow from operating activities		829,750	527,364
Total cash flow from investing activities	22	-395,378	92,983
Total cash flow from financing activities	23	-354,885	-1,411,587
Cash flow from operating activities		829,750	527,364
Cash flow from investing activities		-395,378	92,983
Cash flow from financing activities		-354,885	-1,411,587
Increase/decrease in cash and cash equivalents		79,486	-791,240
Cash and cash equivalents at beginning of the year		268,463	1,059,703
Cash and cash equivalents at the end of the year		347,949	268,463

Notes

Parent		Group		GBP
2023/24	2022/23	Note	2023/24	2022/23
1 Going Concern				
These financial statements are prepared on a going concern basis. The director has a reasonable expectation that the group will continue in operational existence for the foreseeable future.				
For the fiscal year ending 30 June 2024, the group is in a net asset position, reflecting a notable turnaround from the prior year. The group's equity has improved significantly to £340,53, up from a negative equity of £-51,972 as of 30 June 2023. This improvement in equity is a result of the group's strengthened performance and the increase in net earnings to £402,740, compared to a deficit of £-180,408 last year. Management expects that this trend of positive equity improvements will continue in the subsequent financial year.				
EBITDA also saw substantial growth, reaching £2,154,216 compared to £1,373,178 in the prior year, highlighting the group's improved operational performance. This increase in EBITDA indicates stronger profitability before accounting for non-cash expenses and financing costs, which further supports the group's financial stability.				
The group's loans and borrowings currently total £3,243,499, of which £1,218,710 is owed to the group's majority shareholder, Kjøller A/S.				
The director remains optimistic about the group's prospects and anticipates further growth over the next 12-24 months, which is expected to enhance the group's financial position. In addition, the director is exploring various funding options, including potential financial support from shareholders or attracting external capital, to further strengthen the group's resources.				
Given these positive developments, the director is confident in the group's ability to maintain a stable operational footing and secure any necessary financing solutions.				
2 Segment information				
Primary segment: geography				
		<u>Revenue</u>		
318,632	150,233	United Kingdom	32,308,115	30,545,464
0	0	Europe	23,614	38,957
<u>318,632</u>	<u>150,233</u>	<u>Total</u>	<u>32,331,729</u>	<u>30,584,421</u>
Secondary segment: business area				
		<u>Revenue</u>		
		Steelway core division	12,700,309	9,627,234
		Fencing	1,781,799	1,941,890
		Access Covers	5,795,969	6,645,665
		Security Products	2,531,348	2,032,297
		Laser cutting	9,148,680	9,951,613
		Scrap metal sales	220,389	249,611
	150,233	Other	153,235	136,111
<u>0</u>	<u>150,233</u>	<u>Total</u>	<u>32,331,729</u>	<u>30,584,421</u>
3 Staff costs				
126,683	150,683	Wages and salaries	10,189,457	9,332,094
0	0	Pensions	252,256	260,291
367	166	Other social security costs	958,119	890,186
<u>127,051</u>	<u>150,849</u>	<u>Total</u>	<u>11,399,832</u>	<u>10,482,571</u>
<u>1</u>	<u>1</u>	Average number of employees	301	265
The staff costs has been included in the following line items:				
0	0	Production costs	8,003,723	7,155,748
0	0	Sales- and distribution costs	0	0
169,031	150,849	Administrative expenses	3,396,109	3,326,823
416,966	0	Amounts written off subsidiaries	0	0
<u>585,997</u>	<u>150,849</u>	<u>Total</u>	<u>11,399,832</u>	<u>10,482,571</u>
<u>126,683</u>	<u>150,849</u>	Remuneration including incentive plans to: Executive Management and Board of Directors	407,973	477,232

Notes

4 Financial income

170,155	225,565	Financial income from subsidiaries	0	0
1,113	17,027	Other financial income	1,232	100,827
<u>171,268</u>	<u>242,592</u>	<u>Total</u>	<u>1,232</u>	<u>100,827</u>

5 Financial expenses

-170,155	-241,965	Financial expenses to affiliated companies	-179,374	-241,965
-8,405	-3,986	Other financial expenses	-462,493	-558,170
<u>-178,560</u>	<u>-245,951</u>	<u>Total</u>	<u>-641,867</u>	<u>-800,135</u>

6 Tax

0	0	Tax on profit and loss	361,223	-206,020
0	0	Adjustment of tax relating to previous years	-105,980	288,382
779	39,699	Adjustment of deferred tax	-3,226	110,055
<u>779</u>	<u>39,699</u>	<u>Total</u>	<u>252,017</u>	<u>192,417</u>

Notes

Parent		Note	Group		GBP
30.06.24	30.06.23		30.06.24	30.06.23	
7 Goodwill					
0	0	Cost at 1 July	4,813,173	4,813,173	
0	0	Additions	0	0	
0	0	Cost at 30 June	4,813,173	4,813,173	
0	0	Impairment losses and amortisation at 1 July	-1,283,340	-848,981	
0	0	Amortisation	-427,018	-487,905	
0	0	Impairment losses	0	0	
0	0	Impairment losses and amortisation at 30 June	-1,710,358	-1,336,886	
0	0	Carrying amount at 30 June	3,102,815	3,476,287	
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	-36,000	-31,500	
0	0	Amortisation	-4,500	-4,500	
0	0	Impairment losses and amortisation at 30 June	-40,500	-36,000	
0	0	Carrying amount at 30 June	4,500	9,000	
Parent		Note	Group		GBP
30.06.24	30.06.23		30.06.24	30.06.23	
9 Plant and machinery					
0	0	Cost at 1 July	5,060,156	5,077,524	
0	0	Additions, business combinations	0	0	
0	0	Additions	374,966	29,833	
0	0	Disposals	-90,000	-47,201	
0	0	Cost at 30 June	5,345,122	5,060,156	
0	0	Impairment losses and amortisation at 1 July	-2,824,558	-2,481,659	
0	0	Adjustments	0	0	
0	0	Drepreciations	-359,921	-371,075	
0	0	Depreciation on disposals	66,558	28,176	
0	0	Impairment losses	0	0	
0	0	Impairment losses and amortisation at 30 June	-3,117,921	-2,824,558	
0	0	Carrying amount at 30 June	2,227,201	2,235,598	
10 Other fixtures and fittings, tools and equipment					
0	0	Cost at 1 July	1,239,705	1,190,717	
0	0	Additions, business combinations	0	0	
0	0	Additions	0	92,530	
0	0	Disposals	0	-43,542	
0	0	Cost at 30 June	1,239,705	1,239,705	
0	0	Impairment losses and amortisation at 1 July	-1,050,191	-1,025,529	
0	0	Drepreciations	-9,009	-55,257	
0	0	Depreciation on disposals	0	30,595	
0	0	Impairment losses	0	0	
0	0	Impairment losses and amortisation at 30 June	-1,059,200	-1,050,191	
0	0	Carrying amount at 30 June	180,505	189,514	
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	858,824	918,737	
0	0	Total	858,824	918,737	

Notes

Parent		Note	Group		GBP
30.06.24	30.06.23		30.06.24	30.06.23	
12 Deposits					
519	3,972	Cost at 1 July	519	3,972	
	0	Additions	0	0	
-519	-3,453	Disposals	-519	-3,453	
	519	Cost at 30 June	0	519	
0	519	Carrying amount at 30 June	0	519	
13 Deferred tax, asset					
88,326	48,627	Deferred tax at 1 July	88,326	48,627	
189	39,699	Additions	189	39,699	
88,515	88,326	Deferred tax 30 June	88,515	88,326	
Deferred tax relates to:					
88,515	88,326	Loss carried forward	88,515	88,326	
88,515	88,326	Carrying amount at 30 June	88,515	88,326	
The parent expects to generate revenue and be profitable within the next few years.					
14 Investments in subsidiaries					
369,663	364,001	Cost at 1 July			
0	0	Additions			
0	0	Salg af dattervirksomhed			
369,663	364,001	Cost at 30 June			
0	0	Value adjustment 1 July			
-5,322	5,662	Foreign currency translation adjustments			
-5,322	5,662	Value adjustment 30 June			
364,341	369,663	Carrying amount at 30 June			

Subsidiaries	Ownership	Registered office	Net Profit	Equity
Northern Industries UK 1 Limited	1	Co. Durham, United Kingdom	156,525	145,390
JHT Group Holdings Limited	1	Newcastle Upon Tyne, United Kingdom	6,516	-311,210
JHT Fabrications Limited	1	Newcastle Upon Tyne, United Kingdom	52,658	139,829
Steelway Group Holdings Limited	1	Wolverhampton, United Kingdom	1,000,396	1,687,047
Steelway Holdings Limited	1	Wolverhampton, United Kingdom	0	1,193,078
Steelway Fensecure Limited	1	Wolverhampton, United Kingdom	1,181,897	1,307,358
CEL Sheet Metal (Holdings) Limited	1	Co. Durham, United Kingdom	179,900	1,083,113
CEL Sheet Metal Limited	1	Staffordshire, United Kingdom	-116,643	2,175,061

Notes

Parent		Group		GBP
30.06.24	30.06.23	Note	30.06.24	30.06.23
15 Inventories				
0	0	Raw material and consumables	850,464	800,427
0	0	Work in progress	522,897	426,821
0	0	Manufactured goods and goods for resales'	104,174	82,305
<u>0</u>	<u>0</u>	<u>Carrying amount at 30 June</u>	<u>1,477,535</u>	<u>1,309,553</u>

16 Share capital

The share capital at 30 June 2024 was thus nom. 128.385,61 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 DKK), corresponding to 0,44% of the share capital. The shares are valued at nil and are not included in the balance sheet.

17 Deferred tax, liability

Deferred tax relates to:				
0	0	Accelerated capital allowance	476,166	429,891
0	0	Loss carried forward	0	-30,634
<u>0</u>	<u>0</u>	<u>Carrying amount at 30 June</u>	<u>476,166</u>	<u>399,257</u>

Notes

Parent		Note	Group		GBP
30.06.24	30.06.23		30.06.24	30.06.23	
18 Borrowings					
Bank loans					
0	0	Due within the first year	299,012	789,668	
0	0	Due after 5 years	147,811	318,740	
0	0	Total	446,823	1,108,408	
Finance lease obligations					
0	0	Due within the first year	167,054	151,010	
0	0	Due after 5 years	413,592	440,221	
0	0	Total	580,646	591,231	
Factoring obligations					
0	0	Due within the first year	4,169,654	2,894,791	
0	0	Due after 5 years	0	0	
0	0	Total	4,169,654	2,894,791	
Amounts owed to affiliated companies					
565,019	630,683	Due within the first year	565,019	630,683	
653,691	1,185,652	Due after 5 years	653,691	546,137	
1,218,710	1,816,335	Total	1,218,710	1,176,820	
Other loans					
4,012	0	Due within the first year	49,767	485,000	
397,553	0	Due after 5 years	947,553	670,000	
401,565	0	Total	13,828,985	1,155,000	

175.000 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.

120.000 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.

200.000 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 in December 2020 with a lending company, Triple Point. The loan was fully repaid by October 2023. The loan was secured by way of a fixed and floating charge over the assets and investments held by the company, as well as Steelway Fensecure Limited, Steelway Access Covers Limited, Steelway Group Limited, JHT Fabrications Limited and JHT Group Holdings Limited. Such charges were satisfied on 8 February 2024.

Linked to a change in finance provider to Cynergi Business Finance Limited, similar charges are applicable from 28 March 2024.

A loan was entered into by CEL Sheet Metal Limited in March 2022 with a lending company Close Brothers. The loan was to be repaid in equal monthly instalments over 36 months on which interest is paid at a rate of 6% over the bank of England base rate, repayable by March 2025. The loan was secured by way of a floating charge over the assets and investments held by CEL Sheet Metal Limited. The remaining outstanding balance on this loan was repaid in full by September 2023.

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 13.9%. 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.

Invoice discounting

Invoice discounting arrangements have been entered into by the CEL Sheet Metal Limited and Steelway Fensecure Limited. The invoice discounting balances are secured against each company's trade debtors and by fixed and floating charges over each company's assets

Notes

Parent		Group		GBP
30.06.24	30.06.23	30.06.24	30.06.23	
20 Contingent liabilities and pledged assets				
Operating lease				
0	0	702,488	524,232	
0	0	935,457	691,008	
0	0	190,296	63,108	
0	0	1,828,241	1,278,348	

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.

21 Fee paid to auditors appointed at the annual general meeting

20,862	18,251	Fee regarding statutory audit	50,312	39,838
7,670	8,030	Tax assistance	17,770	18,130
14,294	0	Other assistance	21,934	59,046
42,826	26,281	Total	90,016	117,014

22 Related parties

Northern Industries A/S' related parties are:

Control:	Basic
Kjøller A/S, Copenhagen, 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

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		GBP
	30.06.24	30.06.23	
23 Cash flow from investing activities			
Purchase of subsidiary	0	0	
Proceeds from issue of shares, net	0	194,418	
Purchase of tangible fixed assets	-426,621	-122,363	
Sale of tangible assets	30,011	20,478	
Cash acquired with subsidiary	0	0	
Interest received	1,232	450	
I alt	-395,378	92,983	
24 Cash flow from financing activities			
Repayment of borrowings	-2,020,729	-2,230,246	
Proceeds from invoice discounting facility	1,274,863	606,544	
Proceeds from borrowings	401,566	330,472	
Purchase of treasury shares	0	0	
Payment of finance lease obligations	-10,585	-118,357	
I alt	-354,885	-1,411,587	

25 Events after the balance sheet date

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

Accounting policies

GENERAL

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

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 2023/24 is 880,389(FY2022/23 867,71).

For the fiscal year ended 30 June 2024, 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 880,389(FY2022/23 867,71).

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INCOME STATEMENT

Revenue

Income from the sale of goods is recognized in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Production costs

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

Distribution costs

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

Administrative expenses

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

Other operating income

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

Depreciation, amortization and impairment losses

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

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

Goodwill

Goodwill is amortized over 10 years. The useful life has been determined in consideration of

the expected future net earnings of the enterprise or activity to which the goodwill relates.

Other net financials

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

Tax on profit/loss for the year

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

BALANCE SHEET

Intangible assets

Goodwill

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

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

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

Property, plant, and equipment

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

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

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

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

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

Equity investments in group enterprises

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

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

Inventories

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

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

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

Receivables

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

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

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

Provisions

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

Current and deferred tax

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

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

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

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

Payables

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

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

Deferred income

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

CASH FLOW STATEMENT

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

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

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

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

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

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