



Novenco Marine & Offshore A/S

Galoche Alle 16, 4600 Køge, Denmark

CVR no. 33 78 56 82

Annual report 2025

Approved at the Company's annual general meeting on 23 February 2026
Chair of the meeting:

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Thomas Jarl Dywremose

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Novenco Marine & Offshore A/S for the financial year 1 January - 31 December 2025.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2025 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2025.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Køge, 23 February 2026
Executive Board:

Palle Dalgaard Kristensen

Board of Directors:

Thomas Jarl Dywremose
Chairman

Keunbae Kim

Taehong Kim

Independent auditor's report

To the shareholders of Novenco Marine & Offshore A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Novenco Marine & Offshore A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2025, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2025 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 parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 financial statements unless Management either intends to liquidate the Group or the Parent Company 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 as to 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 the financial statements.

Independent auditor's report

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:

- u 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.
- u 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 Parent Company's internal control.
- u Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- u 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 Group's and the Parent 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 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 Parent Company to cease to continue as a going concern.
- u Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- u Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on 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 financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 February 2026
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne28603

Allan Nørgaard
State Authorised Public Accountant
mne35501

Management's review

Company details

Name	Novenco Marine & Offshore A/S
Address, Postal code, City	Galoche Alle 16, 4600 Køge, Denmark
CVR no.	33 78 56 82
Established	12 July 2011
Registered office	Køge
Financial year	1 January - 31 December
Website	www.novencogroup.com
E-mail	info@novencogroup.com
Board of Directors	Thomas Jarl Dywremose, Chairman Keunbae Kim Taehong Kim
Executive Board	Palle Dalgaard Kristensen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2025	2024	2023	2022	2021
Key figures					
Revenue	471,945	490,282	412,570	320,353	297,699
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	24,188	39,380	27,041	19,628	-490
Profit before interest and tax (EBIT)	21,280	36,565	23,008	15,518	-3,490
Net financials	-1,502	8,134	3,206	-589	-1,335
Profit for the year	15,057	31,875	20,607	11,481	-2,396
Balance sheet					
Total assets	440,792	417,403	252,766	207,679	157,700
Investments in property, plant and equipment	5,863	2,410	-1,273	-977	-2,250
Equity	87,915	73,666	43,252	30,131	20,625
Cash flows					
Cash flows from operating activities	-16,306	94,143	24,930	17,273	-42,764
Net cash flows from investing activities	-6,000	-2,621	-1,765	-1,482	-3,072
Cash flows from financing activities	0	0	-5,000	0	0
Total cash flows	-22,306	91,522	18,165	15,791	-45,836
Financial ratios					
Gross margin	26.0%	25.7%	21.8%	18.5%	15.4%
Equity ratio	19.9%	17.6%	17.1%	14.5%	13.1%
Return on equity	18.6%	54.5%	56.2%	45.2%	-11.8%
Employees					
Average number of full-time employees	240	171	141	142	184

For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities

Novenco Marine & Offshore A/S and its subsidiaries (the Group) are global suppliers with their own development, production and sale of ventilation products and systems for marine and offshore purposes.

Development during the year

The result for 2025 is a profit after tax of MDKK 15.1 compared to a profit after tax of MDKK 31.9 in 2024. The equity as of 31 December 2025 amounts to MDKK 88.2. The result is in line with previously communicated expectations.

Financing

There is no external financing. The Group considers liquidity risk to be low as operations are financed through operating cash flows, and adequate cash reserves are maintained. Management therefore considers the current financial resources adequate to meet all obligations.

Investments

Most of the CAPEX investments in 2025 relate to the establishment and commissioning of Novenco's second factory in China, which will be dedicated to the production of the company's own fans.

Risks*General risks*

The general risks are connected to global economic developments, as the Group operates worldwide. The ongoing war in Ukraine and the conflicts in the Middle East have affected the Group's activities during the year and will likely continue to influence operations in 2026. This includes fluctuations in energy prices, raw material prices, and transportation costs.

The Group also sees new opportunities within the navy and offshore sectors and within renewable energy, which have already shown positive development in 2025.

Financial risks*Currency risks*

The Group manages its currency risk by, wherever possible, making purchases in the same currency as the underlying contract. Despite these efforts, the Group remains exposed to foreign exchange fluctuations, including translation effects from foreign subsidiaries and changes in DKK/USD or NOK/EUR exchange rates.

Interest related risks

There are no recognised interest-related risks.

Liquidity risk

The Group manages liquidity risk through continuous cash flow forecasting and by maintaining adequate credit facilities, including bank guarantees and letters of credit used in connection with international projects. The Group assesses its liquidity risk to be low due to strong operating cash flows and no external financing.

Credit risks

It is the Group's policy to secure payment from external customers either through letters of credit, bank guarantees or continuous credit assessments.

Knowledge resources

It is essential for the Group to attract and retain skilled employees. The Group therefore maintains a structured approach to employee development. The average number of employees was 240 in 2025.

Management's review

Research and development activities

The R&D activities are focused on increasing the price competitiveness of our HVAC products for the Chinese merchant market, as well as expanding the product portfolio to support the production of our own ventilation units.

Corporate social responsibility

Cf. §99a in the Danish Financial Statements Act, the company reports the following:

Employee safety and Human rights

Policy

Novenco Marine & Offshore A/S has a global CSR policy ensuring compliance with internationally recognised human rights standards, including a strong focus on employee safety across all locations.

Actions

All new employees participate in an onboarding programme covering the Company's human rights and safety policies. The programme has been in place since 2022.

Results

• No human rights violations were recorded in 2025. •The objective of zero workplace accidents has been met every year since 2021.

Risks

The most significant CSR-related risk concerns employee safety at the production facility in China. Employee safety in other global locations also remains an important area.

Sustainability

The Group's policy is to make a continuous, targeted effort to reduce its impact on the climate and environment. The objective is to reduce the consumption of energy, and to minimize the environmental footprint of waste as we see energy and water consumption to be the most significant risks to environmental and climatic conditions.

We have supported the UN Global Compact principles and their sustainable Development Goals for several years. Especially Development goal no. 12 is strongly on our minds.

To secure the reduction of the impact on the environment Chinese factory is sorting all waste to secure proper treatment and recycling. Further there is increased focus on utilizing recyclable parts in the design phase.

Novenco Marine & Offshore A/S' subsidiaries all comply with local legislation concerning health, safety, and the environment. The Chinese factory is certified according to ISO 9001:2015 and ISO 14001:2015. The Norwegian office also holds Iso 9001:2015 and 27001:2023.

As the main impacts on human rights, environment and climate considers to be at the Chinese factory, the focus of this responsibility lies naturally here, and the company continues its efforts to reduce energy consumption not just in production but also for cooling and heating. Furthermore, the company seeks to send as much waste as possible for recycling.

At the office in Køge an ESG report has been made. There is now full overview of sustainability situation and the tools to improve.

Anti-corruption

Doing business outside the EU and US with customers that do not have an established anti corruption policy includes a risk of being faced with requirements that falls into the category of corruption. The company has renewed a global policy stating that the company will work against all forms of corruption, including extortion and bribery. Further it states that all breaches or suspicion of breaches must be reported so appropriate measures can be taken. Novenco Marine & Offshore has established control procedures to ensure that the company and its employees do not participate in bribery.

Our procedures have been in effect for the whole fiscal year and there have – to the best of our knowledge been no violations against our procedures in 2025.

Management's review

There has been no recognition of signs of corruption anywhere in the organization during 2025.

For 2026 management expects to continue its current global policy against all forms of corruption, including extortion and bribery and will during the year perform inspection to ensure that these policies are followed throughout all business units within the Group.

Processing and storage of data

The Company does not consider it relevant to draw up a policy for data ethics. In this connection, the company emphasizes that the company only to a limited extent collects and processes data and does not use new technologies as part of the company's main activity and does not carry out specific data analysis, evaluations or segmentations itself or via external suppliers.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The high order intake in Asia in recent years and the geopolitical situation have increased shipbuilding activity in the rest of the world. This applies to all vessel types, but there are particularly strong interest and activity in the Navy segment.

In 2025, Novenco developed a range of new products primarily for the Chinese market and established a fan factory in Wuxi. Both initiatives have been highly successful, resulting in a significant increase in order intake.

In addition, there continues to be strong demand for transformer stations for the wind turbine market. All in all, this has resulted in a strong confirmed back-log exceeding over DKK 1 billion.

The Group expects turnover in the range of DKK 550–650 million, an EBITDA of DKK 30–35 million, and Net Earnings of DKK 20–25 million after tax in 2026.

Furthermore, the outlook is based on stable supply chain conditions, and the absence of material fluctuations in the USD exchange rate.

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Income statement

Note	DKK'000	Group		Parent company	
		2025	2024	2025	2024
2	Revenue	471,945	490,282	206,129	184,622
17,3	Production costs	-349,362	-364,286	-164,661	-130,327
	Gross profit	122,583	125,996	41,468	54,295
17	Distribution costs	-38,991	-34,591	-11,364	-11,667
17,3,4	Administrative expenses	-62,312	-54,840	-15,636	-12,610
	Operating profit	21,280	36,565	14,468	30,018
	Income from investments in group enterprises	0	0	5,610	8,418
	Income from Participating interests	158	106	158	106
5	Financial income	3,225	8,747	1,315	1,003
6	Financial expenses	-4,885	-719	-3,870	-1,084
	Profit before tax	19,778	44,699	17,681	38,461
7	Tax for the year	-4,721	-12,824	-2,624	-6,586
	Profit for the year	<u>15,057</u>	<u>31,875</u>	<u>15,057</u>	<u>31,875</u>

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Statement of changes in equity

Group

		Net revaluation reserve according to the equity method	Translation reserve	Retained earnings	Total	
Note	DKK'000	Share capital				
	Equity at 1 January 2024	6,000	0	-3,429	40,681	43,252
	Transfer through appropriation of profit	0	0	0	31,875	31,875
	Adjustment of investments through foreign exchange adjustments	0	0	-1,461	0	-1,461
	Equity at 1 January 2025	6,000	0	-4,890	72,556	73,666
	Transfer through appropriation of profit	0	802	0	14,255	15,057
	Adjustment of investments through foreign exchange adjustments	0	0	-808	0	-808
	Equity at 31 December 2025	6,000	802	-5,698	86,811	87,915

Parent company

		Net revaluation reserve according to the equity method	Translation reserve	Retained earnings	Total	
Note	DKK'000	Share capital				
	Equity at 1 January 2024	6,000	0	-3,429	40,681	43,252
8	Transfer, see "Appropriation of profit"	0	0	0	31,875	31,875
	Adjustment of investments through foreign exchange adjustments	0	0	-1,461	0	-1,461
	Equity at 1 January 2025	6,000	0	-4,890	72,556	73,666
8	Transfer, see "Appropriation of profit"	0	802	0	14,255	15,057
	Adjustment of investments through foreign exchange adjustments	0	0	-808	0	-808
	Equity at 31 December 2025	6,000	802	-5,698	86,811	87,915

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Cash flow statement

Note	DKK'000	Group	
		2025	2024
	Profit for the year	15,057	31,875
21	Adjustments	-9,081	17,966
	Cash generated from operations (operating activities)	5,976	49,841
22	Changes in working capital	-16,512	37,354
	Cash generated from operations (operating activities)	-10,536	87,195
	Interest received, etc.	3,225	8,747
	Interest paid, etc.	-4,885	-719
	Income taxes paid/received	-4,231	-1,184
	Other cash flows from operating activities	121	104
	Cash flows from operating activities	-16,306	94,143
	Additions of intangible assets	-137	-211
	Additions of property, plant and equipment	-5,863	-2,410
	Cash flows to investing activities	-6,000	-2,621
	Net cash flow	-22,306	91,522
	Cash and cash equivalents at 1 January	159,455	67,933
	Cash and cash equivalents at 31 December	137,149	159,455

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies

The annual report of Novenco Marine & Offshore A/S for 2025 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating policy decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may presently be exercised or be converted into additional voting rights is considered when assessing if significant influence exists.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full.

Investments in participating interests are recognised in the consolidated financial statements using the equity method.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement**Revenue**

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

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Accounting policies (continued)

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Goodwill	20 years

Fixtures and fittings, other plant and equipment 3-12 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in group entities and participating interests

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares. In participating interests, only proportional elimination of profit and loss is carried out, taking into account ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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Notes to the financial statements

Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period of 20 years as the investment is considered as strategic.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5 years.

A figure corresponding the capitalized development costs is tied up on "Reserve for development cost" in the equity. The reserve is released concurrently with amortization, impairment or sale of the development costs.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contractual obligations and contingencies".

Investments in group entities and participating interests

Equity investments in group entities and participating interests are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in group entities and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in group entities and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under Liabilities and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Other payables

Other payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers include deferred revenue where payment has been received for later sales of goods and services but delivery has not yet taken place.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2025	2024	2025	2024
Segment information				
Breakdown of revenue by business segment:				
Marine	269,512	201,041	175,888	150,988
Offshore	202,433	289,241	30,241	33,634
	<u>471,945</u>	<u>490,282</u>	<u>206,129</u>	<u>184,622</u>
Breakdown of revenue by geographical segment:				
Asia	168,450	256,621	126,812	98,464
Europe	272,194	203,747	49,687	62,360
North and South America	29,347	17,542	27,817	17,542
Other	1,954	12,372	1,813	6,256
	<u>471,945</u>	<u>490,282</u>	<u>206,129</u>	<u>184,622</u>
Amortisation/depreciation of intangible assets and property, plant and equipment				

Amortisation of intangible assets	1,210	1,551	402	402
Depreciation of property, plant and equipment	1,698	1,264	127	127
	<u>2,908</u>	<u>2,815</u>	<u>529</u>	<u>529</u>

**Fee to the auditors
appointed in general
meeting**

Statutory audit	1,077	1,039	490	513
Tax assistance	587	36	200	36
Other assistance	144	244	144	244
	<u>1,808</u>	<u>1,319</u>	<u>834</u>	<u>793</u>

Financial income

Interest income, group entities	1,030	509	1,030	509
Other financial income	<u>2,195</u>	<u>8,238</u>	<u>285</u>	<u>494</u>
	<u>3,225</u>	<u>8,747</u>	<u>1,315</u>	<u>1,003</u>

Financial expenses

Interest expenses, group entities	84	0	0	0
Other financial expenses	<u>4,801</u>	<u>719</u>	<u>3,870</u>	<u>1,084</u>
	<u>4,885</u>	<u>719</u>	<u>3,870</u>	<u>1,084</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2025	2024	2025	2024
Tax for the year				
Estimated tax charge for the year	657	4,369	632	4,242
Deferred tax adjustments in the year	3,993	8,455	1,992	2,344
Tax adjustments, prior years	71	0	0	0
	<u>4,721</u>	<u>12,824</u>	<u>2,624</u>	<u>6,586</u>

Appropriation of profit

Recommended appropriation of profit

Net revaluation reserve according to the equity method

802	0
<u>14,255</u>	<u>31,875</u>
<u>15,057</u>	<u>31,875</u>

Intangible assets

Group

DKK'000	Completed development projects	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2025	11,848	23,384	138	35,370
Additions	50	0	87	137
Disposals	-3,840	0	-213	-4,053
Cost at 31 December 2025	<u>8,058</u>	<u>23,384</u>	<u>12</u>	<u>31,454</u>
Impairment losses and amortisation at 1 January 2025	9,240	20,705	0	29,945
Foreign exchange adjustments	-5	0	9	4
Amortisation for the year	808	402	0	1,210
Reversal of accumulated amortisation and impairment of assets disposed	-3,840	0	0	-3,840
Impairment losses and amortisation at 31 December 2025	<u>6,203</u>	<u>21,107</u>	<u>9</u>	<u>27,319</u>
Carrying amount at 31 December 2025	<u>1,855</u>	<u>2,277</u>	<u>3</u>	<u>4,135</u>
Amortised over	5 years	20 years		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Intangible assets (continued)

	<u>Parent company</u>		
DKK'000	Completed development projects	Goodwill	Total
Cost at 1 January 2025	3,840	8,038	11,878
Disposals	-3,840	0	-3,840
Cost at 31 December 2025	0	8,038	8,038
Impairment losses and amortisation at 1 January 2025	3,840	5,359	9,199
Amortisation for the year	0	402	402
Reversal of accumulated amortisation and impairment of assets disposed	-3,840	0	-3,840
Impairment losses and amortisation at 31 December 2025	0	5,761	5,761
Carrying amount at 31 December 2025	0	2,277	2,277
Amortised over	5 years	20 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Property, plant and equipment

Group

DKK'000

Fixtures and
fittings, other
plant and
equipment

Cost at 1 January 2025	18,836
Additions	5,863
Disposals	-13
Cost at 31 December 2025	<u>24,686</u>
Impairment losses and depreciation at 1 January 2025	15,869
Foreign exchange adjustments	129
Depreciation	1,698
Reversal of accumulated depreciation and impairment of assets disposed	-14
Impairment losses and depreciation at 31 December 2025	<u>17,682</u>
Carrying amount at 31 December 2025	<u>7,004</u>
Depreciated over	3-12 years

Parent company

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2025	1,386
Disposals	<u>-895</u>
Cost at 31 December 2025	491
Impairment losses and depreciation at 1 January 2025	1,227
Depreciation	127
Reversal of accumulated depreciation and impairment of assets disposed	<u>-895</u>
Impairment losses and depreciation at 31 December 2025	459
Carrying amount at 31 December 2025	<u><u>32</u></u>
Depreciated over	<u><u>3-12 years</u></u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Investments

Group

DKK'000

Investments in
Participating
interests

Cost at 1 January 2025	859
Cost at 31 December 2025	859
Value adjustments at 1 January 2025	1,463
Foreign exchange adjustments	-306
Profit/loss for the year	158
Value adjustments at 31 December 2025	1,315
Carrying amount at 31 December 2025	2,174

Group

Participating interests

Name	Legal form	Domicile	Interest
Novenco Nippon	Ltd.	Japan	22.73%
		Parent company	
		Investments in group enterprises	Investments in Participating interests
			Total
DKK'000			
Cost at 1 January 2025	59,688	859	60,547
Cost at 31 December 2025	59,688	859	60,547
Value adjustments at 1 January 2025	-5,622	1,463	-4,159
Foreign exchange adjustments	-502	-306	-808
Profit/loss for the year	5,610	158	5,768
Value adjustments at 31 December 2025	-514	1,315	801
Carrying amount at 31 December 2025	59,174	2,174	61,348

Parent company

Name	Legal form	Domicile	Interest
Novenco	AS	Norway	100.00%
Novenco Hi-Pres Air Handling Equipment (Wuxi) Co.	Ltd.	China	100.00%
Novenco (Shanghai) Commerical & Trading Co.	Ltd.	China	100.00%
Participating interests			
Novenco Nippon	Ltd.	Japan	22.73%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Prepayments

Group

Prepayments in Group relates to IT licenses, leasing etc.

Parent company

Prepayments in the parent company relates to IT licenses, leasing etc.

Share capital

The parent's share capital has remained DKK 6,000 thousand over the past 5 years.

Group

Parent company

DKK'000	2025	2024	2025	2024
Deferred tax				
Deferred tax at 1 January	11,027	2,657	4,143	1,799
Deferred tax adjustments in the year	3,993	8,455	1,992	2,344
Exchange rate adjustment	80	-85	0	0
Deferred tax at 31 December	15,100	11,027	6,135	4,143
Analysis of the deferred tax				
Deferred tax assets	-408	-954	0	0
Deferred tax liabilities	15,508	11,981	6,135	4,143
	15,100	11,027	6,135	4,143

Non-current liabilities other than provisions

Group				
	Total debt at 31/12 2025	Short-term portion	Long-term portion	Outstanding debt after 5 years
DKK'000				
Other payables	1,695	0	1,695	0
	<u>1,695</u>	<u>0</u>	<u>1,695</u>	<u>0</u>
Parent company				
	Total debt at 31/12 2025	Short-term portion	Long-term portion	Outstanding debt after 5 years
DKK'000				
Other payables	1,695	0	1,695	0
	<u>1,695</u>	<u>0</u>	<u>1,695</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Other provisions

Other provisions mainly consists of warranties on finished construction contracts, as well as expected losses on ongoing construction contracts.

Other provisions are in all material aspects expected to fall due within the next year.

Group Parent company

DKK'000	2025	2024	2025	2024
Staff costs				
Wages/salaries	97,141	78,175	22,470	18,212
Pensions	12,801	8,138	2,180	1,559
Other social security costs	7,415	8,082	368	327
Other staff costs	1,421	368	302	21
	<u>118,778</u>	<u>94,763</u>	<u>25,320</u>	<u>20,119</u>

Staff costs are recognised as follows in the consolidated financial statements and the parent company financial statements:

Production costs	70,722	55,445	6,741	5,135
Distribution costs	19,380	16,946	9,396	8,775
Administrative expenses	28,676	22,372	9,183	6,209
	<u>118,778</u>	<u>94,763</u>	<u>25,320</u>	<u>20,119</u>

Average number of full-time employees	<u>240</u>	<u>171</u>	<u>31</u>	<u>24</u>
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Group

Total remuneration to group Management and Board of Directors: TDKK 2.850 (2024: TDKK 2.523).

Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	Group		Parent company	
	2025	2024	2025	2024
Rental obligations	11,255	15,058	374	386
Operational leases	88	122	88	122
	<u>11,343</u>	<u>15,180</u>	<u>462</u>	<u>508</u>

Parent company

The Company is jointly taxed with its parent, Novenco HAK ApS, which acts as management company. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes in the group of jointly taxed entities.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Security and collateral

The group has not provided any security or other collateral in assets at 31 December 2025.

Related parties

Group

Novenco Marine & Offshore A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Novenco Hak ApS	Galoche Alle 16, DK-4600 Koege, Denmark	Principal shareholder

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
HiAir Korea Co., Ltd.	1321-11 Daman-Ri, Jinrye-myeon, Gumhae-city, Gyeongnam, South Korea	The consolidated financial statements are available at the Company's address.
Novenco Hak ApS	Galoche Alle 16, DK-4600 Koege, Denmark	The consolidated financial statements are available at the Company's address.

Related party transactions

DKK'000	2025	2024
Group		
Purchases from parent companies	13,217	9,629
Sales to parent companies	12,825	1,657
Receivables from parent companies	27,844	22,856
Payables to parent companies	83	681
Parent Company		
Purchases from group companies	111,451	149,815
Sales to group companies	9,995	10,708
Receivables from group companies	39,093	30,232
Payables to group companies	19,364	12,433

Information on the remuneration to management

Information on the remuneration to Management appears from note 17, "Staff costs".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group	
	2025	2024
Adjustments		
Depreciation for accounting purposes on property, plant and equipment	1,698	1,264
Amortization and impairment for accounting purposes on intangible assets	1,210	1,551
Provisions	-17,404	11,922
Income from investments in participating interests	-158	-106
Financial income	-3,225	-8,747
Financial expenses	4,885	719
Tax for the year	4,721	4,369
Deferred tax	0	8,455
Equity adjustments, foreign currency translation	-808	-1,461
	<u>-9,081</u>	<u>17,966</u>
Changes in working capital		
Change in inventories and contract work in progress	3,389	68,305
Change in receivables	-28,974	-66,007
Change in trade and other payables	9,073	35,056
	<u>-16,512</u>	<u>37,354</u>