NORDSTERN®

Annual report 2023

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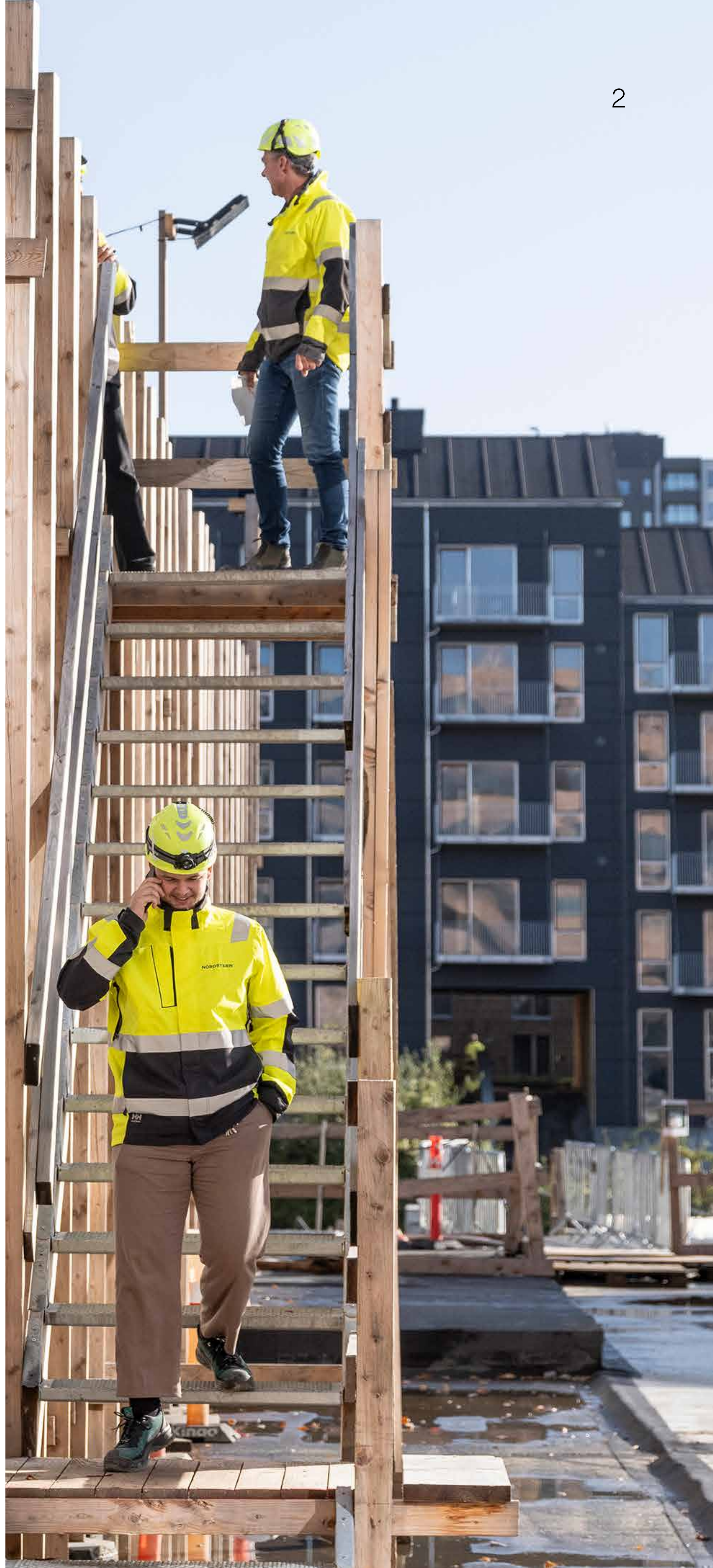

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Trælasten, Aarhus

Chairman's statement

Navigating Challenging Market Conditions: Focusing on Partnerships and Sustainability

High inflation and subsequent interest rate hikes during 2022 and 2023 sent shockwaves through many sectors of the economy. Among the hardest hit were property development and construction, where activity fell, and competition, as well as the general business environment, became significantly harsher.

In a challenging market, Nordstern is focusing on its core strengths – a strong pool of highly qualified and committed employees as well as long-standing client and partner relationships. In addition, we remain committed to enhancing sustainability in construction, demonstrated by Nordstern leading various pilot initiatives, such as cooperations with demolishers on recycling of construction materials. The results of these pilot initiatives are actively shared with industry peers through media, talks and more. Throughout 2023, our partners' and clients' interest in jointly reshaping the construction and development industry has only increased, and our corporate goal of reducing Nordstern's CO_2-emissions by up to 50% by 2030 (baseline year 2021) is closely monitored.

Another emphasis at Nordstern in 2023 has been the strengthening of our core business operations, resulting in various key hires as well as process improvements. Solidified business operations will be the foundation upon which Nordstern will capitalize in an eventual improvement of market conditions.

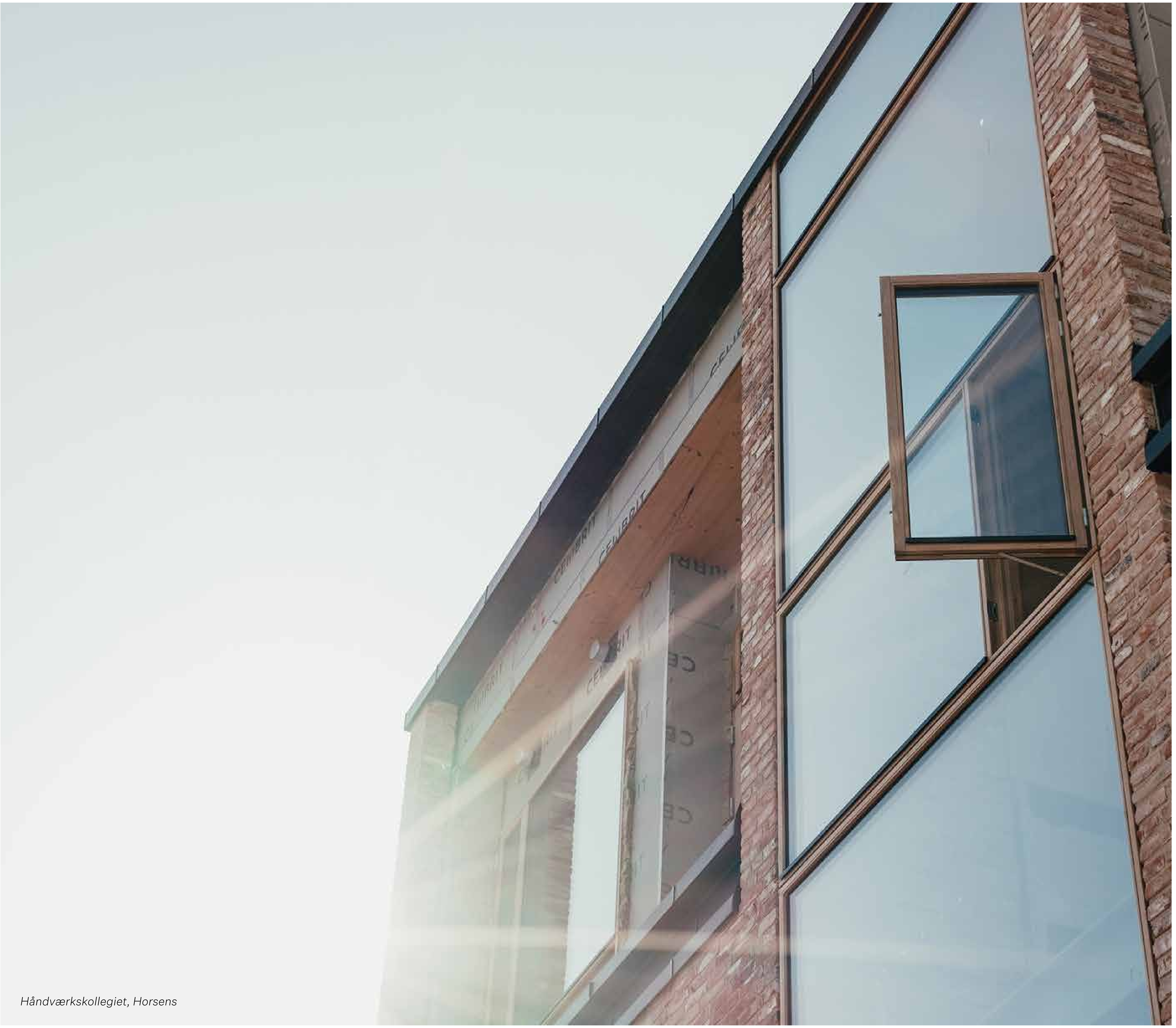
While there are silver linings in the form of significant new contracts and recently initiated development partnerships, we expect challenging conditions to remain throughout most of 2024 and only foresee a meaningful pickup in overall market dynamics once interest rates are on the decline.

Looking through the clouds of the current market environment, Nordstern's strategic ambitions remain intact: we strive for growth and profitability in both our general contracting and development business, and we remain confident in reaching our goals as construction activity recovers.

Conditions in 2023 highlighted the importance of strong partnerships, where Nordstern was able to overcome market challenges by collaborating with clients and investors at very early project stages, allowing us to proactively launch a series of new buildings against an otherwise bleak activity level. Finally, this approach also underlines the ingenuity of Nordstern's most valuable asset, our exceptionally qualified and dedicated staff, whose creativity and client service orientation guaranteed a steady conversion of projects.

On behalf of the Board of Directors, we thank all our partners and clients for their continued business, as well as all our staff for their efforts and commitment to Nordstern.

Johannes Vielberth
Chairman of the Board



Håndværkskollegiet, Horsens

CEO's statement

Overcoming Obstacles, Embracing Synergies, and Building for the Future

It is a special honor to write this statement as it marks the first official annual report for the merged company Nordstern. The year 2023 has, in many ways, been marked by the merger. It has undoubtedly been challenging for employees, who have had to find new work practices, and management has been strained by the extra workload brought by aligning two companies. But it has also been rewarding to see the synergies and new ideas that have arisen in the inspirational meeting between the two companies and cultures that ultimately make the merger successful.

In challenging times, a market leader such as Nordstern must prepare for when the market stabilizes

Nordstern is one of Denmark's largest property developers and turnkey contractors. In 2023, we had more than 1 million square meters under construction, and we handed over more than 2,500 homes, even though the market has been just as challenging in 2023 as in 2022.

In 2023, projects grappled with unprecedented material costs and escalating construction costs that we, as turnkey contractors, have partially had to carry. The company has grown significantly more than the market during the past five years. Especially residential construction and renovation in the Greater Copenhagen area has seen exponential growth. We have struggled to follow suit with recruitment, onboarding, system integration, and adjustment of processes, and in some cases, managerial supervision has not been sufficient, resulting in loss-making projects that have significantly impacted our 2023 results and profit margins. Moving from a high-growth phase into a company merger while struggling with a downturn in the market has raised the need for consolidating the company.

These challenges have left their mark on the development of Nordstern in 2023. We have not met our financial targets, nor have we achieved the growth that we aspire to. Yet, given the market circumstances, it is an acceptable order intake we have achieved in 2023. Especially the latter half of 2023 has proven that the market is slowly getting back on track with some strong unconditional and conditional orders added to our pipeline, with even more underway in the first half of 2024.

Even the troubled property development segment has created promising new projects in the latter half of 2023, such as a 14,000 square meters DGNB Platinum office building by the Copenhagen waterfront and residential projects in both Copenhagen and Aarhus. These projects are all systematic for Nordstern's approach, where we work closely with our partners to find solutions in a challenged market. We have several other projects in our pipeline that we are trying to solve with the same approach. However, we have also been forced to abandon some projects that were not deemed profitable.

We expect the slow market recovery to continue in 2024, though we do not expect it to stabilize before 2025.

In challenging times, a market leader such as Nordstern must prepare for when the market stabilizes. Our focus has therefore been on sales efforts and strengthening Nordstern's competitiveness in segments such as pharma, logistics, and timber construction, while preserving our competitive advantages within office and residential construction, as well as renovations. We have reorganized and welcomed new colleagues in management, all to have the strongest possible team when we are back on our growth track.

The core of Nordstern's business is built on relationships, among colleagues and with our returning customers and partners through many years. I want to extend my gratitude towards everyone within and outside Nordstern for the cooperation in 2023.

Torben Modvig
CEO

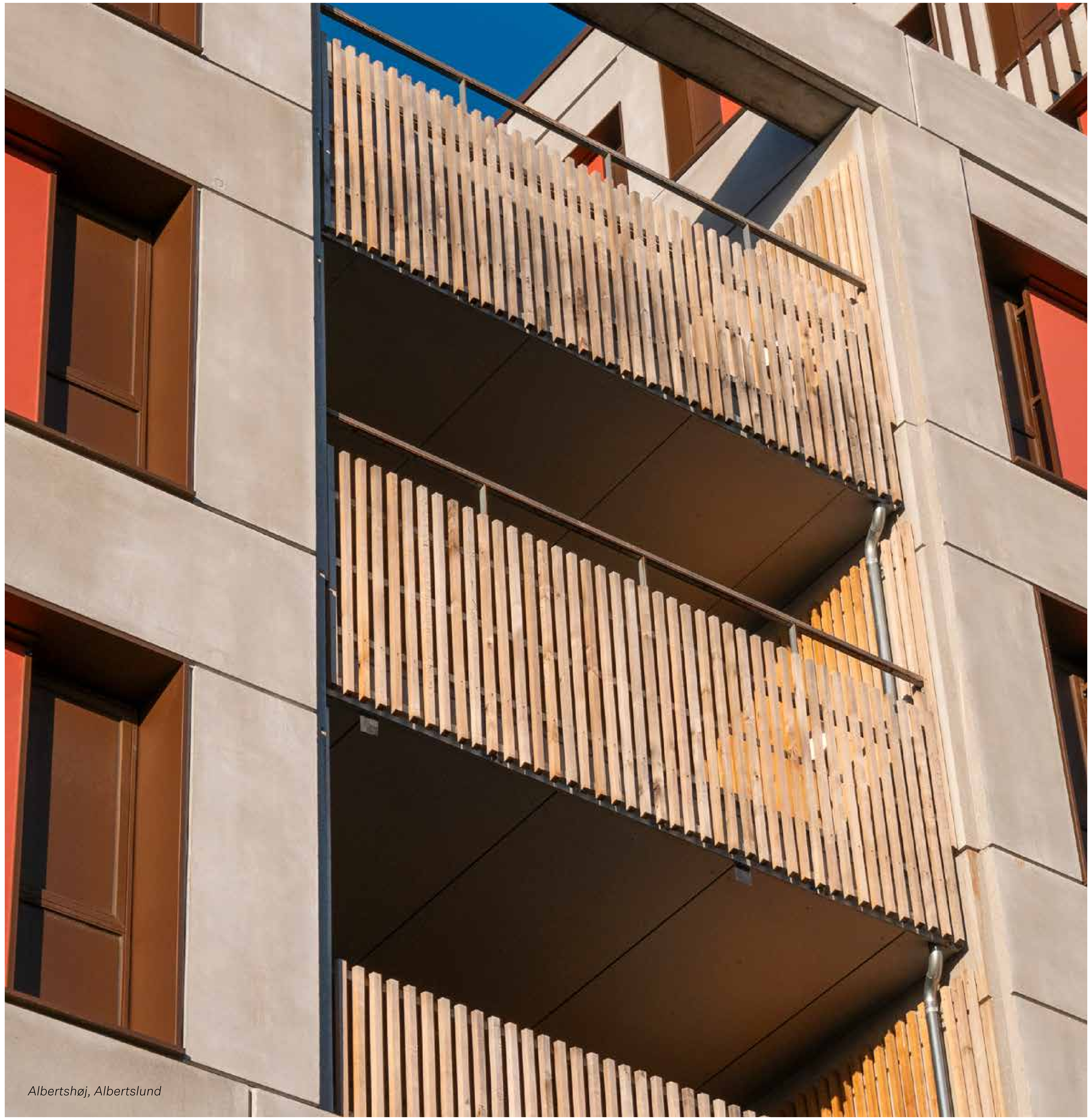
Financial highlights, 5-year overview

MDKK	2023*	2022	2021	2020	2019
Income Statement					
Revenue	5,194	3,815	3,013	2,256	2,550
Gross profit	407	354	497	434	334
Operating profit before depreciation (EBITDA)	46	97	272	241	166
Operating profit (EBIT)	32	87	263	232	158
Financial items	22	1	4	11	1
Profit before tax	54	88	267	243	159
Net profit for the year	41	78	221	217	130
Results without equity investments					
Gross profit	401	310	437	306	308
Operating profit before depreciation (EBITDA)	42	53	212	113	139
Operating profit (EBIT)	28	42	202	94	131
Balance sheet					
Balance sheet total	2,879	1,833	1,769	1,653	1,606
Investment in tangible assets	-2	-1	-11	-5	-6
Equity	962	474	472	601	484
Net interest-bearing debt	-523	-472	-559	-541	-580
Invested capital	1,142	603	631	755	616
Net working capital	-412	-396	-454	-306	-397

	2023	2022	2021	2020	2019
Cash flows from (MDKK):					
– Operating activity	-153	44	341	-22	340
– Investment activity	43	0	26	83	-44
– Financing activity	-160	-83	-347	-104	-59
Employee relations					
Number of full-time employees (avg.)	422	319	253	206	195
Ratios					
Gross margin	7.8%	9.3%	16.5%	19.2%	13.1%
EBITDA margin	0.9%	2.5%	9.0%	10.7%	6.5%
Equity ratio	33.4%	25.9%	26.7%	36.4%	30.1%
Return on equity	5.7%	16.4%	41,2%	40.0%	29.0%
Return on invested capital (ROCE)	3.6%	14.1%	37.9%	33.7%	28.3%

* 2023 is not comparable with previous years due to merger accounted for using the book value method.

Definitions on page 80



Albertshøj, Albertslund

Financial report

The merger of the companies behind the former CASA and the former KPC was completed in spring 2023 with accounting effect from 1 January 2023. Nordstern's annual report for 2023 is thus the first to include the merged entities. The comparative figures for 2022 in the financial statements have due to IFRS requirements not been adjusted, as described in note 1 of the financial statements. We expected 2023 to be a challenging year, in which we would have to deal with a difficult and declining market, and the continuing work of integrating two merged organisations. However, in certain areas, the challenges turned out to be somewhat greater than expected.

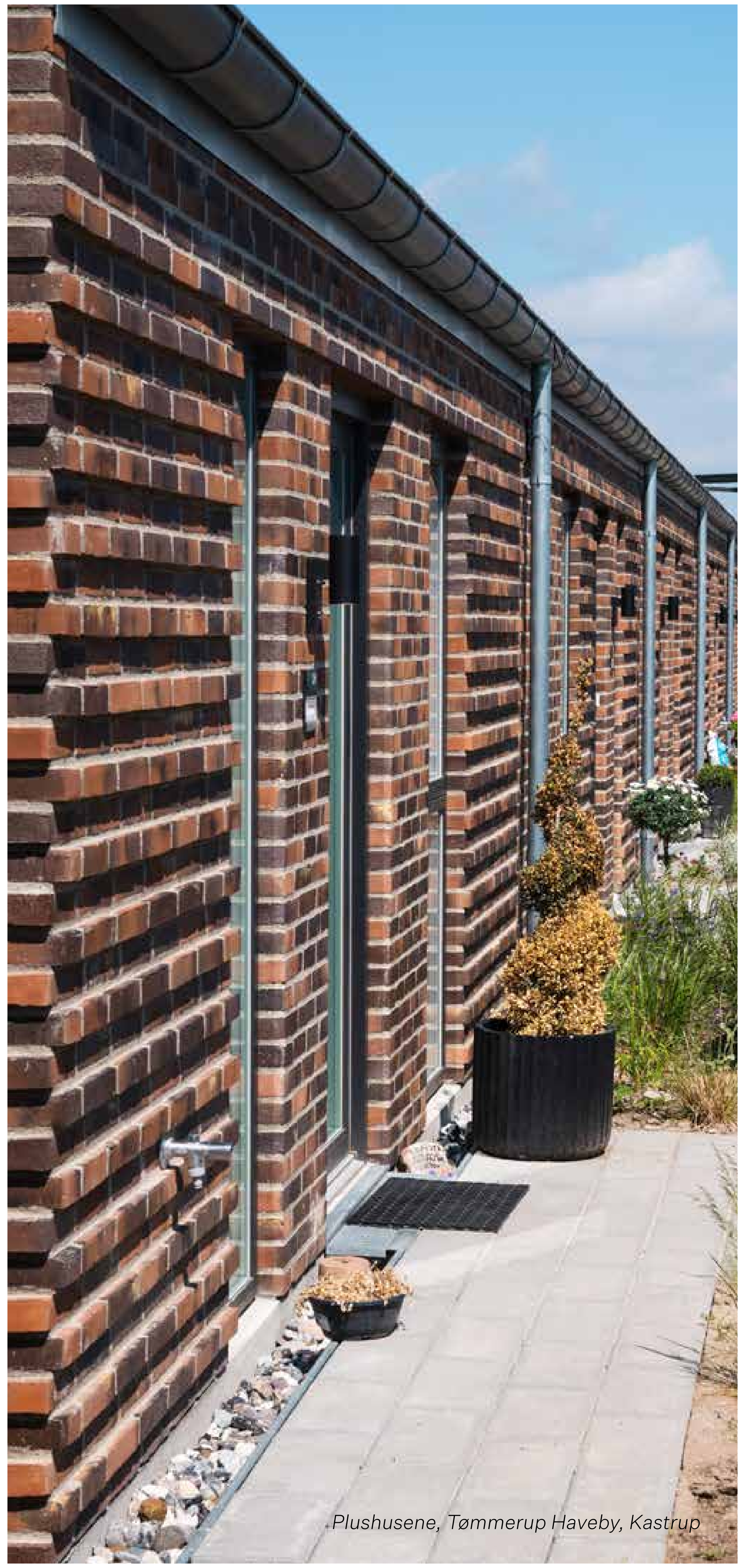
Compared to the previous year, revenue dropped to an extent, and earnings considerably. For various reasons, a number of projects were affected by a significant need for write-downs. This made a big dent in earnings from both ongoing and completed construction contracts. The revenue, which for 2023 amounted to DKK 5,194 million, generated an EBIT of DKK 32 million. Given the extremely difficult market conditions that coloured 2023, it was a consolation that the year's order intakes amounted to DKK 4,764 million. The total order book at the end of the year amounted to DKK 7,075 million. The year saw the start of 16 projects and the delivery of approx. 2,500 newly built or renovated homes and approx. 135,000 m2 of newly built or renovated business premises. Revenue fell by 12% while EBITDA fell by 74%. In light of the overall expectations for the year (explained in the 2022 annual reports) of a revenue in the range of DKK 5,200 million to DKK 5,800 million and an EBITDA in the range of DKK 260 million to DKK 300 million, we must conclude that, in terms of earnings, 2023 was a big disappointment.

Financial highlights for the merged entities

MDKK	2023	2022
Income statement		
Revenue	5,194	5,902
Income from equity investments	5	30
Cost of sales	-4,739	-5,326
Other external costs	-53	-71
Gross profit	407	535
Staff cost	-361	-360
Operating profit before depreciation (EBITDA)	46	175
Operating profit (EBIT)	32	162
Financial items	22	0
Profit before tax	54	163
Net profit for the year	41	131
Results without equity investments		
Gross profit	401	505
Operating profit before depreciation (EBITDA)	40	145
Operating profit (EBIT)	26	132
Balance sheet		
Balance sheet total	2,879	3,284
Investment in tangible assets	-2	-1
Equity	962	1,068
Cash and cash equivalents	567	837
Net interest-bearing debt	-523	-791
Invested capital	1,142	1,324
Net working capital	-412	-513
Cash flow from		
Operating activity	-153	40
Investment activity	43	-401
Financing activity	-160	-170

	2023	2022
Employee relations		
Number of full-time employees (avg.)	422	452
Ratios (%)		
Gross margin	7.8%	9.1%
EBITDA margin	0.9%	3.0%
Equity ratio	33.4%	32.5%
Return on equity	4.2%	12.2%
Return on invested capital (ROCE)	2.6%	16.6%

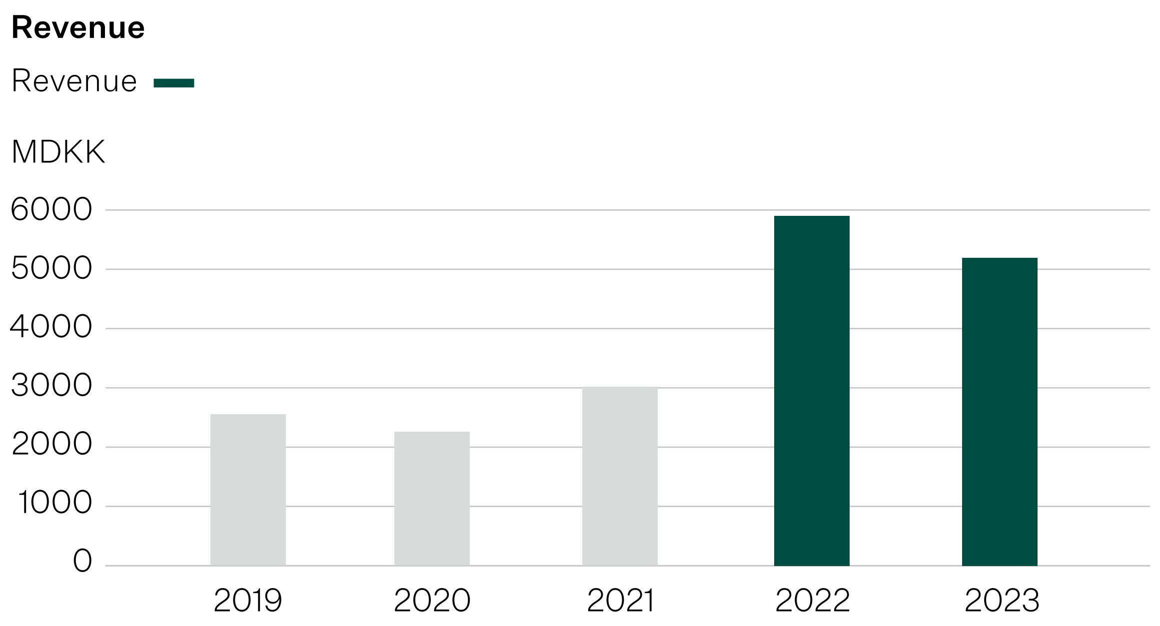
The table state figures for the merged entities for the years and period ended 2022 and 2023. The level of revenue and margins in 2022 are to a vast extent the same for the periods under separate and common control.



Plushusene, Tømmerup Haveby, Kastrup

Revenue and profit for the year

As already mentioned, the revenue for 2023 reached 5,194 MDKK, thereby a reduction of 708 MDKK compared to the previous year. This was more or less at the level of the low end of the range announced in the annual reports for 2022 (5,200 MDKK). Projects that were started later than expected or postponed until 2024 are the main reasons for the somewhat lower-than-expected revenue. Delays resulting from a very wet 2023 and slackness in terms of certain material deliveries also played a minor role, but in general there was satisfactory progress in all ongoing projects. New construction contributed 78% of revenue, while renovation contributed 22%. 69% of the total revenue relates to residential construction, while the remaining 31% relates to commercial construction (both public and private). The revenue for 2023 saw a slight dominance east of the Great Belt (59%).



* = CASA ApS figures only

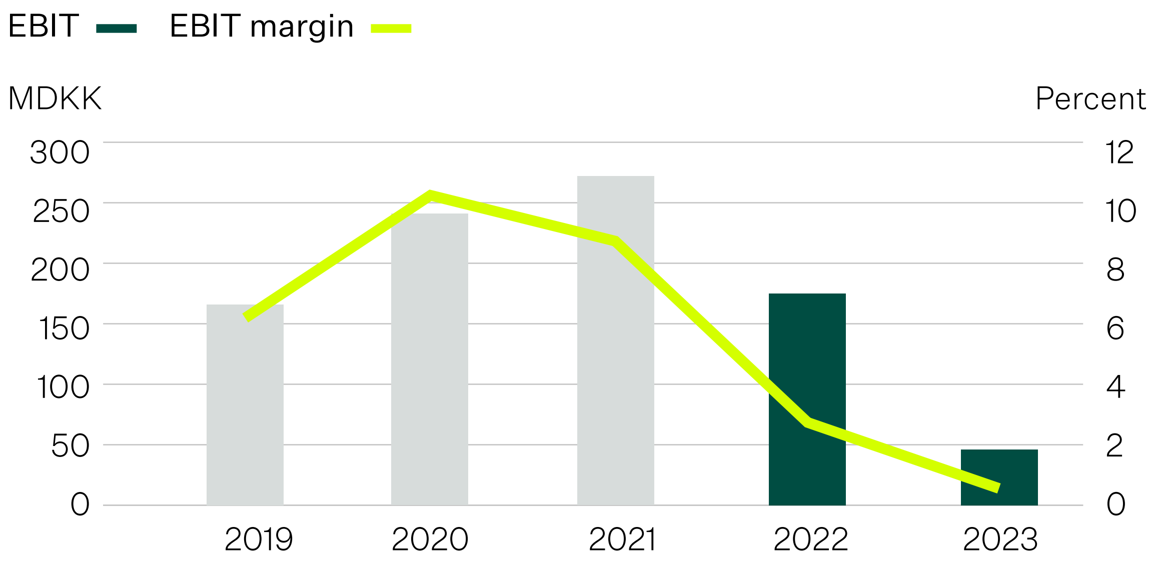
Baronessens Kvarter, Taulov

Gross profit fell from 535 MDKK in 2022 to 407 MDKK – a decrease of 128 MDKK. The decrease corresponds to a decrease in the gross margin from 9.1% in 2022 to 7.8% in 2023. The direct earnings from the contracting activities amounted to 455 MDKK (8.8%) in 2023 against 577 MDKK (9.8%) in 2022 – a drop of 122 MDKK. The achieved margin in 2022 was disappointing which underlines the unsatisfactory nature of the margin realized in 2023. The reason for the low margin is that, during the year, a number of projects were affected by a considerable need for write-downs. It is not unusual for write-downs to arise in individual projects, and this has also been the case historically. However, in general, projects with strong performance have been able to offset the negative consequences of the write-downs. In 2023, some relatively large write-downs were necessary. At the same time, there was a higher number than previously. Meanwhile, due to inflation, ongoing projects were generally under pressure cost-wise, and the number of strongly performing projects thus limited. The explanations for the write-downs involve both external and internal conditions. The former, for example, include a challenging market, bankruptcies among subcontractors, and a number of unforeseen events, against all of which it was impossible to safeguard ourselves. In relation to the latter, for example, the significant growth of Nordstern over the past few years has entailed certain challenges vis-à-vis recruiting and integrating sufficient resources to handle projects of the size and complexity that characterize Nordstern's project portfolio. The consequence has been insufficient management and control on some projects, which unfortunately resulted in significant cost overruns.

Earnings from Nordstern's development activities fell from approx. 30 MDKK in 2022 to 5 MDKK in 2023. The principal reason for the lower earnings is the fact that only a few development projects were delivered during the year. In addition, the profit form projects delivered was negatively affected by rising interest rates. Other external costs fell from 71 MDKK in 2022 to 54 MDKK in 2023. The decrease must be seen in the light of the fact that 2022 included a few non-recurring items related to the merger of the former CASA and the former KPC. Staff costs amounted to 361 MDKK in 2023, which is unchanged compared to 2022. The average number of employees fell from 452 in 2022 to 422 in 2023. The reduction, which must be seen as an adjustment aimed at a slightly lower level of activity, took place gradually – mainly during the latter half of the year. The resulting limited saving was offset by increases elsewhere, including the consequences of high inflation.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to 46 MDKK against 175 MDKK in 2022. The margin thus fell from 3.0% to 0.9%. In relation to the overall expectation expressed in the 2022 annual reports – an EBITDA in the range of 260 to 300 MDKK – we must conclude that the realized EBITDA of 46 MDKK is far from satisfactory. Depreciation and write-downs increased from 12 MDKK in 2022 to 14 MDKK in 2023, after which the EBIT can be calculated at 32 MDKK (0.6%) against 162 MDKK in 2022 (2.8%).

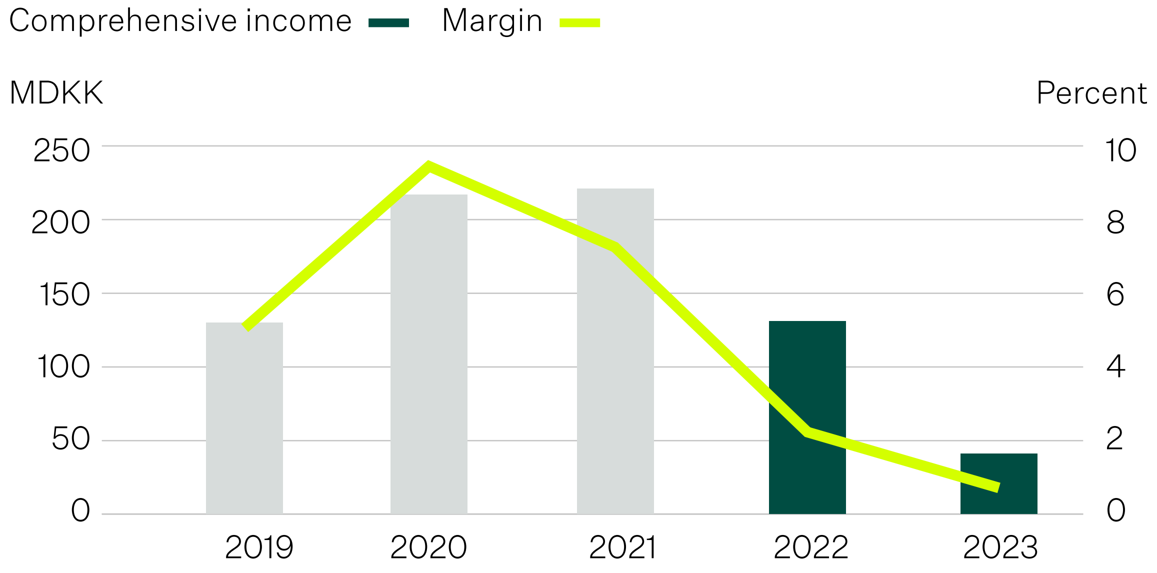
EBIT



Financial income increased from 11 MDKK in 2022 to 26 MDKK in 2023. This relatively large increase is mainly due to the development of interest rates, as interest income from bank deposits is now realized again. Similarly, financial expenses fell – from 11 MDKK in 2022 to 4 MDKK in 2023 – as a direct consequence of the fact that negative interest on bank deposits was not paid through 2023. Pre-tax profit (EBT) was thus 54 MDKK against 163 MDKK in 2022. The calculated tax on this amounts to 13 MDKK, corresponding to a tax rate of 24.4% against 19.6% the previous year. The reason for the somewhat lower tax rate in 2022 is the fact that the result of equity interests and joint ventures, recognized after tax, represented a relatively larger part of EBT in 2022 than is the case for 2023.

Comprehensive income thus amounts to 41 MDKK – a decrease of 90 MDKK compared to 2022.

Comprehensive income



* = *CASA ApS figures only*

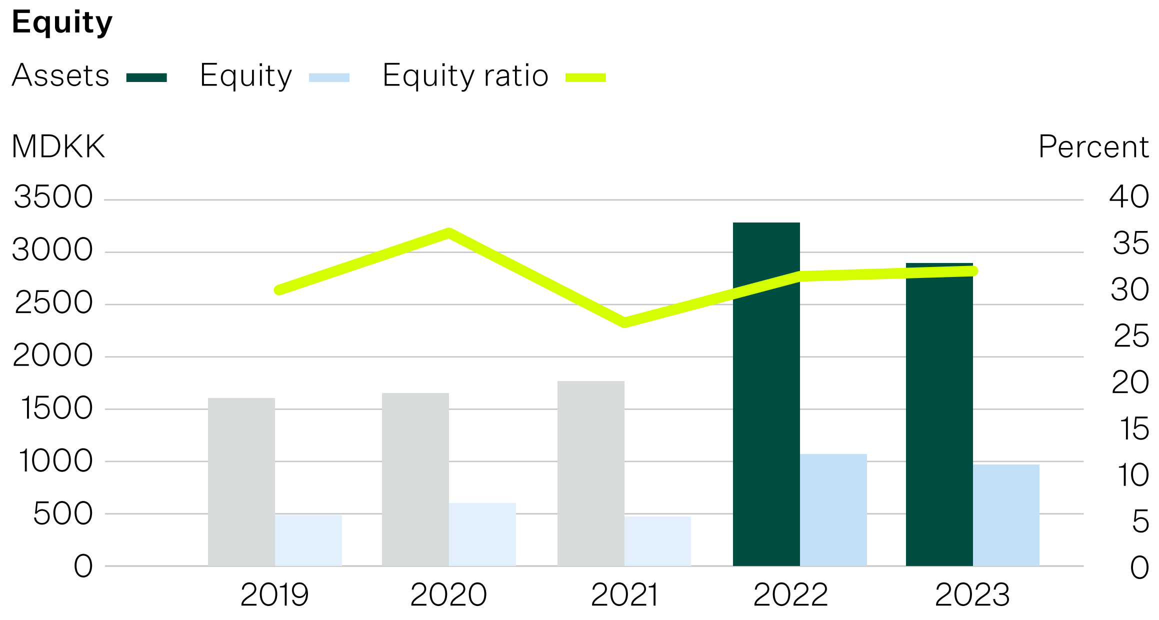
Cash flows and financial position
Nordstern's cash and cash equivalents fell by 270 MDKK – from 837 MDKK to 567 MDKK. Cash flows from operating activities amounted to -153 MDKK in 2023 against a positive contribution of 40 MDKK in the previous year. The negative contribution from operating activities is partly due to low profits for the year, partly to an increase in tied-up funds in both ongoing contracting activities (-49 MDKK) and ongoing development activities (-43 MDKK), and partly to a large tax payment, which includes both corporation tax for 2022 and tax on account for 2023.

Cash flows from investing activities made a positive contribution of 43 MDKK against -401 MDKK in 2022. The relatively large negative contribution in 2022 was largely due to one-off transactions linked to the preparations for the sale of KPC Holding. The positive contribution in 2023 can be attributed to the sale of shares in joint ventures and a distribution of dividends from a joint venture.

Cash flows from financing activities amounted to -160 MDKK in 2023 against -170 MDKK the previous year – primarily due to the distribution of dividends during the year of 150 MDKK.

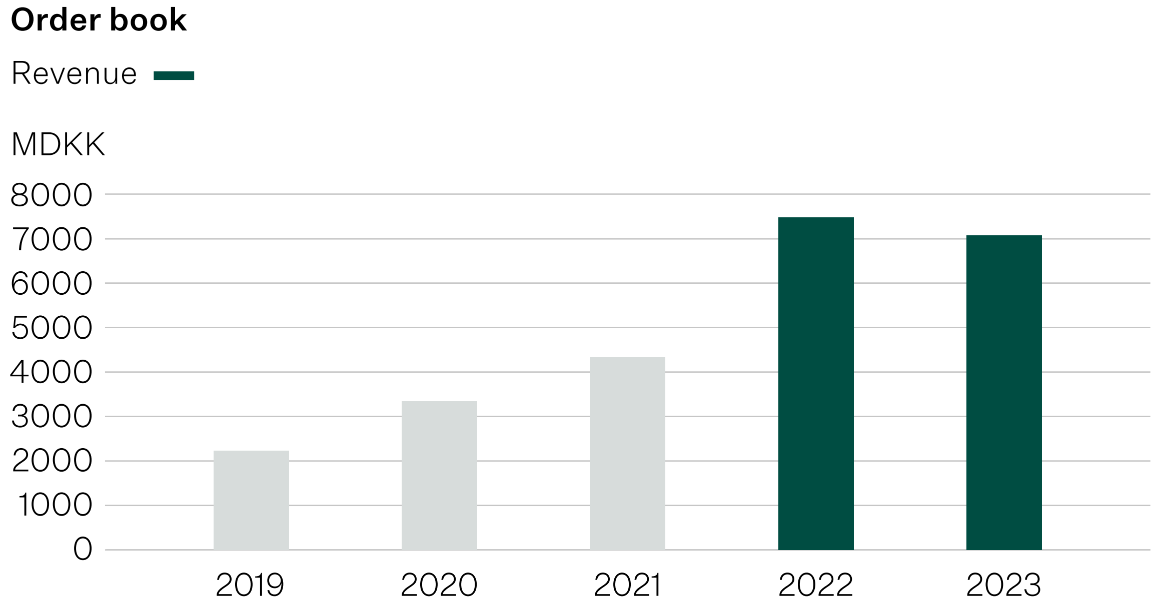
With cash and cash equivalents of 567 MDKK, Nordstern has strong liquidity at the start of 2024. At the end of the year, the total assets amounted to 2,879 MDKK – a fall of 405 MDKK during the year, which mainly can be attributed to the fall in cash and cash equivalents. The movements in other balance sheet items were modest and more or less offset each other.

The equity, which, as mentioned, was affected by the distributed dividends of 150 MDKK, fell by 106 MDKK, amounting to 962 MDKK at the end of the year. On that basis, the solvency ratio can be calculated at 33.4%, which is within the desired range and, given the circumstances, considered satisfactory.



Expectations for 2024
Nordstern's order book, which at the start of 2024 amounts to 7,075 MDKK. That, and a strong pipeline within both tender and development projects, form a good foundation for the coming year. Although there are small signs of moderate improvement here and there, the assessment is that 2024 will also be a challenging year, in which continuously difficult market circumstances will play a role. During the second half of the year, we observed a slightly faster conversion from pipeline to order book – a development that is expected to continue into the new year. A stronger grip on inflation and a further fall in interest rates should lead to more investors getting involved again and will contribute to an increased level of activity. However, this will probably only affect the revenue to a limited extent in 2024.

Based on the above, revenue for 2024 is expected to be in the range of 4,700 to 5,000 MDKK. The slightly lower level, compared to the revenue realized in 2023, must be viewed partly in the light of a modest order intake in the first part of 2023. There is also still some uncertainty about the timing of initiation of a number of pipleine projects. As a result of the write-downs made in 2023, during 2024 a smaller number of ongoing projects will be realised with very low profit margins. As a result of this and the competitive situation in the market, we expect an EBITDA for 2024 in the range of 170 MDKK to 185 MDKK.



Events after the reporting date
No events occurred after the reporting date that might affect the assessment of the annual report.


Plushusene, Køge Nord

* = *CASA ApS figures only*

Nordstern's strategy

Nordstern's strategic ambition is to be Denmark's leading property developer and turnkey contractor, making it the preferred partner for corporate clients in the fields of development, construction, and renovation of residential and commercial buildings.

Nordstern's 2025 strategy aims to position the company as a leading property developer and turnkey contractor in Denmark. The strategy emphasizes understanding and addressing customer needs, and delivering high-quality property development and construction solutions. To do so, Nordstern must continue to attract, retain, train, and develop the best and most solution-oriented employees.

A key element of the strategy is a focus on sustainable construction practices, aiming to minimize the environmental impact of projects through specific initiatives and a comprehensive ESG (Environmental, Social, and Governance) strategy. Employee development is also prioritizedto foster innovation and maintain high standards of excellence.

Nordstern employs a strategic approach to property development and construction, integrating deep industry knowledge with innovative practices. This includes a focus on urban development through analytical planning, ensuring projects are functional and aesthetically pleasing. Competitive construction practices, including collaboration with contractors and the delivery of defect-free, high-quality buildings, are also emphasized.

Innovation and digital transformation form another key aspect of Nordstern's strategy, with investments in digital tools and methodologies aimed at improving operational efficiency, project delivery, and customer satisfaction.

Nordstern's integrated strategy seeks to lead in the Danish property development and construction market by setting standards for excellence, sustainability, and innovation. The company's vision includes creating enduring, inspiring constructions that positively impact communities and the environment.

Nordstern is the leading national property developer and turnkey contractor preferred by professional customers for development, construction, and renovation of residential and commercial properties

Targeted customer focus

- Clear focus on customer needs and customer satisfaction
- Strong customer relations
- Selective & analytical sales strategy

Development and construction synergy

- Structured, analytical and solution-oriented approach to challenges
- Increased focus on urban development
- Leverage of construction skills

Competitive construction

- Buildable construction, tested solutions, strong partnerships with contractors
- Smooth processes and defect-free handovers of high-quality buildings

Sustainability in everything we build

- 100% of all new office and residential projects to be certified according to third party sustainability standards
- ESG strategy with a science-based target towards carbon neutrality and a minimum of 70% recycled waste from building sites
- Ambitious targets for career and people development and promotion of health and safety for own employees and subcontractors

Responsible culture and trust-based leadership

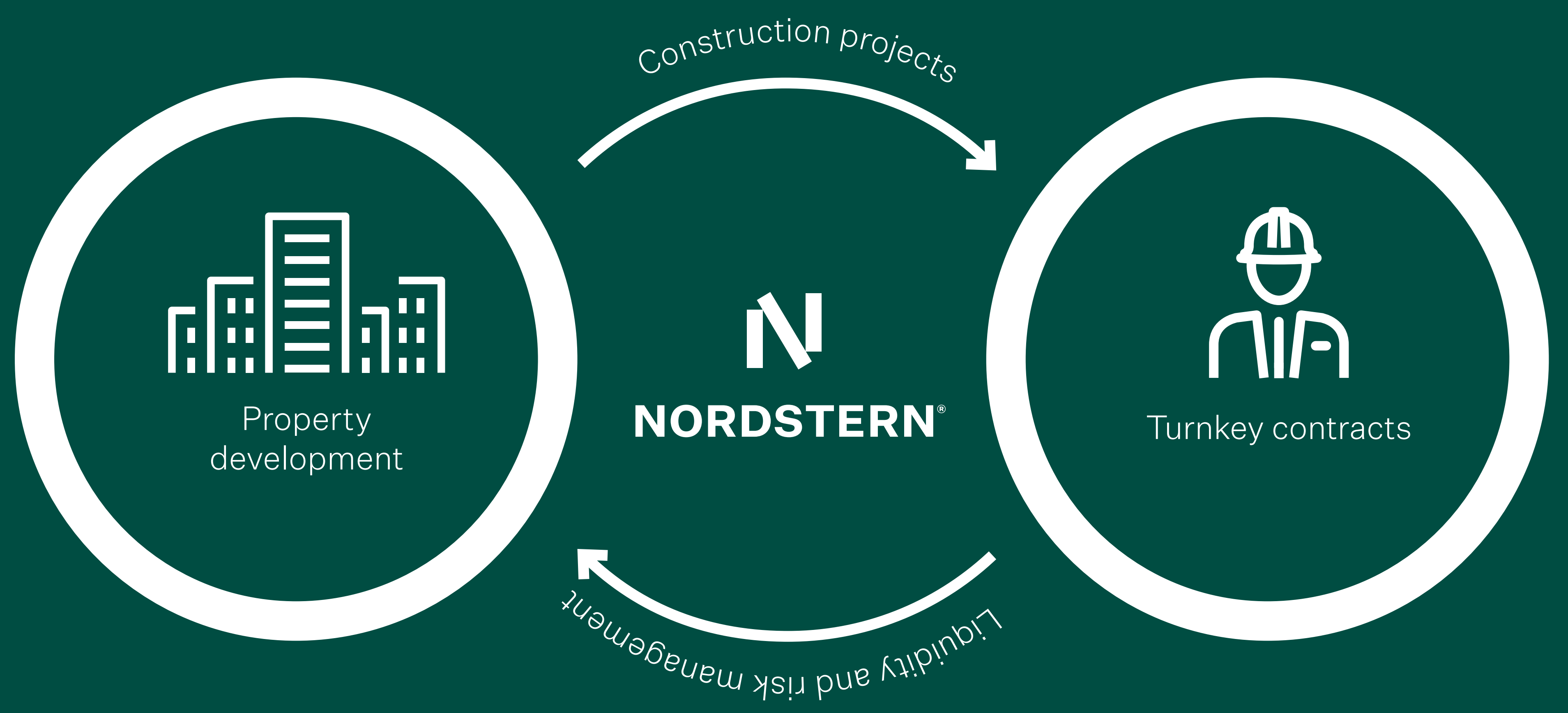
- Unbureaucratic organization with a strong culture founded in Nordstern's core values and a commercial mindset
- Competent, responsible, empowered employees who train and develop throughout their career

Industry-leading governance, reporting and risk management

- Professional reporting, strong governance, and effective finance function in support of the business
- Holistic risk management and continuous improvements through robust digital processes and scalable tools and platforms

Property development and turnkey contracts: two mutually supportive business areas in Nordstern’s 2025 strategy

Nordstern’s dual role as property developer and turnkey contractor creates a number of positive synergies for the benefit of the company’s customers. Nordstern’s 2025 strategy continues to build on this. In the challenging market conditions of 2023, the dual business model showed its strength, as the few property development projects, we did manage to secure in 2023 were all solved due to the close collaboration between development and construction. The interlink and mutual support between the two allowed Nordstern to enter into development transactions within both the residential and commercial segments in markets with otherwise very low transaction volume. These transactions, in turn, will support the activity of the construction business in 2024 and beyond, while both construction ordered in direct sale and renovation activities generate liquidity for future property development projects.



Through a proactive approach to property development opportunities, Nordstern gets access to projects that only a few market players are able to offer their customers. At the same time, our development efforts generate revenue for our construction business outside the traditional tender market.

Nordstern has the liquidity and financial flexibility to offer our customers partnerships where we co-invest in property development projects to varying degrees depending on the customer’s wishes for allocation of capital and exposure.

This two-sided business model with multiple sources of income and a larger share of the value chain creates a competitive advantage allowing us to offer our customers projects on attractive and competitive terms even in markets with low activity and transaction volumes.

Nordstern’s turnkey business ensure a stable source of income with a strong cash flow, which can be used to invest in property development projects.

Nordstern’s strong construction management competencies, which are key to the turnkey projects, ensure a thorough understanding of the potential risks in the construction phase and, thereby, robust hedging of property development risks.

Our turnkey business ensures full control of the execution of the project, including control of the time and cost management during each of the design, calculation, and construction stages reducing the risks involved with the construction phase of the development project.

Business model

Resources

People
The basic prerequisite for successfully running and developing Nordstern's business is our professionally competent and innovative employees.

Partnerships
We outsource production and building design to specialized contractors and advisors. Strong, long-term partnerships are therefore essential.

Capital
We finance our property development activities using cash flow from operations, credit facilities, and sales to investors.

Solutions- and team-oriented culture
We focus on solving development and construction projects in collaboration and dialogue with our partners and by fostering a culture and team spirit that supports agility and short decision-making paths.

Processes and know-how
We rely on standardized processes, tried and tested solutions based on many years of experience and knowledge sharing, as well as a high degree of digitization to minimize the risk of errors and delays in our projects.

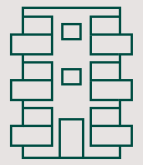
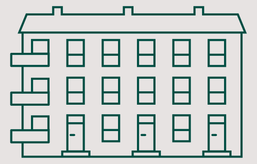
Activities

Development
We develop real estate projects within all segments of our business, with the highest volume coming from residential projects.

Construction
We build and renovate residential and commercial buildings; developed by Nordstern, awarded in direct sales or won in tender.

Sales and joint ventures
We sell real estate projects to Danish and foreign professional investors and enter into joint ventures with both customers and landowners.

Selected activities in 2023 (2022 sq m in parenthesis)

	Development	Construction	Sales and joint ventures
 RESIDENTIAL	Residential projects under development in Greater Copenhagen, North Zealand, Aarhus, Herning, Silkeborg and Vejle	131,166 sq m (142,760 sq m) residential construction commenced, 467,523 sq m (479,533 sq m) was under construction and 183,694 sq m (136,872 sq m) was handed over	Residential projects in Aarhus and Greater Copenhagen completed in JV with an investor Residential project in Northern Zealand sold to a Danish pension fund
 COMMERCIAL	Commercial projects under development in Copenhagen and Aarhus	8,281 sq m (155,747 sq m) commercial construction commenced, 259,164 sq m (354,346 sq m) was under construction and 123,273 sq m (117,147 sq m) was handed over	Commercial project in Copenhagen sold to a Danish pension fund
 RENOVATION RESIDENTIAL	Agreement with a social housing association to convert a former hospital into social housing in Herning	110,500 sq m (51,000 sq m) residential renovation projects commenced, 299,108 sq m (239,348 sq m) was under construction and 10,671 sq m (50,740 sq m) was handed over	N/A
 RENOVATION COMMERCIAL	N/A	0 sq m (0 sq m) commercial renovation projects commenced, 44,284 sq m (71,495 sq m) was under construction and 11,400 sq m (27,661 sq m) was handed over	Lease-up of a transformed office building in JV with an investor

Value creation

Customers
We meet our customers' needs by developing and delivering high-quality buildings at agreed times and prices.

Users
We create attractive and sustainable frameworks for life and interaction between people who live and work in the buildings we build.

Employees/Partners
We create a safe workplace and high job satisfaction for our employees and construction partners.

Society
We are dedicated to sustainability and care about the climate and the environment as well as the urban space and surrounding community – both in the design and construction phase and in the final buildings.

Shareholders
We create value for our owners, including our employee shareholders, by delivering strong financial results.

Property development

The property development market posed challenges for everyone in 2023. The altered market conditions of 2022, marked by rising inflation, interest rates, and material costs, persisted into 2023 and nearly brought the entire market to a halt. This has also impacted Nordstern.

However, despite the challenges, we have managed to secure orders in both the residential and commercial property development markets during the year.

Nordstern drives projects from start to finish – from the initial meeting with the landowner to the final handover to the investor after our team has completed construction. Therefore, we can offer a unique duality to customers and partners that other property developers cannot. At the same time, this approach allows us to offer resilient projects to investors, as we involve developers, design, and construction throughout the process, which enables us to adjust the project to changing market conditions. This agile and risk-averse approach has proven to be a strong asset in the challenging market conditions of the past year.

New Projects
As mentioned above, the property development market has been strained in past years, which has also left its mark on the pipeline it normally provides for our construction business. We did break ground on a few new projects, such as Viby Syd I and II.

Apart from these new projects, new stages of projects such as Herning+ have commenced. Here, the first buildings for PKA have started, as well as the construction of a large parking basement. Unfortunately, we have also had to give up on planned projects. For instance, we have sold off land acquired in Køge, as the business plan did not hold up.

More importantly, despite the challenged property development market, Nordstern still managed to close some large orders that will break ground in 2024. Firstly, we signed an agreement with Industriens Pension for the construction of Lundgren's new domicile at the Copenhagen waterfront. The 12,000 square meters will be DGNB Platinum certified and aim to meet the requirements of the EU taxonomy.

Nordstern's property development was also successful in developing a residential project for Velliv, another pension fund, also situated in the Copenhagen area. The 9,000 square meters project will be DGNB Gold certified and aim to meet the requirements of the EU taxonomy. The two property development projects are the first of Nordstern's projects to follow the EU taxonomy.

Completed Projects
Several development projects were completed throughout the year, all of which were residential projects. A total of 461 homes were handed over to their owners as the last legs of Arresøvej in Aarhus, Skudehavnen in Vejle, and Erantishaven in the Greater Copenhagen area were completed, as well as the first phase of the large property development project Trælasten, which has been sold to the pension fund PensionDanmark. The latter has already started two more phases of Trælasten, and a fourth is expected in 2024. The large number of completed projects as well as ongoing ones is a testament to the strength of Nordstern's property development in a more stable market.

Share of Development Projects
Development projects under construction in 2023 comprise 172,000 square meters, which is 16% of the total number of square meters under construction in Nordstern. 147,000 square meters are residential projects (86%), while 25,000 square meters make up commercial/office space (14%).

Market Outlook
In 2024, the property market continues to present challenges, albeit with a slightly more promising outlook than the preceding year. Our strong collaborative relationships with stakeholders, encompassing land sellers and end investors, enable the development of projects while allowing us the adaptability to align initiatives with prevailing market conditions. As investors acclimate to the ongoing market landscape and a decreasing trend in interest rates emerges in the coming years, a more favorable environment for property development is also expected.

Erantishaven, Rødovre

Property development

Nordstern developed and built 83 DGNB Gold-certified homes, along with an underground car park in Greater Copenhagen. The project, initiated in 2021 through a joint venture with CapMan, Nordstern's long-term partner, prioritized sustainability from the outset.

Key sustainable initiatives included recycling approx. 1,000 tons of concrete, sourced from the demolition of a former commercial building, for the area's pavement. This process required close coordination and planning of material sorting in collaboration with the demolisher and other stakeholders.

The homes have access to private roof terraces. The remaining square meters of the roof are covered with sedum and solar cells. On the ground floor there are green open areas, which are surrounded by the building and thus create private common areas for the residents.

Erantishaven's completion is the latest milestone in a series of joint venture projects between Nordstern and CapMan.

Nordstern's business segments

In 2023, Nordstern remained a leading force in residential construction, delivering a total of 2,509 homes, comprising 2,337 new constructions and 172 renovations. With 1,070,079 square meters under construction, Nordstern continues to shape the landscape of Denmark's residential and commercial sectors.

72% of the square meters under construction were dedicated to residential endeavors, emphasizing Nordstern's commitment to providing modern quality homes for people across Denmark.

Moreover, Nordstern's projects, with 84% ordered through direct sale or tender, signify our ability to respond to the specific needs of the market while also spearheading innovative development initiatives.

New Construction – Residential

467,524 SQM

New Construction – Commercial

259,163 SQM

Renovation – Residential

299,108 SQM

Renovation – Commercial

44,284 SQM

New Construction – Residential

467,524 SQM

Håndværkskollegiet, Horsens

New Construction – Residential

In 2023, Nordstern continued to dominate the residential construction market, maintaining its leading position in terms of revenue and total square meters under construction. New residential construction makes up approximately half of Nordstern's entire revenue. The majority of residential projects are concentrated in the Greater Copenhagen area, solidifying our stronghold in this key region.

Throughout 2023, Nordstern remained the largest player in the residential construction sector with 468,000 square meters under construction and 184,000 square meters handed over. We successfully delivered a significant number of newly constructed homes, totaling 2,337. Most of these projects were commissioned by private investors, pension funds, and PE funds, with almost all projects situated in one of Denmark's two largest city areas: Copenhagen and Aarhus.

The main customer group for residential construction remains developers and real estate companies (43%), followed closely by pension funds (34%). Many of the new projects ordered in 2022 and 2023 have pension funds as investors rather than developers and real estate companies. We are pleased to see returning customers in many of our projects, such as Sluseholmen, where we have already handed over seven completed projects and have started the eighth.

Nordstern's portfolio includes large city development projects like Postbyen in Copenhagen and Trælasten in Aarhus, set to be fully completed in 2025 and 2029, respectively. These projects, featuring a combined total of 162,000 square meters of residential property, retail, and commercial space, underscore Nordstern's ability to handle multiannual projects spanning various stages and disciplines. The mix of disciplines, also including renovation, transformation, and recycling of materials, is increasingly sought after in the market, and Nordstern has the capacity and competencies to deliver.

Unique construction projects such as Håndværkskollegiet, the first dorm for craft industry trainees, have also been completed in 2023. The project has been handled as an 'open book' case in close collaboration with the building owner.

Nordstern's unwavering commitment to excellence and sustainability positioned us as the market leader in residential construction in 2023. However, as activity in the construction market has downtrended in 2022 and 2023, order intakes have been a little lower than expected. Moreover, due to different factors such as rising material costs and changes in project management, we have faced decreasing profit margins and encountered some loss-making projects.

While acknowledging the anticipated difficulties in the construction market for the upcoming year, particularly with the persisting challenges from 2022 and 2023, we are steadfast in our commitment to overcoming obstacles. Nordstern is well-positioned to navigate the complexities of 2024 with a strategic approach, leveraging our experience, expertise, and unwavering dedication to excellence.

The majority of our expected revenue in 2024 comes from new residential construction, as it has in previous years. Several projects, such as Sluseholmen, Trælasten, and Viby Syd, are ongoing projects that have generated revenue in latter years as well. However, new projects have been added at the end of the year that will primarily generate revenue in 2024 and beyond, such as KatrineTorvet and Olof Palmes Allé.

As pipeline orders convert, we expect that we will be able to win additional orders during 2024, which will add revenue from new residential construction.

Projects

Under construction (completion year in parenthesis)

AKC Kolding Friplejehjem (2025)
Fortehusene (2024)
Håndværkskollegiet (2024)
KatrineTorvet (2027)
Olof Palmes Allé (2025)
Rømers park (2024)
Trælasten/Træbyg 3 (2025)
Atriet (2024)
Viby Syd II og III (2024)
Lygten II (2026)
Postbyen (2029)
Augusthave (2024)
Skovstykket (2024)
Slangerupgade (2024)
Sluseholmen, Karré P2 (2026)
PKA - HPL Bygning 1 (2024)
PKA - HPL Bygning 3 (2024)
PKA - HPL Bygning 4 (2025)
Thors bakke II - Byggefelt I og J (2024)

Handed over

Albertshøj Plejehjem
Arresøvej 8-12
Erantishaven
Pension Danmark, Islands Brygge - Felt D
Plushusene, Køge nord
Skudehaven, Strandgaderne G-H
Trælasten/Træbyg 1
Ørestad City
Tømmerup Haveby, PAB
Tømmerup Haveby, Plushusene
Herlev Bymidte
Nørreskov Bakke
C. F. Møllers Have
Etape 2 & 3, Nordisk Tekstil Grunden
Unity
Bybladet - Honningvænget

Sluseholmen, Copenhagen

New construction
- Residential

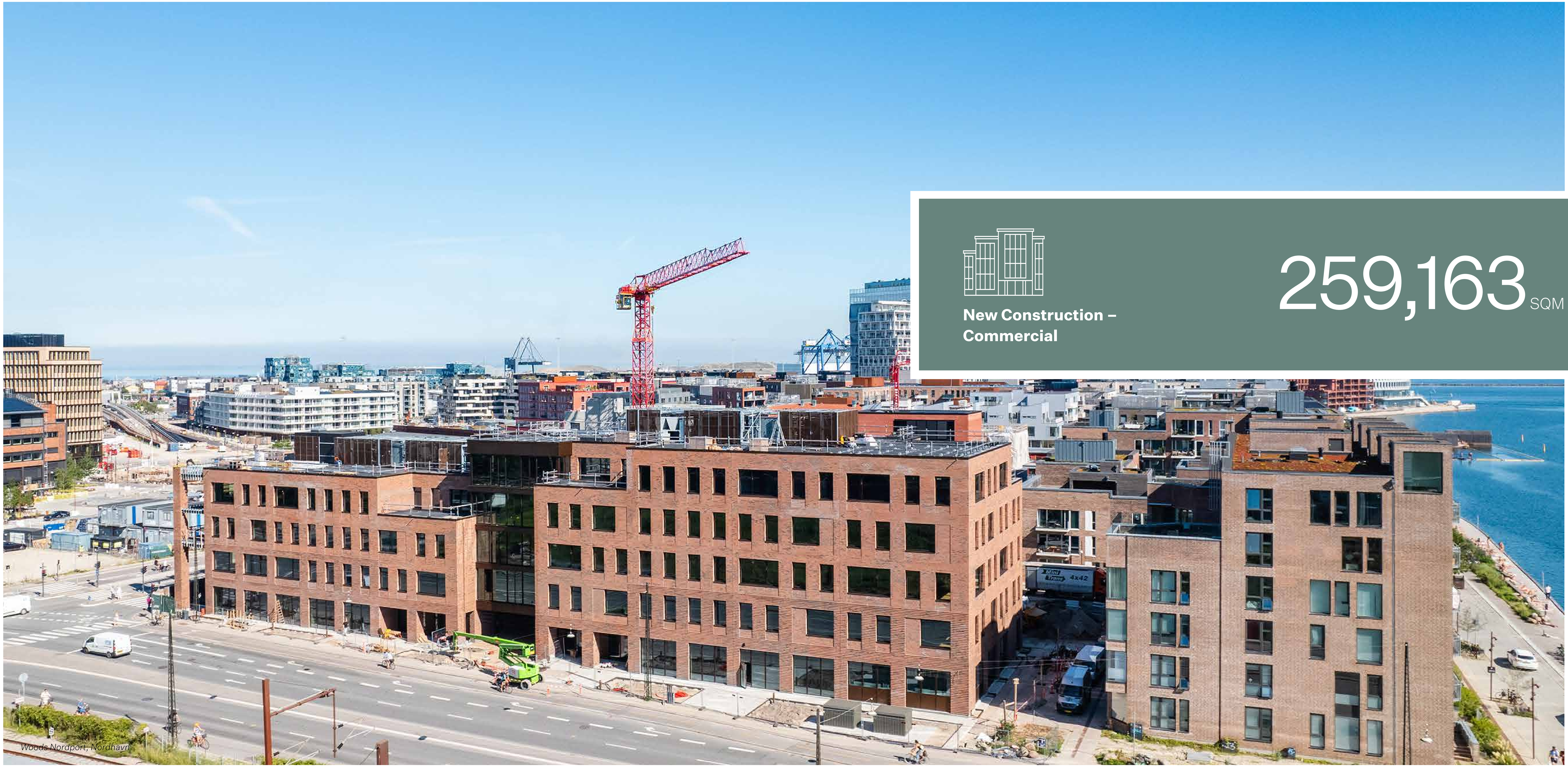
Sluseholmen has evolved from an industrial area into a modern canal town that accommodates various types of housing and service industries. Nordstern, in collaboration with our long-term partner Danica Ejendomme, has played a significant role in this transformation.

Nordstern has thus far successfully completed seven projects in Sluseholmen: N - Lærkeholm, S-Molehuset, L-Granholm, M-Hasselholm, QN-Kastanjeholm, K-Magnolieholm, and QS - Kastanjeholm. Recently, we commenced our eighth project, P2 - Elmeholm.

The projects were executed sequentially, with one starting as the previous one concluded. This approach allowed us to maintain a consistent team across all eight constructions, facilitating the transfer of knowledge and experience from one project to the next.

The latest project, Karré P2, Elmeholm, comprises a single block spanning 22,500 square meters. The block will include 229 owner-occupied homes ranging from 65 to 170 square meters. Additionally, a 5,600-square-meter basement will house facilities for waste management, technical and storage rooms, bicycle parking, and a parking area with approximately 100 spaces. This project is expected to achieve both DGNB Gold Certification and Nordic Swan Ecolabel, with an anticipated completion date of June 2026.

To date, Nordstern has built over 1,000 homes and several commercial leases on Sluseholmen.



New Construction – Commercial

259,163 SQM

Woods Nordport, Nordhavn

New Construction – Commercial

In 2023, Nordstern continued to diversify its construction portfolio, comprising not only residential projects but also various commercial sectors, including public buildings, retail spaces, offices/domiciles, logistics buildings, and car parks.

Commercial construction remained one of Nordstern's largest business segments in 2023, with a total of 259,000 square meters under construction. The majority of the revenue from new commercial construction comes from private corporations (51%). The second-largest customer group is developers and real estate companies, making up 31% of the entire segment's revenue. As in Nordstern's other business segments, 2023 saw loss-making projects, which have put a dent in earnings within the segment.

Nordstern's commitment to constructing state-of-the-art offices and domiciles remains a strategic business objective. Among the 18 commercial projects in 2023, 10 were dedicated to office buildings or incorporated office spaces. Our expertise is demonstrated through the completion of projects like the new headquarters for Hybel in Horsens, featuring a 5,900 square meter domicile with offices, meeting rooms, and a showroom. Another landmark project is the ongoing DGNB Platinum certified CPH Pulse, commissioned by our long-term partner, Skanska. The 18,000 square meter office building will be completed by 2025.

Nordstern successfully handed over 123,000 square meters of commercial construction in 2023, including not only offices but also logistics, parking, and sports complexes. We started three new projects: an office, a hotel, and a parking basement, the latter being a Nordstern property development project sold to an external investor.

One of our two PPP-projects was handed over in 2023: the new parking garage in Aalborg, situated at the upcoming hospital. The other PPP-project is also a parking garage (at Frederiksberg) and will be handed over in 2024.

In addition to our current commercial portfolio, we have seen an increase in demand for logistics and pharma construction. As we expand our horizons, we acknowledge the critical role these sectors play in meeting the evolving demands of the market. Our strategic approach and commitment to excellence position us to grow in these specialized areas, aligning with the needs of the construction industry in 2024 and beyond.

We are proud to be chosen repeatedly by investors, viewing these relationships as enduring partnerships built on trust and satisfaction. We remain steadfast in our dedication to providing innovative, sustainable, and high-quality construction solutions across diverse sectors.

The order book for 2024 includes several new commercial constructions, however, most have been won before 2023. No public or PPP-projects were won in the commercial segment in 2023, which we expect to change in 2024.

Of notable new commercial projects expected to generate revenue in 2024 can be mentioned Comwell City Tower and the property development project Svanemølleholm, which includes a domicile for Lundgrens.

Projects

Under construction (completion year in parenthesis)

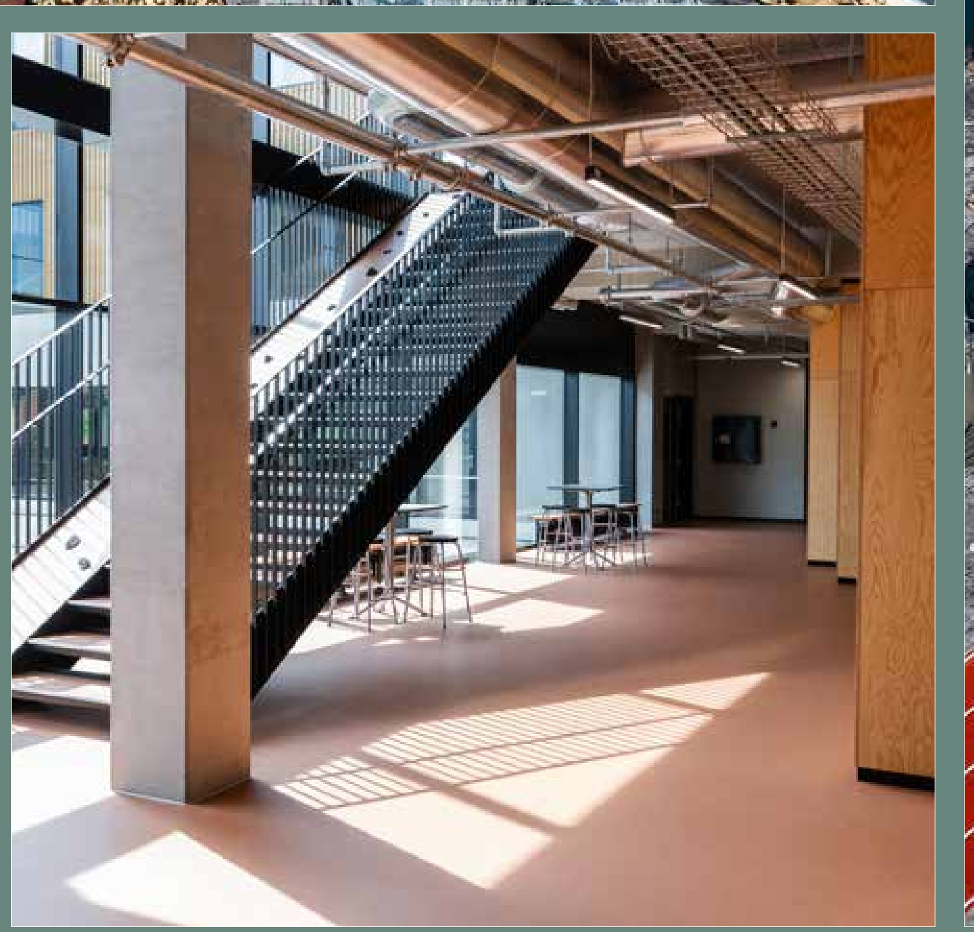
- Gladsaxe Health and Employment (2026)
- Comwell City Tower II (2026)
- CPH Pulse (2025)
- MCH Arena - expansion (2024)
- Tech House, Dandy Business Park (2025)
- Trælasten/Træbyg 3 (2025)
- Herning+ parking basement (2024)
- Lygten II (2026)
- Postbyen (2029)
- PAFR parking basement, city hall (2024)
- Slangerupgade (2024)

Handed over

- Baronessens kvarter
- EXXIT 59 - Nagel
- Hybel Headquarters
- NEST Telia
- Nordport, Office Building BF 2.01+2.02
- NAU parking garage

Guldminen, Ikast

**New construction
- Commercial**



Guldminen and Complete are distinctive projects tailored for FC Midtjylland's Superliga team, academy players, and the 5,300-square-meter sports school Guldminen. Developed in close collaboration among FC Midtjylland, Idrætsskolerne Ikast, Ikast-Brande Kommune, and Nordstern, these projects aim to provide optimal solutions for students and future talents.

Guldminen is more than just a school or training facility; it's an environment designed to inspire and serve as a temporary home for some of Denmark's prominent sports talents. The construction encompasses 10,000 square meters of new training facilities accessible to players, academy players, and students.

The training facilities feature a public experience and training area, housing a 300-meter-long running track with four lanes. Various training activities, including stair training, foot tennis, curved running tracks, chillout zones, tension ropes, trampolines, balance zones, and a boulder wall/climbing grip, offer a diverse range of options. At the center of the facilities, a 7.65-meter-tall hill with running tracks has been constructed. Paved areas facilitate activities such as parkour, beach volleyball, and beach handball, while specific zones cater to ball games, including a multi-court and goal station.

Renovation – Residential

299,108 SQM

Solhusene, Albertslund

Renovation - Residential

In 2023, Nordstern continued to make significant strides in the residential renovation sector, building upon the success witnessed in the previous years. Renovation activities remained a cornerstone of Nordstern's operations, constituting 22% of the total revenue. Residential renovation alone made up 19% of Nordstern's revenue. However, 2023's results were also marked by a major write-down on one project, which reduced profit margins in residential renovation considerably.

Throughout 2023, Nordstern renovated an extensive 299,000 square meters of residential buildings, demonstrating the scale and scope of our influence in the renovation market. Most projects were large, complex endeavors that took years to complete. Thus, only one project was concluded in 2023: Solhusene, a public housing project in Greater Copenhagen. The task entailed the renovation of 14 blocks with 172 entities. As is the case with most of our renovation projects, Nordstern was responsible for handling residents to ensure a smooth process. At Solhusene, soil and gravel were recycled while the construction site was supplied with green power from renewable energy sources and a heat pump, all to reduce CO_2-emissions.

Three new projects were started in 2023 in Aarhus, Odense, and Greater Copenhagen; the latter will be completed in 2026, and the first two will continue until 2027.

An important aspect of Nordstern's approach to residential renovation is the understanding and respect for the individuals whose homes are undergoing renovation. Recognizing the emotional and practical impact on residents, we prioritize open communication, collaboration, and careful planning. Ensuring minimal disruption to daily life and maintaining a transparent dialogue with residents are integral components of our strategy.

All of Nordstern's involvement in residential renovation in 2023 was with housing associations as building owners. Consequently, all these projects were secured through public tender, aligning with applicable EU legislation. As market conditions continue to evolve, Nordstern adapts to the changing landscape, participating in public tenders to increase the renovation order book further. The challenges faced by housing associations, including rising costs and budgetary constraints, are acknowledged, and Nordstern remains steadfast in addressing these concerns through strategic planning and efficient project execution.

Looking ahead to 2024, Nordstern anticipates further growth in the residential renovation sector, driven by some major wins in 2023, such as Birkeparken and Søvangen in west and Prags Boulevard in east. In the second half of 2023 we saw a general uptick in our hitrate for tenders, fueling our expectations for 2024.

As such, we are confident that Nordstern's continuous commitment to quality, customer-centric practices, and a less volatile market will let us maintain and expand our strong position within the residential renovation segment in 2024.

Projects

Under construction (completion year in parenthesis)

- AKB Hedemarken (2026)
- Bellahøj (2026)
- Bomidtvest Afd. 630 (2024)
- Fællesbo Afd. 24 (2025)
- Henriksgården (2025)
- Søvangen (2027)
- Mjølnerparken (2025)
- Braineparken 1-83 (2024)
- Birkeparken (2027)

Handed over

- Solhusene

Braineparken, Haderslev

Renovation
- Residential

As part of Nordstern's sustainability strategy, there was an increased focus in 2023 on implementing sustainable initiatives in several of our renovation projects. During the renovation of, Braineparken's 320 social housing units in Haderslev, Nordstern's project team explored the possibilities of increasing the percentage of recycling for materials such as floors, windows, and white goods. After thorough preparation, 80% of the floors and 90% of white goods have been carefully removed, prepared, and then resold for reuse on other projects.

The demolition and renovation work in Braineparken is still ongoing. So far, the recycling rate has exceeded all expectations, with approximately 90% of all demolition material being sent for recycling/reuse. The high recycling rates have generally required new thinking and changes to procedures for both storage and registration, providing valuable knowledge for Nordstern's future renovation projects. One example is Birkeparken in Odense, which is to be certified to DGNB Silver. In Birkeparken, 249 homes will be renovated, and 200 homes demolished in connection with the development of the area. Thus, there is great recycling potential, with the goal, among other things, to ensure that all window glass can be recycled as insulation.

Renovation – Commercial

44,284 SQM

Herlev Bymidte, Herlev

Renovation - Commercial

In addition to its strong presence in residential renovation, Nordstern stands as an experienced player in the commercial renovation sector, showcasing expertise in transforming existing structures into dynamic and functional spaces. Unlike residential projects, commercial renovations seldom follow the public tender route; instead, they are secured through direct sales to private building owners, with developers and real estate companies comprising our primary customer base.

A distinctive feature of our commercial renovation portfolio is the flexibility to operate as both turnkey and main contractors. This versatile approach allows us to cater to the needs and preferences of our clients, ensuring a comprehensive and tailored solution for each project. The ability to provide end-to-end services positions Nordstern as a reliable partner for commercial building owners seeking renovation and transformation expertise.

In the commercial renovation market, Nordstern successfully undertook and completed projects totaling 44,000 square meters in 2023. These projects encompass a diverse range of transformations, with one standout undertaking being Titanhus, a turnkey contract project in central Copenhagen. The project involved a total renovation, focusing on Titanhus' original architecture and expression. The building's original expression has been restored by replacing windows, installing awnings, and changing the building's facades. Titanhus was handed over at the end of 2023.

Few commercial renovations are standalone projects like Titanhus. The majority of commercial renovation projects are still part of other largescale projects, such as Mjølnerparken. The three-year project combines not only residential and commercial renovations but also new construction. It is an urban development project that will modernize the infamous area and make it attractive for both public and private housing.

Projects combining renovation and new construction remain attractive, reflecting the growing emphasis on sustainability in construction practices. Many property owners recognize the value of sustainable building methods, influenced by regulatory standards, tenant and bank demands, and the overarching goal of preserving property value. Nordstern anticipates that this trend will continue to shape the market significantly, as the demand for projects that combine the recycling and upcycling of building materials rises.

However, the market for commercial renovations faced challenges in 2023, and as a result, we saw no new property development projects being ordered or new projects starting.

Larger commercial renovation projects in their own right must be conjured through property development or through direct sales, but no such projects were ordered in 2023.

Looking forward, we expect this to change as the market becomes more stable. We will remain at the forefront of commercial renovation, leveraging our extensive experience, versatile approach, and commitment to sustainability.

Projects

Under construction (completion year in parenthesis)

Herlev Bymidte (2024)
Mjølnerparken (2025

Handed over

Titanhus

Titanhus, Copenhagen

Renovation
- Commercial

Titanhus, an office building in Copenhagen dating back to 1962, underwent extensive renovations from 2021 to 2023 for Nordstern's longstanding partner, Nrep. The project involved a complete overhaul, with a primary focus on preserving Titanhus' original architecture and aesthetic.

The restoration efforts encompassed the replacement of windows, installation of awnings, and alterations to the building's facades, all aimed at reviving the structure's initial character. Unlike most renovations handled directly by Nordstern as the main contractor, for Titanhus, we assumed the role of turnkey contractor. This flexibility in managing both main and turnkey contracts stands as a distinctive strength within our renovation segment.

Titanhus accommodates various companies within its functional and flexible indoor spaces, striking a balance between the old and the modern. The project involved the establishment of new room layouts, replacement of electrical installations, refurbishment of bathrooms, kitchens, and ceilings.

Throughout the construction process, 13,500 square meters of the building remained operational, including a high school where classes and examinations continued. Simultaneously, the remaining 11,400 square meters underwent renovation and rebuilding, adding layers of complexity and a special need for meticulous coordination and consideration for the users.

Environmental

Social

Governance

Sustainability at Nordstern

Nordstern aspires to be a sustainability leader within the property development and construction industry in Denmark. To achieve this vision, we are working to reduce the negative impact of our activities on climate and the environment as much as possible and to promote important people and responsible business agendas. To guide this work, in 2023, we launched a sustainability strategy with ambitious targets towards 2030 within all strategic focus areas. The strategy was based on a double materiality assessment providing a comprehensive image of how Nordstern's business affects people and the environment, as well as which sustainability-related financial risks and opportunities affect our business (please see page 35 for further details on the double materiality assessment).

Our sustainability strategy builds upon three pillars with the following goals relating to the environmental (E) and social (S) aspects of our business:
1. We will become carbon neutral and have ambitious reduction targets towards 2030 (E),
2. We will contribute actively to making buildings more sustainable (E), and
3. We will attract and develop the talents of the future (S).

These pillars/goals are in turn supported by a foundation of governance (G) measures, including:
1. Comprehensive ESG data collection to allow the tracking and reporting of our progress, and
2. A set of policies and procedures to ensure responsible supply chain management and appropriate internal conduct.

Nordstern's sustainability strategy is visualized in the adjacent strategy house shown on the right, which also summarizes the main key performance indicators (KPIs) and targets within each of the three pillars (E and S) and the foundation (G). For a comprehensive list of Nordstern's sustainability KPIs and targets, please refer to pages 52-53.

In the following sections of the annual report, we review our policies and targets, actions, and results for each of the strategic pillars, as well as the risks they are subject to. As such, the following sections of the Annual Report constitute the statutory reporting on corporate sustainability, gender composition of the management, and explanation of data ethics, in accordance with sections 99a, 99b, and 99d of the Danish Financial Statements Act.

Vision:
Nordstern will be a sustainability leader within the property development and construction industry in Denmark

	Nordstern will become carbon neutral	Nordstern will contribute actively to making buildings more sustainable	Nordstern will attract and develop the talents of the future
AMBITIONS	• We will work to reduce our carbon and resource footprint throughout our value chain and lead by example in our industry.	• We will proactively work to raise the bar for sustainable buildings. Our ambition is to only build sustainable and **70-100%** EU Taxonomy-aligned buildings by 2030.	• Our ambition is to create the best work environment possible and attract and develop the best people in the industry.
TARGETS	• Nordstern will set a science-based target for a 1.5º future • Reduce Scope 1 and 2 emissions with **42%** by 2030 (baseline 2021) • Reduce Scope 3 emissions with **50%** by 2030 and to **net-zero** in 2050 (baseline 2021)	• **100%** of new residential and office building projects initiated in 2023 and onwards will be certified according to third-party sustainability standards • **70-100%** of revenue from new construction projects will be EU Taxonomy-aligned in 2030 • At least **70%** recycled waste from construction by 2025	• **Ambitious career development targets** for internal education and promotions • Minimum **70 interns** annually • Job satisfaction scores must be in the **top quartile** • Work accident frequency **below 0.6** and lost days frequency **below 9** for own employees and sub-contractors

Governance

✓ Robust ESG data quality
✓ High quality ESG reporting towards ESG rating
✓ Responsible supply chain management
✓ Sustainability policies, Employee Code of Conduct, Supplier Code of Conduct, Diversity Policy

Business model and sustainability organization

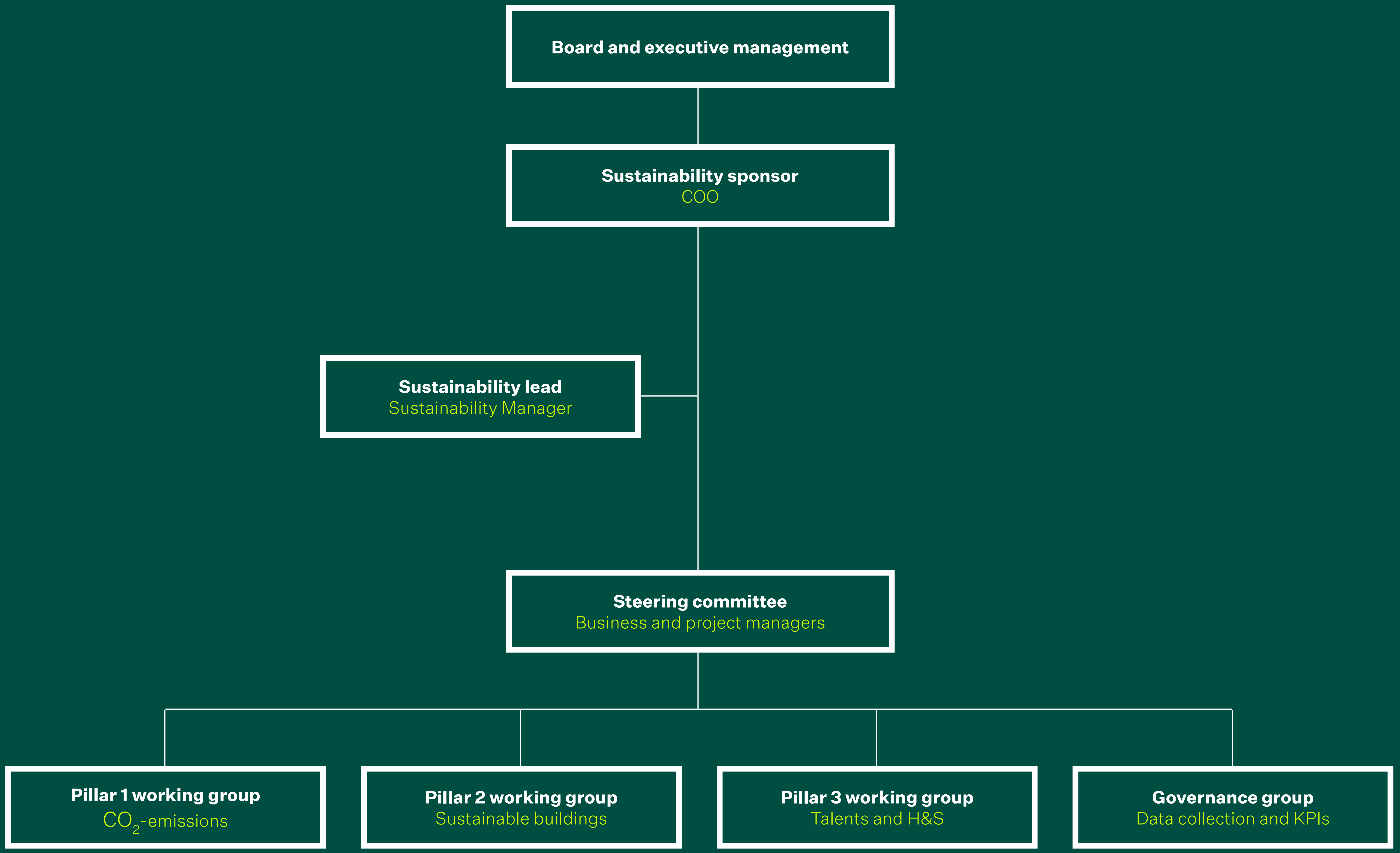
To achieve our environmental, social, and governance targets within each of the strategic focus areas, Nordstern strives to promote sustainability throughout our entire value chain. This entails addressing challenges collaboratively with our clients, suppliers, subcontractors, and other partners, all of whom play crucial roles in developing and implementing sustainable solutions. Internally, we have established a sustainability organization tasked with the implementation of our sustainability strategy.

Sustainability throughout the value chain

Nordstern's corporate strategy business model is illustrated on page 14 of the annual report. The business model centers around our core activities, namely the development, construction management, and sale of real estate projects, conducted daily in our offices and on our building sites in Denmark. This is where we have the most immediate impact and influence on the surrounding community and our stakeholders, addressing environmental, social, and governance considerations.

However, we also play a significant role in activities both upstream (such as the extraction of raw materials, production, and transportation of construction components) and downstream (including the operation, maintenance, and eventual demolition of our buildings, as well as waste management), and these activities, in turn, have environmental and social impacts extending beyond our own operations. From a value chain perspective, our business model is visualized in the figure below.

Phase	**Production and supply of materials**	**Construction proces**	**Use of buildings**	**End of life**
CO_2 emissions	**Scope 3**	**Scope 1-2**	**Scope 3**	
Activities and ressources	• Extraction of raw material • Production of goods and components • Procurement of goods, components and services from suppliers, subcontractors and advisors • Transportation and freight	• Electricity for company cars and district heating for offices and construction sites (scope 2) • Oil and gasoline for company cars and power generators on site (Scope 1)	• Operation and maintenance of buildings	• Demolition of buildings and waste handling • Recycling of waste
	Upstream	**Own operations**	**Downstream**	



Nordstern's sustainability organization

An organization to support the strategy

Since 2020, Nordstern's internal sustainability organization has been responsible for developing and implementing initiatives aimed at reducing Nordstern's negative impact on climate and the environment, meeting our environmental and social responsibilities, and addressing our clients' demands for more sustainable construction. With the introduction of our new sustainability strategy, we have expanded and enhanced the sustainability organization to encompass all aspects of the strategy. The new sustainability organization is cross-organizational to strengthen knowledge sharing, facilitate the development of sustainable initiatives, and ensure continuous progress in our pursuit of each sustainability strategy objective.

Four working groups have been established, one for each strategy pillar, and a fourth group dedicated to the collection and reporting of ESG data. Each working group has an owner and a project leader. The owners, who are senior managers in our operations, provide the necessary organizational leverage for action and ensure local implementation of initiatives in collaboration with corporate management. The project leaders possess expert knowledge within the topic of each pillar and monitor the progress of our work.

In connection with the launch of Nordstern's new ESG strategy, a joint workshop was conducted for all members of the sustainability organization to delve into each of the strategy KPIs and to develop initiatives supporting the targets within each of the different pillars of the strategy. The implementation of the strategy is now advancing locally throughout the Nordstern organization to ensure ownership and progress.

Double materiality assessment

In the formulation of our ESG strategy, Nordstern carried out an intial double materiality assessment to pinpoint the ESG themes of utmost significance to our business. As legislation and guidance are not yet complete, and industry standards still remain, there may be changes to the preliminary double materiality analysis in coming years.

Employing the double materiality methodology, we identified key ESG topics across two dimensions:
1. Impact materiality - assessing how our activities impact society and the environment, and 2. Financial materiality - gauging how sustainability issues influence our activities and value creation.

The objective of the assessment was to provide an overview of where our business has the most significant impact on our surroundings and to identify the risks and opportunities we encounter across the entire value chain concerning ESG issues. The assessment played a pivotal role in informing decisions within our ESG strategy, enabling us to select and prioritize focus areas and initiatives in our ongoing sustainability work and reporting.

Double Materiality Matrix
Our double materiality assessment draws from desktop research, interviews, and workshops involving our sustainability team, managers, and other employees across our organization. This approach ensures that the assessment is representative of the entire company, capturing the sustainability impact, risks, and opportunities inherent in our entire operation.

Environmental Social Governance

Impact Materiality / Financial Materiality	Minimal	Informative	Important	Significant	Essential
Essential				E-2 Environmental and climate impact of the procution of raw materials in the supply chain	E-1 Certified sustainability buildings
Significant				E-4 Waste and recycling in construction and renovation	S-1 Health and safety in construction and renovation E-3 Carbon emission from construction and renovation activities
Important		E-5 Project impact on biodiversity E-6 Water usage in construction and renovation	S-5 Labour & human rights in the value chain	S-3 Interaction with local communities	
Informative		S-7 Social impact on end-users, i.e., affordability, accessibility	S-6 diversity and inclusion	G-1 Anti-corruption and bribery in own operations and the value chain S-4 Employee well-being G-2 Sustainability governance	S-2 Talent management (attraction and retention, training anf development, employee satisfaction)
Minimal					

Climate and environment

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Nordstern's climate impact

Carbon emissions contribute to climate change, and our planet is witnessing the repercussions of global temperature shifts. In an effort to mitigate Nordstern's impact on the climate, we are consistently working towards reducing our carbon footprint across our entire value chain. This commitment aligns with the Paris Agreement's goal of limiting the Earth's temperature increase to a maximum of 1.5 degrees Celsius. Our objective is to decrease CO_2-emissions in both Scope 1, 2, and 3.

Risks

The construction industry faces increasingly stringent regulatory requirements, with national building regulations introducing restrictions on CO_2-emissions over the lifespan of new buildings. Beyond regulatory demands, clients and end users are setting ambitious targets, which often exceed regulatory requirements. The continued success and relevance of Nordstern hinge on our ability to offer solutions for new buildings with lower CO_2-emissions than current standards. Staying informed about developments in low-emission products and solutions allows us to choose the best construction methods and materials for our clients.

Policy and Targets

At Nordstern, we are dedicated to reducing our carbon and resource footprint throughout the value chain. We have adopted the Science Based Targets initiative (SBTi) as the framework for our reduction efforts and target setting. SBTi sets emissions reduction targets considered 'science-based' in accordance with the latest climate science, aligning with the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels. Our Scope 1, 2, and 3 reduction targets have been set based on the SBTi, and in 2023, we submitted these targets for official validation:

- Reduce Scope 1 and 2 CO_2-emissions by 42% by 2030 compared to a 2021 baseline.
- Reduce Scope 3 CO_2-emissions by 50% by 2030 compared to a 2021 baseline.

We received positive feedback on our submission in early 2024.

Actions

To reduce our Scope 1 and 2 emissions, we have taken the following steps in 2023:

- Implemented a company car policy allowing only electric or plug-in hybrid cars (energy class A+++).

- Adopted a green electricity policy for all new construction sites and offices, with approximately 98% of purchased electricity being certified green.
- Conducted a pilot project with power monitoring devices on a construction site to identify and minimize electricity consumption during non-working hours.
- Explored alternatives to diesel-driven generators for on-site power generation, including generators with batteries to reduce diesel consumption.
- Monitored diesel consumption on sites, introducing less diesel-consuming alternatives to sites with above-average diesel consumption.
- Made power generation a standard observation item at all kick-off meetings for building sites.
- Increased focus on the earliest possible establishment of power supply from utility companies.

In 2024, we will analyze the data collected from these initiatives to inform future projects and further reduce CO_2-emissions from our sites.

To reduce scope 3 emissions, in 2023 we have taken the following actions:

- Worked on projects with CO_2-emissions well below the building regulation requirements (several projects should meet 9.5 kg CO_2e/m^2/year) and worked on one specific project with strict requirements for low CO_2-emissions. Here, we need to meet a CO_2-emission target of 7 kg CO_2e/m^2/year. The project team has spent the past year designing the project to meet these requirements, significantly increasing our knowledge and experience with low CO_2-emission products and solutions. This knowledge has been documented and incorporated into Nordstern's design department, to be implemented in future projects to help reduce our Scope 3 emissions. Going forward, the ambition is to gather more experience with low CO_2-emissions across projects.
- Engaged in dialogues with several suppliers of building materials with low CO_2-emissions to enter into partnerships with the most relevant suppliers and update our knowledge on low-emitting products.
- Started collaborating with a developer of a real-time Life Cycle Assessment (LCA) solution to perform real-time LCA calculations on an upcoming Nordstern project.
- Initiated a guideline for Nordstern's development and design teams describing which design measures have the most material impact on final CO_2-emissions with the goal to plan projects in a more CO_2-efficient manner.
- Collected data from past and ongoing projects to create a catalogue of building materials and constructions to show the CO_2-emissions from different solutions.

We have reduced scope 1 and 2 CO_2-emissions by 82% from 2021 to 2023

Results

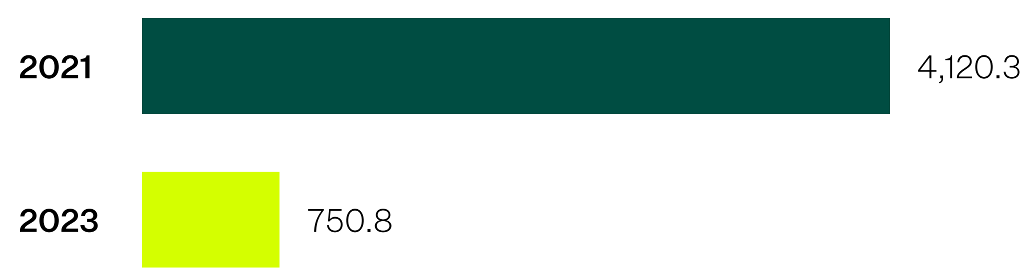
2023 was the first year in which Nordstern collected data on CO_2-emissions for each of scope 1, 2, and 3. Also, in 2023, Nordstern submitted for a science-based target under the Science Based Target initiative based on 2021 as the baseline year. Hence, during 2023, data was collected for scope 1, 2, and 3 emissions in 2021, which is why 2021 serves as the comparison year below. Data for 2021 covers all of Nordstern, even though we were not under joint control in 2021.

In scope 1, our CO_2-emissions stem from fuel consumption for company cars and oil consumption on our construction sites. In scope 2, our CO_2-emissions stem from electricity and district heating consumption in our offices and on our construction sites and electricity consumption for electricity-driven company cars. The figure to the right summarizes our market-based scope 1 and 2 emissions in 2023 compared to 2021 (for location-based emissions, please refer to page 52).

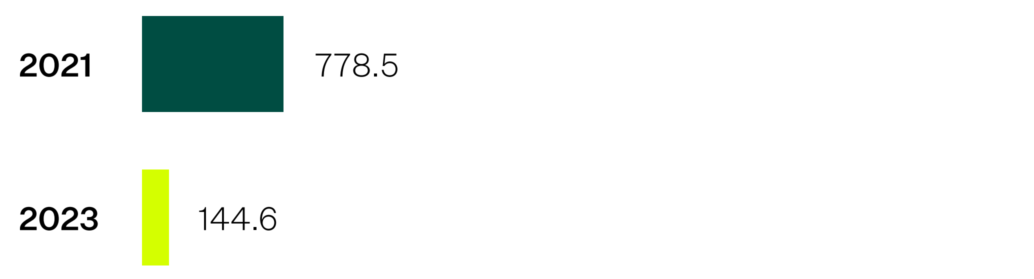
In scope 3, our CO_2-emissions stem from various sources:

- Life cycle calculations of the projects handed over in 2023 (emissions over a 50-year period, including emissions from the production of building materials used in the projects, calculated energy consumption, replacements of materials over a 50-year period, and disposal of the building after 50 years).

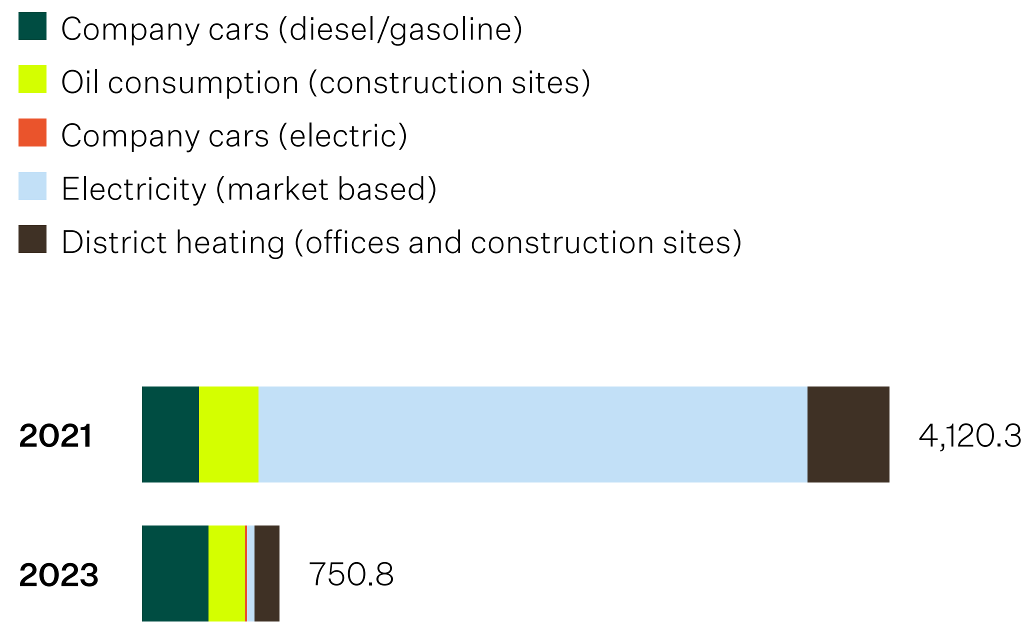
Nordstern's scope 1-2 CO_2-emissions (total)
(Ton CO_2/year)



Nordstern's scope 1-2 CO_2-emissions (per 1 BDKK revenue)
(Ton CO_2/year/BDKK revenue)



Nordstern's scope 1-2 CO_2-emissions (split according to sources)
(Ton CO_2/year)



- Costs related to Nordstern's operation (office supplies, hotels, restaurants, and more).
- Costs related to Nordstern's development projects (consultants, advertising, and more).
- Upstream emissions from scope 1-related energy consumption.
- Waste from offices and construction projects.
- Costs related to business travel.
- Employee commuting (other than by company cars).

Most of the scope 3 CO_2-emissions stem from our projects. In 2023, we have calculated our CO_2-emissions in scope 3 for the first time. We have also calculated it with 2021-emissions as a baseline, allowing us to compare the progress within scope 3 emissions.

With almost the same activity in 2023 compared to 2021, we have reduced our CO_2-emissions in all three scopes, both in absolute numbers and relative to our activities (revenue). We have reduced our scope 1+2 emissions by 81.8%. In scope 1 alone, the reduction is just 11%, indicating a significant potential for further improvement. Despite having already met our target of a 42% reduction in Scope 1-2, we remain committed to striving for additional reductions in the scopes where we have the most immediate control. To achieve our goal of a 50% reduction in scope 3 CO_2-emissions, we will need to focus on reducing CO_2-emissions from our projects, which constitute the largest portion of Scope 3 emissions and hold substantial potential. This will be the primary focus of our efforts moving forward.

CO_2 reporting for Nordstern's activities, Scope 1 + 2

	2021	2023
Scope 1 (direct emissions)	CO_2 (tons)	
Company cars	312.8	361.3
Oil consumption (construction sites)	325.1	204.3
Scope 1 total	**638.0**	**565.7**
Scope 2 (indirect emissions)	CO_2 (tons)	
Company cars	-	13.0
Electricity (offices and construction sites – market based)	3,036.3	40.7
District heating (offices and construction sites)	446.0	131.4
Scope 2 total	**3,482.3**	**185.1**
Scope 1 +2	CO_2 (tons)	
Scope 1 + 2	4,120.3	750.8
	CO_2 (tons) / year / BDKK revenue	
Scope 1 + 2 per BDKK revenue	778.5	144.6

CO_2 reporting for Nordstern's activities, Scope 3

	2021	2023
Scope 3 (indirect emissions)	CO_2 (tons)	
Scope 3.1: Upstream purchased goods and services	153,839	122,406
Scope 3.3: Upstream fuel and energy related activities	596	430
Scope 3.5: Waste generated in operations	47	153
Scope 3.6: Business travel	1,214	904
Scope 3.7: Employee commuting	1,183	1,051
Scope 3.11: Use of Sold Products	48,845	49,976
Scope 3.12: End-of-life treatment of sold products	17,222	17,515
Scope 3 total	**222,948**	**192,435**
Construction alone (included in 3.1, 3.11 and 3.12)	157,401	158,276
Construction alone (included in 3.1, 3.11 and 3.12) % of scope 3 total	70.6%	82.2%
	CO_2 (tons) / year / BDKK revenue	
Scope 3 per BDKK revenue	42,122	37,049

Nordstern's total CO_2-emissions in scope 1, 2 and 3 (scope 2 market based):

	2021	2023
	CO_2 (tons)	
Scope 1	638	566
Scope 2	3,482	185
Scope 3	222,948	192,435
	% of total emissions	
Scope 1	0.3%	0.3%
Scope 2	1.5%	0.1%
Scope 3	98.2%	99.6%
	CO_2 (tons) / BDKK	
Scope 1	121	109
Scope 2	658	36
Scope 3	42,122	37,049

Expectations for the Future

Regarding scope 1 and 2 emissions, we have already met our 2030 target. However, we will continue to implement measures to further reduce our emissions, including location-based emissions. Our plans and expectations for 2024 are as follows:

- Our company car policy will facilitate a greener car fleet with lower fossil fuel consumption and, consequently, lower emissions.
- All construction sites and offices will run on certified green electricity.
- Electricity consumption on our building sites can be further reduced through the analysis of data and insights from power monitoring devices on-site.
- Our continued focus on (the avoidance of) diesel-driven power generators on-site will reduce diesel consumption and CO_2-emissions.

For scope 3 emissions, our 2030 goal is a 50% reduction compared to 2021. To achieve this goal, it is crucial to reduce the lifetime CO_2-emissions from our projects (according to LCA calculations). We are confident that our increasing experience with low-emission solutions, along with the development and continued refinement of internal design guidelines and catalogs of low-emission materials, will propel us in the right direction. This will be done in close collaboration with equally ambitious clients focusing on lowering the CO_2-emissions from their buildings. Going into 2024, we observe that more projects in our order book and pipeline are being designed to meet stricter demands concerning low CO_2-emissions, which will reduce our scope 3 emissions per project in the years to come. Lower lifetime CO_2-emissions from a project (according to LCA calculations) will be captured and reflected in our CO_2-emissions reporting in the year the project is handed over.

Thors Bakke II, Randers


Plushusene, Tømmerup Haveby, Kastrup

Making buildings more sustainable

With the adoption of our 2023 sustainability strategy, we have intensified our efforts to make buildings more sustainable, placing a sustained focus on delivering buildings that adhere to recognized third-party sustainability standards and, increasingly over the coming years, are aligned with the EU Taxonomy.

Risks

The double materiality assessment conducted in connection with the preparation of our sustainability strategy (please refer to page 35 above) showed that the greatest risks of Nordstern impacting the environment negatively are associated with carbon emissions, waste handling, and the use of raw materials in construction. At the same time, the lack of an answer to these environmental risks would, in and of itself, constitute a risk to Nordstern's business and performance, as clients, employees, and partners rightfully expect Nordstern to mitigate the potential detrimental impacts of our activities and to provide solutions to the environmental challenges we face. Furthermore, there is a fast-growing demand, in particular from institutional investors, for EU Taxonomy-aligned construction projects assisting our customers to deliver on their own sustainability agendas.

Policy and Targets

Construction certified according to recognized third-party sustainability standards, such as DGNB, takes the above-mentioned risk factors into account. Thus, our goal of only building certified construction and steadily increasing the share of EU Taxonomy-aligned projects has been set to minimize these risks. To make buildings more sustainable, we have set the following targets:

- All new residential and office building projects initiated in 2023 and onwards will be certified according to third-party sustainability standards.
- 70-100% of revenue from new construction projects will be EU Taxonomy-aligned in 2030.
- At least 70% of waste from our construction sites will be recycled by 2025.

Actions

In order to meet our targets, in 2023 we have initiated or strengthened the following initiatives:

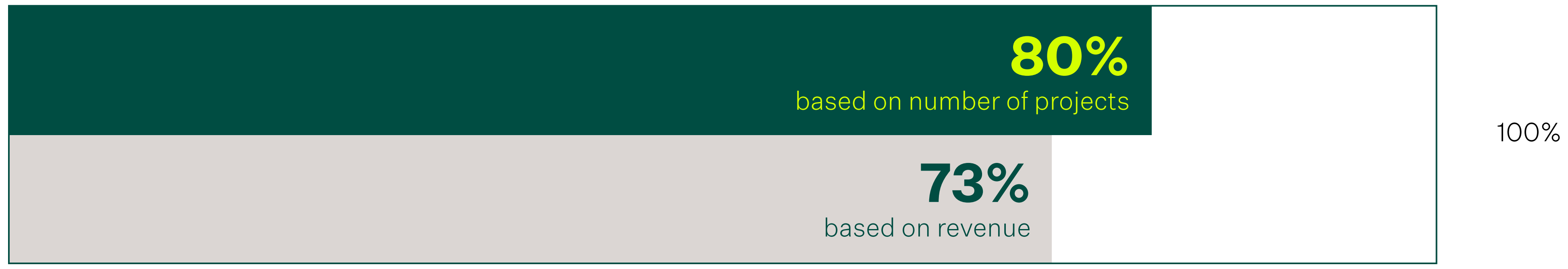
- We advise all our clients about the benefits of certification vs. the initial investment required to ensure certification on all new construction (residential and office).
- We advise an increasing number of clients about the EU Taxonomy and what is required for the individual projects to be Taxonomy aligned.
- We are involved in the development of the new DGNB manuals at Rådet for Bæredygtigt Byggeri to ensure that the content of the manuals is ambitious and operational and also to keep us informed and prepared for future measures.
- To establish clear roles and responsibilities during the construction phase and to improve the execution of all certified projects, a dedicated DGNB and Sustainability Manager is appointed on all construction sites.

- All DGNB and Sustainability Managers are educated internally through a training program developed by Nordstern and tailored to meet the challenges experienced during the construction phase of a DGNB project.
- We have implemented auxiliary tools in the Dalux platform for all DGNB projects to ease the collection of data and perform required controlling: 1) A DGNB supervision plan for the construction management with all relevant DGNB elements, 2) Input to control plans for all subcontractors with the DGNB elements the individual subcontractor must document.
- We have developed a new process to ensure that Nordstern's sustainability department provides support and guidance at the right times during the life of a certified project, including at least three mandatory meetings at critical stages of the project: 1) Start-up of design, 2) Submission of authority project, 3) Start-up of the construction site.
- During 2023, different parties from the industry have gathered to discuss the EU Taxonomy. There have been several meetings which have been run by Danmarks Statistik and also meetings run by Rådet for Bæredygtigt Byggeri. At Nordstern, we have participated in a number of these meetings to engage in industry discussions on how to operationalize and document the fulfillment of the EU Taxonomy. Based on these meetings, the industry has contacted the European Union to clarify different criteria.

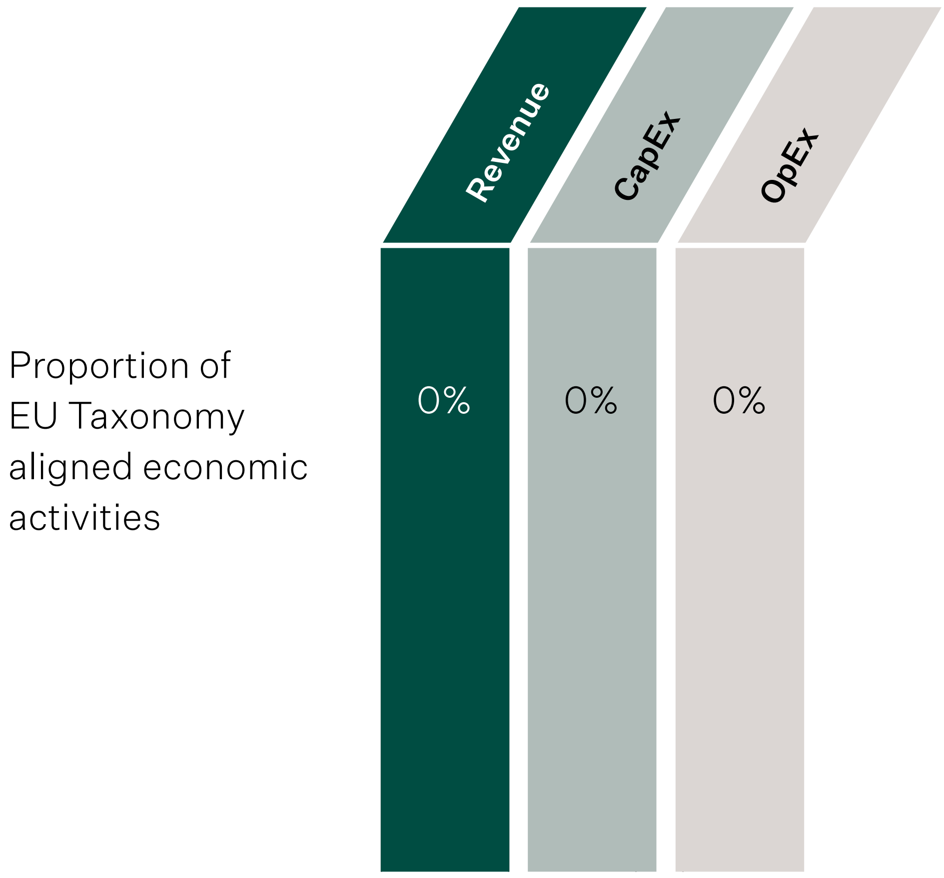
Results
- 80% of all Nordstern's residential and office buildings initiated in 2023 (73% of revenue) will be certified according to third-party sustainability standards (DGNB and/or the Nordic Swan). As such, all but two turnkey projects initiated in 2023 will be certified. Of the two non-certified turnkey projects, one is a completion of a project that was already initiated and partly constructed by another contractor who went into bankruptcy. Thus, certification of this project was not possible. The other non-certified turnkey project was already so far along in the design phase when Nordstern was awarded the contract that certification would require substantial redesign, which could not be performed within the delivery deadlines agreed. In order not to jeopardize the timely delivery of the project and put the construction process at risk, we chose not to certify the project but rather work with other sustainability parameters on the project. Viewed in light of the concrete circumstances surrounding the two non-certified turnkey projects, we find the certification ratio of 80% acceptable but will keep working towards 100% in 2024.
- In 2023, Nordstern entered into its first contract for a residential project aiming to be EU Taxonomy-aligned. We are currently working on a total of three projects expected to meet the EU Taxonomy criteria and planned to be EU Taxonomy-aligned.
- In 2023, 58% of waste from our construction sites was recycled, while 40% went to combustion and 2% to landfill. We are on the right track towards our 2025 target that at least 70% of waste from our construction sites will be recycled, but in 2024 we will focus on increasing the share of waste being recycled and decreasing the share that goes to combustion.

Nordstern's KPIs

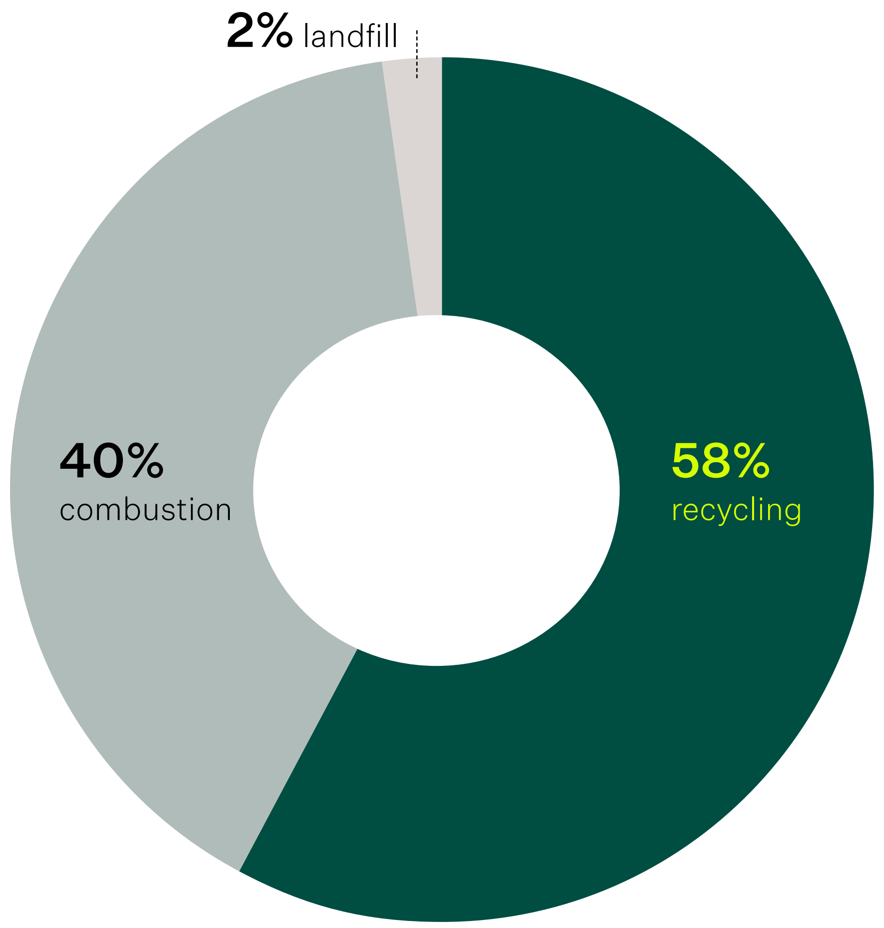
Share of projects initiated in 2023 to be certified according to third party sustainability standards



EU Taxonomy



Waste



Social

Nordstern strives to conduct sustainable business in the broadest sense of the word. Therefore, we spent a significant part of 2023 developing and implementing an ESG strategy, which focuses not only on the environmental impact of our company but also on the social and governmental aspects. To that end, we can now closely monitor and measure our impact, progress, successes, and shortfalls.
Nordstern's corporate strategy business model can be seen on page 14. The ESG strategy and policies implemented during 2023 are all aligned with the general business model, and the KPIs set to measure our progress are coherent with the business model.

Social Strategy
Nordstern has a substantial impact on the local communities in which it operates. The buildings we construct stand for decades or centuries and affect not only those who build them and the users but the entire surrounding community. Therefore, we want to ensure that the mark we leave – both physically and socially – is as positive as possible.

On some projects, this means employing people on the edge of society, thereby giving them a fresh start. On others, it means providing new green spaces for the community or constructing public housing at affordable prices.

When measuring our development within the social aspect of our ESG strategy, our employees remain our focus and top priority. Our goal is to create the safest and healthiest work environment possible in the Danish construction industry. Consequently, most of our social strategy and targets are focused on our employees and the contractors who work on our projects.

Risks
The most significant risks for Nordstern of failing our social strategy are if we – unconsciously – create an unhealthy work environment that leads to dissatisfaction and/or work-related accidents, or if we fail to attract, train, and develop the best talent in the industry. We strive to minimize these risks through different policies and KPIs, which are further explained and reported on below.

Developing the talents of the future

Nordstern is dedicated to educating the next generation and contributing to their employment. One means to achieve this is to employ interns on our projects across the country. We have set a very ambitious target for the number of interns we want to employ every year (70 interns per year from 2025). With 48 interns in total in 2023, we consider ourselves on track with this target.

Lærlingeløftet
In addition to Nordstern's intern program, we also strive to attract young people to the construction industry in general. For example, in 2023, we built upon the lessons learned from our first 'Lærlingeløftet' (the apprentice promise) project at Bellahøj, a renovation project in Copenhagen. Here, apprentices are mentored and brought together at social events to create cohesion and a sense of belonging.

At present, 'Lærlingeløftet' is at three of our renovation projects – Solhusene, Hedemarken, and Bellahøj – and is planned for the coming project, Prags Boulevard.

In addition, in 2024 we will sign a declaration of intent with the builder's association and six other major Danish turnkey contractors. The intent is to secure at least 14% apprentices on all construction sites, to ensure the ongoing education and development of young, Danish craftsmen.

Education and Development of Employees
At Nordstern, we are dedicated to the education and advancement of our employees. Therefore, career development and advancement of employees are part of Nordstern's social strategy.

One of the best ways of ensuring both personal and professional development is through education. Every year, employees are offered several courses taught by either internal or external specialists. The courses are free of charge for the employees and incorporated into our career development program.

As part of our training program, selected employees are invited to join our internal multi-stage management education. In 2023, 21 employees completed the project management education, and 22 completed the construction management education.

We are well underway towards our 2025 target of 60 participants in total per year, as the good results from 2023 will encourage even more employees to participate in the coming years.

Lastly, we have set a target of at least 25 internal promotions per year. This goal has certainly been met in 2023. However, due to the alignment of titles following the merger in April, the number of merger-related title changes distorts the baseline data. Thus, we have chosen not to report on this target in 2023.

Employee turnover
After an upward trend for the past years, we have seen a decrease in the number of employees in 2023 as we have gone from 452 total FTEs to 422 total FTEs (a decrease of 7%). The lower number of employees reflects the current market situation and activity level.

The majority of the reduction has been from positions that have not been filled again, but we have also seen layoffs in some departments.

Health and Safety

At Nordstern, we have maintained a low level of absence due to sickness. We have a set target of a sick leave percentage lower than 2%, and we met this target in 2023 with an average of 1.5%, not including long-term sickness. Including long-term sickness, the sick leave percentage was 2.7%, a slight increase from 2022's 2.4%. One cause of long-term absence is stress, which we aspire to bring down through different initiatives such as our project manager network, where colleagues accross the company meet several times a year to be inspired and forge lasting bonds.

In 2023, we obtained the official Work Environment Certification, an ISO standard. We were certified by the third-party agency, Bureau Veritas, who also conducts the external audits carried out in offices and on construction sites. The Work Environment Certification is a steppingstone towards further improving our safety and work environment.

Going to work must be safe, not only for our employees but also for our partners on construction sites. Thus, Nordstern has set ambitious standards and targets to keep accidents at the lowest level possible. Our target for the number of accidents per 100 MDKK revenue is 0.6. In 2023, we registered 1.3 accidents per 100 MDKK revenue. Most of these are related to smaller accidents such as tripping.

Similarly, we have a set target of no more than 9 lost working days due to accidents per 100 MDKK revenue. This target was not met, as the higher number of accidents resulted in 13 lost working days per 100 MDKK revenue. None of the accidents were serious. However, the current level of accidents is above our internal targets, and we are committed to bringing down both the number of accidents and the number of working days lost in 2024.

Diversity

In 2023, 15% of Nordstern's employees were women, a slight decrease from 2022 (17%) . Most female employees work in office-based functions in the legal, human resource, finance, and communications departments. In these departments, the percentage of female employees was 62% by year-end.

By year-end, 19% of managers (defined as the executive management and managers reporting to executive management) were female, a slight increase from 2022's 18%. Management in 2023 totalled 21 persons, whereof four were women. There are no women on the Board of Directors.

By 2025, we aspire to have at least 30% female representation in management, whereas there are no set target figures for women on the Board, as there are only two members. The increase in female representation must me secured through recruitment processes. We have seen three replacements in management in 2023, but unfortunately there were no female candidates for any of the three positions. Thus, it was not possible to increase the number of women.

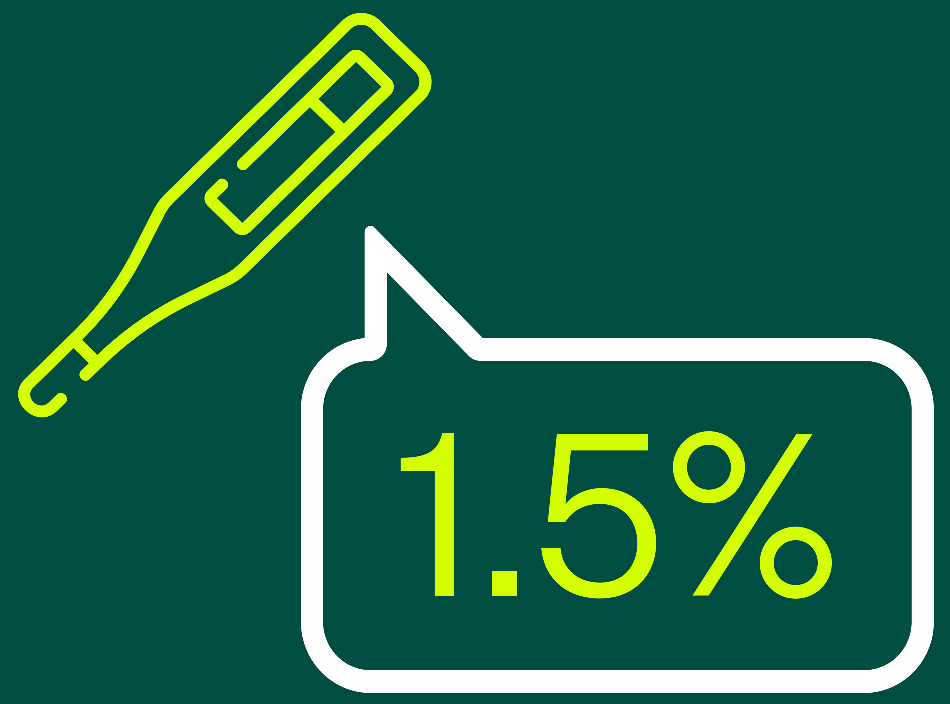
In 2024, we will develop and implement a more detailed diversity policy to supplement our current non-harassment policy. The diversity policy will not focus on gender diversity alone; it will also cover other diversity aspects such as age, nationality, ethnicity, sexual orientation, etc., as well as anti-discriminatory measures.

Nordstern aspires to become a more diverse and inclusive company to reflect the diversity of the society around us and attract the most competent employees no matter their gender or other diversity factors. To do so, we must be inclusive and an attractive workplace for everyone.

PERCENTAGE OF WOMEN

1.3

ACCIDENTS PER 100 MDKK



SICK LEAVE (%)

Governance

At Nordstern, we developed and implemented a new comprehensive ESG strategy in 2023. The governance aspect of the strategy focuses on strong, sustainable management, having the right policies in place, and securing robust ESG data quality. Nordstern already observes Danish and international labor market and anti-corruption legislation, and through our governance strategy, we have supplemented these with our own policies, when necessary, in order to ensure that good governance is in place at Nordstern.

Human rights
Generally, we assess the risk of human rights violations in our business to be very limited. We adhere to Danish and European regulations and work with trusted partners, who are equally dedicated to human rights and the rule of law.

In 2023, we have at no time observed human rights violations in connection with our business. Also, there have been no reports to the whistleblower scheme available on nordstern.dk of human rights violations.

Nordstern has imposed contractual requirements on all construction contractors to ensure that ILO conventions are adhered to and that their workers have Danish collective agreement-based pay and working conditions. In addition, we emphasize that suppliers must report pay and withhold A tax etc. We reserve the right to request documentation for this. Nordstern's own employees work under conditions that are equal to those provided by a collective agreement, as a minimum.

Compliance with human rights is part of Nordstern's employee Code of Conduct, to which all employees must adhere. We will initiate internal courses in the Code of Conduct in 2024 to increase awareness further and to ensure that the Code of Conduct is well-known and followed by all employees.

In 2023, we adopted and started implementing Nordstern's Supplier Code of Conduct, including our human rights policy towards suppliers. So far, Nordstern's Head of Procurement had by year-end approached 67 suppliers of which 62 have signed the Code of Conduct, one has signed with conditions, and four are pending. Considering that the Code of Conduct has been a part of all supplier contracts since its adaptation, we consider our target of including the Code of Conduct into all contracts with suppliers as met.

Anti-corruption
As a respectful and responsible Danish company, we strongly denounce corruption and bribery. Nordstern's internal Code of Conduct therefore contains a thorough review of the desired behavior in cooperation with the value chain, comprising business partners, construction contractors, suppliers, and customers. As such, Nordstern has imposed a complete ban on any form of bribery – for both the giver and the receiver. Similarly, Nordstern's Supplier Code of Conduct solicits the commitment from all suppliers not to tolerate or engage in any form of corruption or bribery.

The Supplier Code of Conduct is, as mentioned above, introduced to suppliers by Nordstern's Head of Procurement during the negotiation process. On top of giving suppliers the written material, the Head of Procurement also engages in discussions on the Code of Conduct and general behaviour to ensure that the spirit of the Code of Conduct is understood.

In 2023, we have undertaken 'Value Workshops' where all Nordstern employees participate in groups of 10-20. At the workshop, employees discuss the four values of the company as well as general behaviour as exemplified by the Code of Conduct. The workshops are highly rated by both employees and management.

Nordstern operates in an industry that has been marked by cartels and other forms of breach of competition law in the past. We strongly condemn any such practices as they are detrimental to competition and to the image of the industry. The anti-corruption policies are therefore supplemented with a policy for anti-competitive behavior – both internally and towards our suppliers. The policy contains a ban on the exchange of information and/or the conclusion of agreements with competitors, customers, construction contractors, and/or suppliers who risk restricting the free market forces. We did not detect any breach of these policies in 2023. As we have implemented continous monitoring and follow-ups on both external and internal stakeholders, we do not expect any breaches in the coming years either.

Data ethics
The processing of personal data is neither a critical part of nor closely linked to Nordstern's business activities. As a business-to-business (B2B) company with very few transactions with private customers, Nordstern processes personal data in respect of customers and suppliers only to a very limited extent – and only for customer/supplier administration purposes. Other than that, the processing of personal data mainly relates to internal activities involving employees' personal data for human resource (HR) administration purposes. Thus, we do not use data to track the movements or consumer preferences of any private individuals, and we do not use machine learning, artificial intelligence or similar to profile customers, employees, or other private individuals.

For these reasons, we have assessed that it is not necessary for Nordstern to have a formalized policy on data ethics beyond those described in our General Data Protection Regulation (GDPR) policies, which are available to all Nordstern employees and included in employment contracts.

Corporate governance

The responsibility for the overall and strategic management of Nordstern lies with the Board of Directors, elected by the shareholders. The Board of Directors has appointed the Executive Board to handle the day-to-day management of the company. The division of responsibilities between the two governing bodies is described in the rules of procedure for the Board of Directors and the Executive Board.

Management structure
Nordstern has a two-tier management structure comprised of the company's Board of Directors and its Executive Board. No single person is a member of both governing bodies.

The role of the Board of Directors is to establish the overall purpose of and strategy for accomplishing the company's business goals. The Board of Directors also ensures that the company has the right management and organizational structure; monitors the Executive Board to ensure that it is pursuing the established goals, strategies, and guidelines; and appoints and removes members of the Executive Board.

The Executive Board is responsible for the day-to-day management and execution of the strategy as well as for providing systematic and accurate feedback to the Board of Directors at board meetings and through ongoing reporting.

Board committee
The Board of Directors has established an Investment and Contract Committee, which assists the Board in the risk assessment and approval of the company's construction contracts above a certain value. The Committee also assesses and approves investment proposals concerning land acquisitions as well as the sales of property development projects.

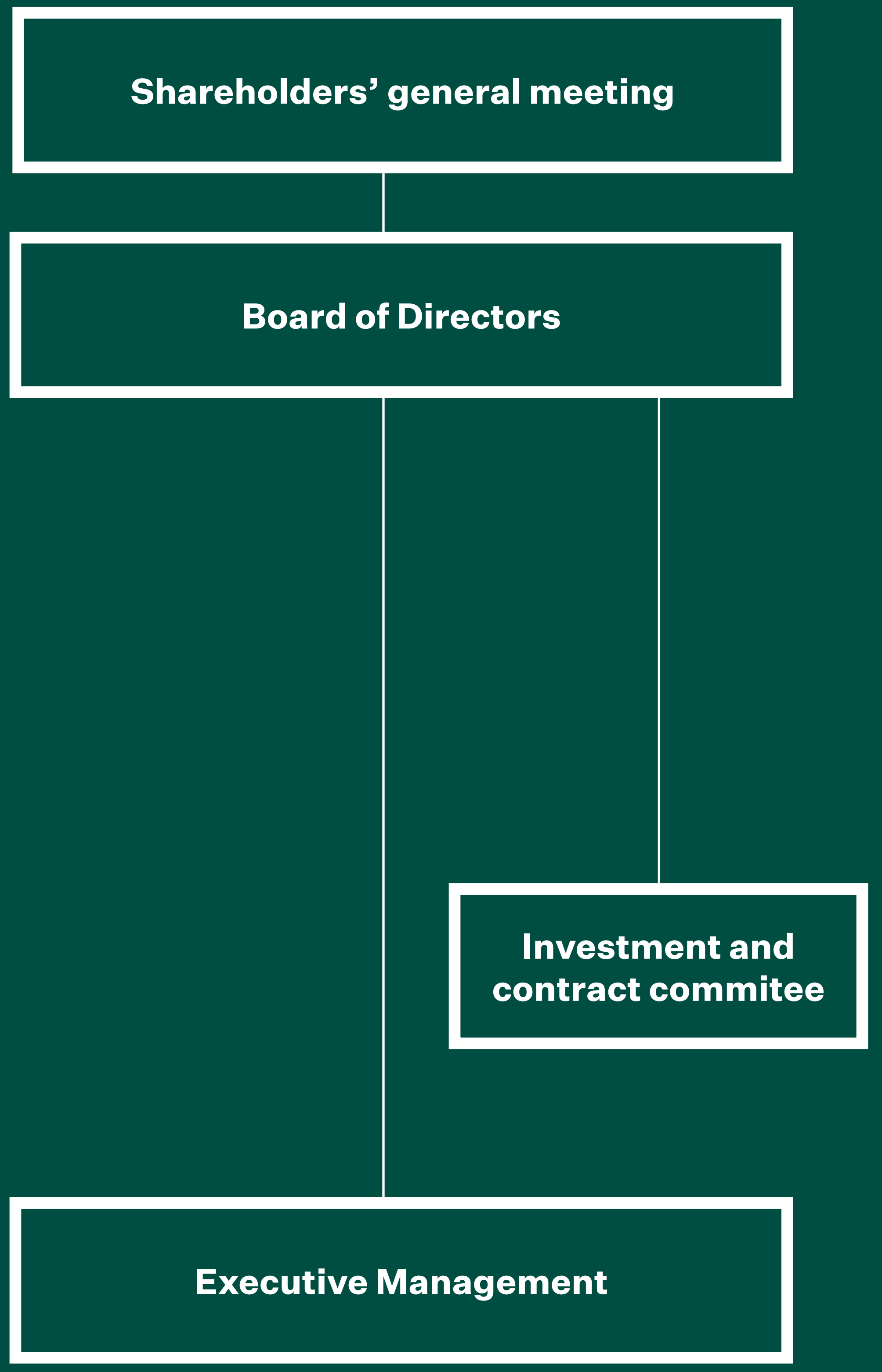
Board of Directors and Executive Board
The Board of Directors consists of two members, both elected by the shareholders in a general meeting for terms of one year. Johannes Vielberth serves as Chairman of the Board. There are no set targets for female representation on the Board, as there are only two members.

There are at least four board meetings a year; in 2023 five were conducted. All met Nordstern's target of a 100% attendance rate.

The meetings of the Board follow a fixed structure to ensure a high level of information and transparency. Furthermore, the Chairman is in continuous close dialogue with the Executive Board, including at regular status meetings held during months without board meetings.

The Executive Board of the company consists of CEO Torben Modvig, CFO Jan Aarestrup, COO Michael Storgaard, and CCO Johnny Hey, who joined on January 8, 2024.

Nordstern's management structure is illustrated below:



Board of Directors

Johannes Vielberth
Chairmann of the Board
Director, Corporate Transactions ActivumSG

David Bannerman
Member of the Board
Manager ASG Luxemborg

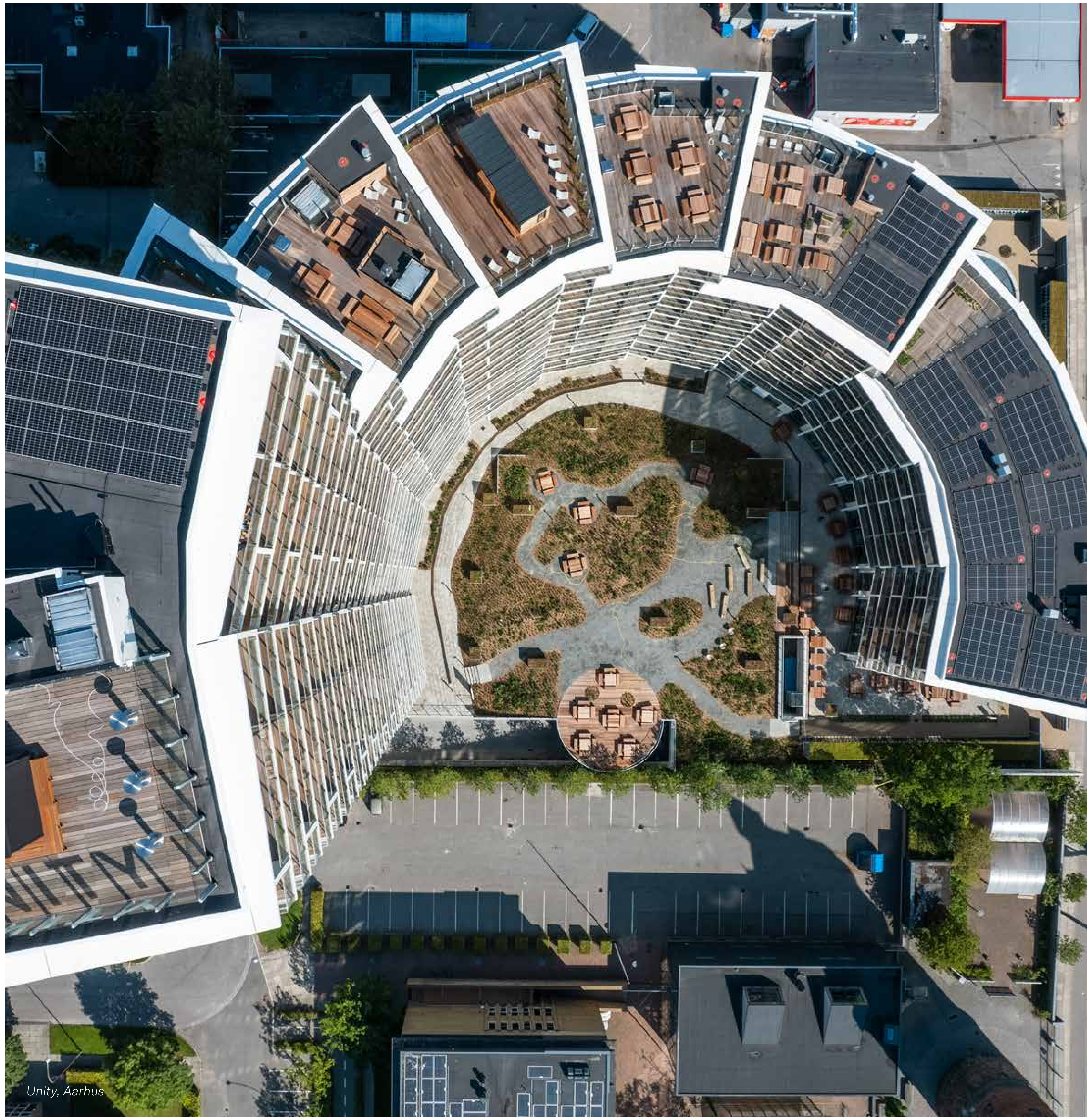
Executive Management

Torben Modvig
CEO

Jan Aarestrup
CFO

Michael Storgaard
COO

Johnny Hey
CCO



Unity, Aarhus

Risk Management

Because of its business activities, Nordstern is exposed to a number of risks, some of which are related to the industry and others more directly to Nordstern's organization and activities. These risks are a natural part of our everyday operations and can have a varying degrees of impact on Nordstern's reputation, future activities, and earnings. We strive to reduce risks to an acceptable level through effective risk management.

The management of strategic, operational, and financial risks must ensure that negative effects are minimized or avoided altogether. This can be done by reducing the probability of negative consequences and by reducing the potential effects of negative consequences.

Risk management is based on continuous monitoring to identify relevant risks. On this basis, the identified risks are analyzed and assessed to allow for the implementation of the measures that are required to address them.

The Board of Directors has the overall responsibility for risk management at Nordstern and defines the overall framework for identifying and addressing risks. The Executive Board has the day-to-day responsibility for implementing the overall framework and for developing Nordstern's risk management concept as well as reporting on developments in the most important risk areas to the Board of Directors.

As part of the risk management process, a classification of identified relevant risks is made based on whether they are likely to occur and what the probable effects will be. The classification is divided into three levels: low, medium and high. When it comes to the assessed effects, most of the identified risks will be of a financial nature. Preventive measures are defined and prepared based on the classification.

Market risks

Economic growth

Identified risk areas

Macroeconomic conditions set the scene for economic growth, which traditionally plays a significant role for companies operating in a cyclical industry, where construction and property development to some extent belong. Nordstern's business activities are focused on selected geographical areas in Denmark and are primarily targeted at business-to-business transactions and only indirectly at business-to-consumer transactions. An economic recession involves a certain risk that Nordstern's business volume and earnings will come under pressure due to lower demand from institutional investors, developers, and consumers. However, strong growth may also imply a certain risk exposure related to resource scarcity, supply chains under pressure, and price increases, which again may cause inflation and an upward pressure on interest rates. These factors can eventually cause delays, weakened demand from investors due to yield compression, and may put Nordstern's earnings under pressure.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

The macroeconomic conditions are, obviously, beyond Nordstern's sphere of influence. It is therefore key that we constantly monitor all aspects of the market so that we can quickly respond to changes in market assumptions.

A business model which includes new construction as well as renovation of residential and non-residential construction, institutions, etc., and where the customers can come from both the private sector and the public and semi-public sectors, entails a level of diversity which makes it possible, during a business cycle, to focus on the areas with the highest growth. Since our business model is based on outsourcing and a constant focus on process and cost optimization, we have ensured a significant scalability to reduce our vulnerability during a market downturn. In general, long-term planning and measures against project execution risks play an important role in handling the risks related to longer periods with high economic growth.

Political risks

Identified risk areas

Political risks relate to decisions that may, directly or indirectly, change the preconditions for Nordstern's business activities. These could be legislative changes to areas such as construction, personal taxation, corporate taxation, property taxation, tenancy legislation, financial legislation, VAT, and taxes. However, they may also be planning changes at the state, regional, and municipal levels.

Probability ● ○ ○ **Impact** ● ○ ○

Preventive measures

Nordstern generally has no influence on risks related to political decisions. To be able to respond quickly to political initiatives and changes that may have an impact on Nordstern's business activities, we closely monitor the political landscape.


Bybladet, Tilst

Operational risks

Projects execution risks

Identified risk areas

Project execution risks include the risks associated with the execution of building projects on a turnkey basis, partly in respect of the management and control of the project and partly in respect of the contractual relationships with construction contractors and materials suppliers. Poor management and control can lead to failure to comply with the timetable and the quality of execution, which may affect the relationship with both customers and collaboration partners and may have unwanted economic consequences. Up to the hedging date, Nordstern will be exposed to potential price increases and bottlenecks with respect to the elements in turnkey projects that are not covered by final supplier contracts at the time of conclusion of a turnkey project. Nordstern will also be exposed to bankruptcies among construction contractors and materials suppliers with whom contracts have been concluded.

Probability ○ ● ○ **Impact** ○ ○ ●

Preventive measures

Great attention is paid to the correct staffing of building projects to meet the resource needs, necessary experience, and required professional and managerial skills. Well-designed processes, such as continuous follow-up and reporting in cooperation with business controllers, ensure a high level of transparency regarding the progress, quality, and financial aspects of the projects. As a consequence of several significant write-downs on ongoing projects in 2023, additional efforts in this area have been initiated.

Our contract policy ensures that, before the final approval of a turnkey contract, we obtain offers for all essential trade contracts. The level of hedging is controlled by our contracts committee. Hedging of the most important elements of the turnkey contract prior to the conclusion of the contract is therefore ensured. We require performance guarantees from subcontractors to hedge the risk of bankruptcy.

Development risks

Identified risk areas

The most important risks related to property development include conditions that may entail an unintended tie-up of capital and unsatisfactory earnings, including, in a worst-case scenario, losses. If a development property is acquired which is not covered by a local development plan that supports the prerequisites of the project, certain risks such as timing and potential building rights will be attached to it.

The process of a local development plan can be protracted, and the outcome is subject to uncertainty. In the absence of a binding agreement with an investor on the purchase of a completed project (a newly built and/or newly renovated property) at the time of takeover of the development property, there is a risk that the project cannot subsequently be sold at the assumed price or within the expected timeframe. Commencing construction without a final agreement with an investor — construction at one's own expense — entails the same risk scenario as above but with even greater exposure when it comes to both funds tied up and earnings. In both cases, the risks are markedly increased in case of negative market development.

Probability ○ ● ○ **Impact** ○ ○ ●

Preventive measures

Nordstern seeks to acquire development properties covered by a local development plan in force so that the project conditions and framework are fixed at the time of purchase. However, attractive new opportunities regularly emerge. Here, realizing the potential requires a new local development plan. In these cases, Nordstern will only conclude a purchase agreement contingent on a satisfactory local development plan.

For Nordstern, the starting point is that an agreement with an investor must be concluded before a development property is acquired. This is often ensured by making a purchase conditional on Nordstern's conclusion of an agreement with an investor within a certain period. A deviation from this principle can be accepted if Nordstern acquires a development property without prior agreement with an investor but is in close dialogue with potential investors or if the potential sale of the project has been confirmed by one or several property agents. In such cases, higher requirements will be made for the financial potential of the project and the time frame for the conclusion of an agreement with an investor must be foreseeable. Commencement of construction prior to a final agreement with an investor will only take place in exceptional cases. In such cases, it would only be minor projects where the commercial arguments for commencement carry more weight than the potential risk exposure.

IT risks

Identified risk areas

IT risks relate to both external and internal matters and can be in the form of theft and misuse of data, loss of data, and system breakdown—all of which can have a considerable negative impact on the operation and management of Nordstern's business activities. The causes can be cyber-attacks, failures among subcontractors, implementation errors, functionality failures, and breaches of safety procedures. The risk of being struck by a cyber-attack appears to be increasing.

Probability ○ ● ○ **Impact** ● ○ ○

Preventive measures

The security aspects of Nordstern's IT solutions, including infrastructure in particular, are monitored and evaluated on a continuous basis in cooperation with external consultants. To ensure the right level of resources and skills, part of our IT tasks and processes have been outsourced to external collaboration partners in areas such as operation and safety. Uniform systems, standards, and checks, and online training sessions are applied as widely as possible in order to minimize the risk of errors and breaches. Additionally, penetration tests and security analyses are performed by external specialists on an ongoing basis.

HR risks

Identified risk areas

HR risks include the attraction and retention of employees. Employees play a key role in Nordstern's path to success. In view of the complexity of its business activities, Nordstern relies on management and employee teams with strong skills in a number of areas of expertise. The competition for skilled employees is particularly intense during a booming economy. Here, there is a risk of losing employees and of not being able to attract the right employees to the extent necessary. The consequence of many unfilled positions would be a negative effect on the ability to realize the revenue and earnings targets.

Probability ○ ● ○ **Impact** ○ ○ ●

Preventive measures

The key to attracting and retaining the right employees is that Nordstern is viewed as an attractive place to work. Nordstern aims to be the most attractive place to work in the industry based on our strong culture and values, and by providing opportunities for professional and personal development with great co-determination on day-to-day tasks. The implementation of an employee share scheme for all employees helps underpin this ambition.

The remuneration of management and other employees is set by taking specific tasks and responsibilities, as well as value creation and conditions in comparable companies, into account.

Safety risks

Identified risk areas

Safety risks are mainly associated with Nordstern's building projects, which involve several potentially dangerous activities and therefore carry a risk of industrial accidents. This can affect Nordstern's own employees as well as the employees of construction contractors and collaboration partners. The risk of industrial accidents is, of course, increased if established procedures and guidelines are not observed.

Probability ● ○ ○ **Impact** ○ ○ ●

Preventive measures

Nordstern's work is based on an occupational health and safety policy which is approved by the Board of Directors and aims to avoid all types of injuries and accidents at our building sites. Nordstern ensures continuous follow-up and reporting on occupational safety to the Board of Directors. Specific plans, routines, and systems for handling any incidents or near misses have been implemented.

Regulatory risks

Identified risk areas

Regulatory risk falls under the area of compliance and includes the risk that applicable legislation, rules, agreements, and policies are not observed. This may be in the form of deliberate or unintentional actions and can affect Nordstern negatively in several areas.

Probability ● ○ ○ **Impact** ○ ● ○

Preventive measures

With due respect to our reputation and in any other context, Nordstern cannot accept that the organization and its individual employees fail to observe applicable legislation, rules, agreements, or policies governing our business and administrative activities. Using effective and secure systems, separation of functions, internal controls, and communicating and monitoring applicable policies and guidelines, etc., we try to ensure compliance in all areas.

Financial risks

Credit risks

Identified risk areas

Credit risk is the risk that Nordstern's customers are unable to make payments in accordance with existing contracts.

Probability ● ○ ○ **Impact** ○ ● ○

Preventive measures

Nordstern generally requires guarantees from customers to obtain satisfactory assurance that payments are received in step with deliveries made under existing contracts. Additionally, Nordstern has well-planned processes for continuous monitoring and reporting of due payments.

Funding risks

Identified risk areas

Funding risk includes the lack of access to the required credit facilities and guarantee frameworks. Nordstern's sale of turnkey contracts generally does not require funding. In certain cases, Nordstern implements projects itself, and in other cases, Nordstern takes co-ownership of projects. These activities depend on the ability to obtain the necessary credit facilities on satisfactory terms. In relation to customers, in particular, but also to certain materials suppliers and other collaboration partners, Nordstern needs to provide guarantees within an externally established framework.

Probability ○ ● ○ **Impact** ○ ● ○

Preventive measures

Over a long period, Nordstern has had strong financial resources in the form of large cash deposits and established but unutilized credit facilities. Furthermore, Nordstern has well-established guarantee frameworks with four of the leading guarantee providers.

We strive for good, long-term relationships with our financial partners, which we seek to maintain through a high level of transparency, continuous reporting, and a satisfactory equity ratio.

The Board of Directors and the Executive Board continuously assess whether Nordstern's capital structure sufficiently supports the achievement of the targets set for activity level and earnings.

ESG key figures

Strategic KPIs	Unit	Target	2023	2021	
Environment					
CO_2e, scope 1	Tons	Reduce Scope 1 CO_2-emissions with 42 % by 2030	566	638	*reduction of 11% from 2021*
CO_2e, scope 2 – Market based	Tons	Reduce Scope 2 CO_2-emissions with 42% by 2030	185	3,482	*reduction of 95% from 2021*
CO_2e, scope 2 – Location based	Tons	Reduce Scope 2 CO_2-emissions with 42% by 2030	839	1,560	*reduction of 46% from 2021*
CO_2e, scope 3	Tons	Reduce Scope 3 CO_2-emissions with 50% by 2030	192,435	222,948	*reduction of 14% from 2021*
Total GHG emissions (market based)	Tons	Reduce total GHG emissions with 50% by 2030	193,185	227,068	*reduction of 15% from 2021*
GHG intensity per net revenue	Tons/revenue	Reduce GHG intensity per net revenue with 50% by 2030	0.000037	0.000043	*reduction of 13% from 2021*
Energy consumption	GJ	Target to be set during 2024	27,392	58,512	
Energy intensity per net revenue	GJ/revenue	Target to be set during 2024	0.0000053	0.000011	
Water consumption	m^3	Baseline and target to be set during 2024	18,461	NA	
Total waste volume from construction sites	Tons/revenue	Waste volume baseline and target to be set during 2024	0.0000015	NA	
Recycled waste from construction sites	%	70% recycled waste from construction by 2025	58	NA	
EU Taxonomy-aligned revenue	%	70-100% of revenue from new construction projects to be Taxonomy-aligned in 2030	0	NA	
Sustainability certifications	%	100% of residential and office buildings certified as sustainable from 2023	80 / 73	NA	*80% based on the number of projects* *73% based on revenue*

Strategic KPIs	Unit	Target	2023	2022
Social				
Full time equivalents	FTE	No target	422	452
Interns	Number	Minimum 70 interns annually by 2025	48	63
Gender diversity: Board and Management (Executive Management and reports to Executive Management)	%	No target for Board of Directors as long as there are only two Board members Target for Management: 30% women by 2025	BoD: 0% Management: 19%	BoD: 0% Management: 18%
Sick leave /absence	Days/FTE	Sick leave < 2 %	1.5%	N/A
Reported work accidents	Frequency	Below 0.6 accidents per DKK 100M revenue	1.3	N/A
Lost-time injury frequency	Frequency	Below 9 lost days per DKK 100M revenue	13	N/A
Employees in a career development program	Number	Graduate program: 5 employees annually Internal project management education: 60 employees annually	N/A 43	N/A
Internal promotions	Number	> 25 annually	N/A	N/A

Strategic KPIs	Unit	Target	2023	2022
Governance				
Proportion of the underrepresented gender on board of directors	%	No target for BoD as long as there are only two board members	0	0
Attendance rate at board meetings	%	Target: 100% attendance	100	100
Suppliers who have signed Supplier CoC	Number	CoC part of all subcontracts from 2023	65	N/A
Employees trained in Employee CoC	%	Develop online training program and onboarding CoC training in 2023	N/A	N/A

ESG accounting practices

KPI	Accounting practices
Environment	
CO_2e, scope 1	Emission factors: DEFRA 2023 Petrol and diesel used in company cars in 2023 Oil used on construction sites (purchased by Nordstern) in 2023
CO_2e, scope 2 – Market based	Emission factors electricity: Energinet 2022 Emission factors district heating: The specific company's emission factor for their district heating product (for 2022 or 2023). Where this does not exist for 2022 or 2023 we have used the national emission factor from Energistyrelsen 2022 Electricity and district heating used in offices and on construction sites (purchased by Nordstern)
CO_2e, scope 2 – Location based	Emission factors electricity: Energinet 2022 Emission factors district heating: The specific company's emission factor for their district heating product (for 2022 or 2023). Where this does not exist for 2022 or 2023 we have used the national emission factor from Energistyrelsen 2022 Electricity and district heating used in offices and on construction sites (purchased by Nordstern)
CO_2e, scope 3	We have used the principals from the Greenhouse Gas Protocol (GHG Protocol) Scope 3.1 Purchased goods and services: Emissions from spend costs: DEFRA 2023 Amount of spend costs in 2023: From Nordstern's ERP Emissions from buildings, product stage: Ökobaudat and specific EPD's Included projects: Handed over in 2023. For all projects where there is a specific LCA, data from this has been used (phase A1-A3). For the rest, we have used a 9,5 kg CO_2e/m^2/year for new construction projects and 7,5 CO_2e/m2/year for renovation projects based on Build's reports (total for the phases A1-A3, B4, C3, and C4): https://build.dk/Assets/Klimapaavirkning-fra-60-bygninger_/BUILD-Rapport-2021-13.pdf https://build.dk/Assets/Klimapaavirkning-fra-renovering/klimapaavirkning-fra-renovering.pdf Based on an average of our projects with a calculated LCA, the total CO_2-emissions have been split into the different phases. Scope 3.3 Fuel and energy related activities: Upstream emissions from consumption: Emission factors: DEFRA 2023 Consumptions from Scope 1 and 2 Scope 3.5 Waste generated in operations: Emissions from waste: DEFRA 2023 Amount of waste: information from the waste handling companies

KPI	Accounting practices
CO_2e, scope 3 (continued)	Scope 3.6 Business travel: Emissions from spend costs: DEFRA 2023 Amount of spend costs in 2023: From Nordstern's ERP Scope 3.7 Employee commuting: Emissions from employee commuting (by car): DEFRA 2023 Driven km by employees: Calculation of distance between each employee's home and their workplace (and return) times 166 working days times 95 % (it is estimated that 5 % of employees travel by bicycle, public transport or another way). From Dansk Statistik we have information on the part that drives in petrol car, diesel car, hybrid car or electricity. Scope 3.11 Use of sold products: Emissions from buildings, use stage: Ökobaudat and specific EPD's Included projects: Handed over in 2023. For all projects where there is a specific LCA, data from this has been used used (phase B4 and B6). For the rest, see scope 3.1. Scope 3.12 End-of-life treatment of sold products: Emissions from buildings, use stage: Ökobaudat and specific EPD's Included projects: Handed over in 2023. For all projects where there is a specific LCA, data from this has been used used (phase C3 and C4). For the rest, see scope 3.1.
Total GHG emissions	Total of scope 1, 2 and 3 emissions
GHG intensity per net revenue	Total of scope 1, 2 and 3 emissions divided by revenue (DKK)
Energy consumption	Electricity and district heating used in offices and on construction sites (purchased by Nordstern). Information from Nordstern's ERP
Energy intensity per net revenue	Electricity and district heating used in offices and on construction sites (purchased by Nordstern) divided by revenue (DKK).
Water consumption	Water consumption from offices and on construction sites (purchased by Nordstern). Information from Nordstern's ERP.
Total waste volume from construction sites	Waste (tons) from offices and construction sites where Nordstern is responsible for handling the waste. Waste amounts (tons) are documented by the different waste carriers. Waste amounts (tons) are measured in different fractions. The total waste amount is divided by revenue (DKK).
Recycled waste from construction sites	The waste carriers have informed how their different fractions are handled (recycling, combustion and landfill).
EU Taxonomy-aligned revenue	Not relevant in 2023
Sustainability certifications	All new residential construction (including hotels) and offices, Nordstern has signed a contract with during the past year, is included in the overview (where Nordstern is general contractor). Exceptions are projects where Nordstern only is hired to build the project (and hence, is not included in the planning of the project) (where Nordstern is main contractor).

KPI	Accounting practices
Social	
Full time equivalents	ATP accounting method
Interns	Data from HR Management system
Gender diversity, all employees	ATP accounting method
Gender diversity, management	ATP accounting method
Sick leave /absence	Data from time registration system, Intempus
Reported work accidents	Data from internal reports on health and safety
Lost-time injury frequency	Data from internal reports on health and safety
Employment of socially vulnerable people	Not relevant
Job satisfaction	Data from annual Ennova report
Employees in a career development program	Data from HR Management system

KPI	Accounting practices
Governance	
Proportion of the underrepresented gender on Board of Directors	Not relevant
Attendance rate at board meetings	Data logged in 'Minutes from the Board meeting'
Suppliers who have signed CoC	Data from internal log compiled by Nordstern's Head of Procurement
Employees trained in CoC	Data from HR Management system (to be implemented from 2024)

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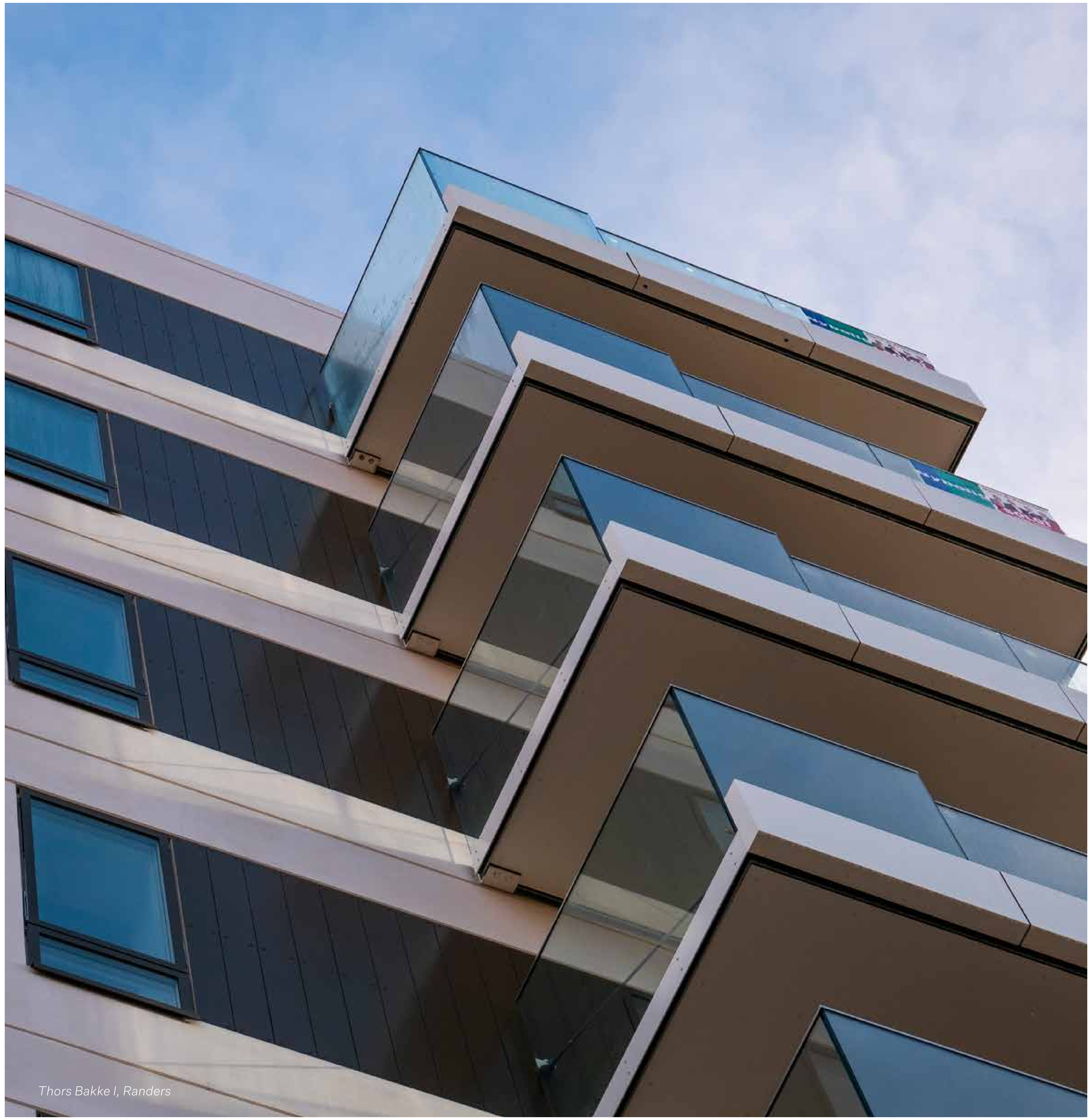
Other



Thors Bakke I, Randers

Statement of comprehensive income 1 January – 31 December 2023

TDKK	Note	2023	2022
Revenue from contracts with customers	3	5,194,414	3,815,117
Income from equity investments in subsidiaries		3,492	44,537
Income from equity investments in joint ventures		1,869	182
Other operating income/costs		-128	3
Cost of sales		-4,739,129	-3,458,392
Other external costs		-53,769	-46,969
Gross profit		**406,749**	**354,478**
Staff costs	4	-361,109	-257,305
Profit/(loss) before depreciation and amortisation (EBITDA)		**45,640**	**97,173**
Depreciation	5	-13,802	-10,344
Profit/(loss) before financial income and expenses (EBIT)		**31,838**	**86,829**
Financial income	6	25,874	9,021
Financial expenses	7	-3,854	-7,765
Ordinary result before tax (EBT)		53,858	88,085
Tax on net profit/(loss) for the year	8	-13,139	-10,515
Comprehensive income		**40,719**	**77,570**

Balance sheet at 31 December 2023

TDKK	Note	2023	2022
Assets			
Goodwill		414,152	299,675
Intangible assets	9	**414,152**	**299,675**
Property, plant and equipment		7,445	6,665
Right of use assets		39,487	37,375
Tangible assets	10	**46,932**	**44,040**
Equity investments in subsidiaries	11	526,343	113,790
Equity investments in joint ventures	12	0	42,500
Financial assets		**526,343**	**156,290**
Total non current assets		**987,427**	**500,005**
Trade receivables	13	546,068	388,120
Contract work in progress	14	370,149	299,368
Receivables from subsidiaries		302,316	131,032
Receivables from joint ventures		10,217	0
Receivables from associates		6,265	0
Joint taxation income tax receivable		38,412	0
Other receivables		45,394	1,532
Prepayments and accrued income		5,501	18
Receivables		**1,324,322**	**820,070**
Cash and cash equivalents		**566,984**	**513,093**
Total current assets		**1,891,306**	**1,333,163**
Total assets		**2,878,733**	**1,833,168**

TDKK	Note	2023	2022
Equity and liabilities			
Share capital		5,001	5,000
Net revaluation reserve according to the equity method		199,082	155,040
Retained comprehensive income		757,614	314,343
Equity	15	**961,697**	**474,383**
Lease liabilities	16	33,505	33,597
Provision for deferred tax	17	93,603	62,878
Other provisions	18	53,168	32,058
Long term debt		**180,276**	**128,533**
Lease liabilities	16	10,005	7,197
Other provisions	18	55,006	4,553
Accounts payable		1,469,822	1,116,325
Advance invoicing of work in progress	14	135,856	42,775
Amounts owed to parent companies		1,803	10,285
Joint taxation income tax payable		0	13,966
Other payables		64,268	35,151
Short term debt		**1,736,760**	**1,230,252**
Total payables		**1,917,036**	**1,358,785**
Total equity and liabilities		**2,878,733**	**1,833,168**

Statement of changes in equity

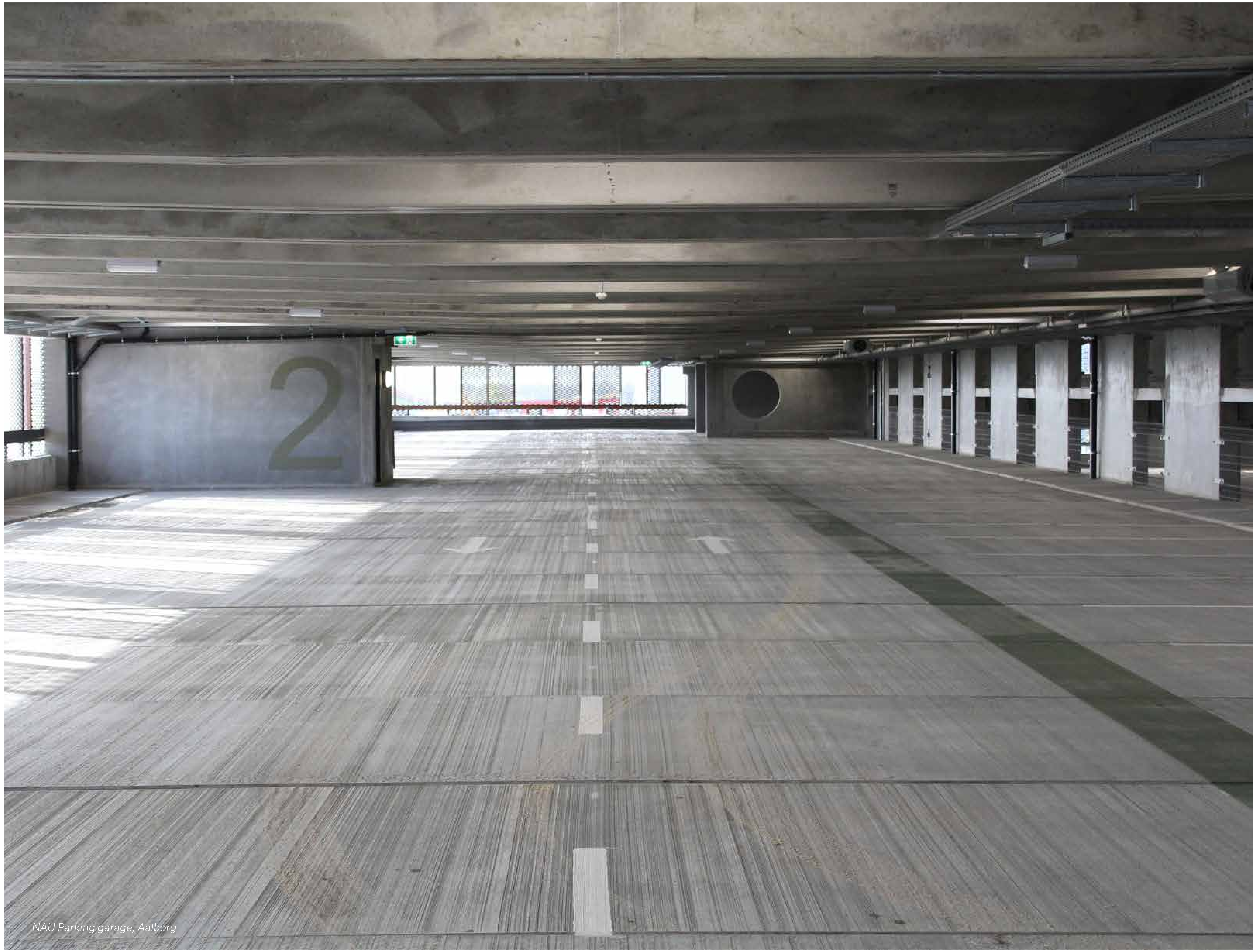
TDKK	Share capital	Net revaluation reserve according to the equity method	Retained comprehensive income	Proposed dividend for the year	Total
Equity at 1 January 2023	5,000	155,040	314,343	0	474,383
Net effect from merger and acquisition under the book value method	1	82,809	511,274	0	594,084
Adjusted equity at January 2023	5,001	237,849	825,617	0	1,068,467
Share-based payments	0	0	2,511	0	2,511
Comprehensive income in 2023					
Net profit/(loss) for the year	0	-38,767	-70,514	150,000	40,719
Total comprehensive income	0	-38,767	-70,514	150,000	40,719
Transactions with owners					
Extraordinary dividends paid	0	0	0	-150,000	-150,000
Total transactions with owners	**0**	**0**	**0**	**-150,000**	**-150,000**
Equity at 31 December 2023	**5,001**	**199,082**	**757,614**	**0**	**961,697**

TDKK	Share capital	Net revaluation reserve according to the equity method	Retained comprehensive income	Proposed dividend for the year	Total
Equity at 1 January 2022	5,000	110,321	356,661	0	471,982
Net effect from merger and acquisition under the book value method	0	0	-2,171	0	-2,171
Adjusted equity at January 2022	5,000	110,321	354,490	0	469,811
Share-based payments	0	0	2,001	0	2,001
Comprehensive income in 2022					
Net profit/(loss) for the year	0	44,719	-42,148	75,000	77,571
Total comprehensive income	**0**	**44,719**	**-42,148**	**75,000**	**77,571**
Transactions with owners					
Extraordinary dividends paid	0	0	0	-75,000	-160,000
Total transactions with owners	**0**	**0**	**0**	**-75,000**	**-160,000**
Equity at 31 December 2022	**5,000**	**155,040**	**314,343**	**0**	**474,383**

Cash flow statement 1 January – 31 December 2023

TDKK	Note	2023	2022
Net profit/(loss) for the year after tax		40,719	77,570
Adjustments	25	-18,450	-28,389
Changes in working capital	26	-67,639	-54,099
Changes in balances to/from related parties		-42,729	47,373
Operating cash flow before financial income and expenses		**-88,099**	**42,455**
Interest received, etc.		25,874	9,021
Interest paid, etc.		-3,854	-7,766
Cash flows from ordinary activities		**-66,079**	**43,710**
One-off items		0	-10,668
Income tax paid		-86,465	-51,543
Cash flows from operating activities		**-152,544**	**-18,501**
Sale of shares in joint ventures		24,385	0
Purchase of property, plant and equipment		-1,589	-764
Sale of property, plant and equipment		0	864
Dividends received from subsidiaries		20,000	0
Cash flows from investing activities		**42,796**	**100**
Reduction of lease liabilities	16	-10,260	-8,206
Dividends paid		-150,000	-75,000
Cash flows from financing activities		**-160,260**	**-83,206**

TDKK	Note	2023	2022
Changes in cash and cash equivalents		**-270,008**	**-101,607**
Cash and Cash equivalents at 1 January		513,093	614,700
Addition from merger	27	323,899	0
Cash and cash equivalents at 31 December		**566,984**	**513,093**
Cash and cash equivalents were as follows:			
Cash and cash equivalents		566,984	513,093
Cash and cash equivalents at 31 December		**566,984**	**513,093**



NAU Parking garage, Aalborg

Notes

Note

1 ACCOUNTING POLICIES

The financial statements 2023 of Nordstern have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements as set out in the Danish Financial Statements Act governing reporting class C large enterprises.

On 28 February 2024, the Board of Directors and the Executive Board considered and approved the Annual Report 2023 of Nordstern.

The functional currency of Nordstern and the reporting enterprises is Danish kroner.

The Annual Report is expressed in thousands of Danish kroner.

The Company has opted not to prepare consolidated financial statements in line with the Danish Financial Statements Act's §112.

The company has opted not to disclose the fees to the independent auditor in line with the Danish Financial Statements Act's §96

Materiality
The financial statements are prepared on the basis of a number of transactions that are aggregated into classes according to their nature or function. The transactions are presented in the financial statements in classes of similar items. If a line item is not individually material, it is aggregated with other items either in the financial statements or in the notes.

Management provides specific information required under IFRS unless such information is not relevant or is considered immaterial to the decisions of the primary users of the financial statements.

Business combinations
The acquisition method is used to account for the acquisition of new entities, and the assets and liabilities of newly acquired entities are measured at fair value at the date of acquisition. Restructuring costs recognized in the acquired entity's financial statements at the date of acquisition, and not agreed to be part of the acquisition, are included in the pre-acquisition balance sheet and accordingly in the determination of goodwill. Costs for restructurings decided after the acquisition date are recognized in the income statement. The tax effect of the revaluations made is recognized in deferred tax.

Positive balances (goodwill) between cost and the fair value of acquired identifiable assets and liabilities, including provisions for restructuring, are recognized under intangible assets. At initial recognition, goodwill is recognized in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated write downs. Goodwill is not amortized but is tested for impairment at least annually. See the description of the impairment testing of non-current assets below.

Newly acquired or established enterprises are included in the financial statements as from the date of acquisition. Enterprises divested or discontinued are included in the consolidated income statement until the date of divestment. Comparative figures are not restated to reflect enterprises newly acquired, divested or discontinued.

Business combinations such as the purchase and sale of equity investments, mergers, demergers, addition of assets, exchange of shares, etc. between entities controlled by the parent company are accounted for using the book value method. Business combinations are considered to be carried out at the time of acquisition. The difference between the agreed consideration and the carrying amount of the acquired enterprise is recognized in equity.

Gains or losses arising from the disposal of subsidiaries and associates are determined as the difference between the selling price and the carrying amount of net assets, including non-impaired goodwill, at the date of disposal as well as expected selling or winding up costs.

STATEMENT OF COMPREHENSIVE INCOME

Revenue from contracts with customers
Nordstern's revenue consists of the value generated from main- and turnkey-contracts.

Revenue is recognized when control of the individual identifiable performance obligation is transferred to the customer. Payment is allocated in proportion to the individual performance obligations of the contract.

Revenue is measured at the fair value of the agreed payments less VAT and duties.

Contracts involving variable payments, such as index linked payments, are recognized at the probable value of the payment. Revenue is only recognized when it is probable that changes to the estimated variable payments will not subsequently result in the reversal of a significant portion of the payment and, hence, a reduction of revenue.

Cost of sales
Cost of sales comprise cost to contractors' delivered goods and work performed measured at cost.

Income from equity investments in subsidiaries, associates and joint ventures
The proportionate share of profit or loss after tax of subsidiaries, associates and joint ventures is recognized in the income statement. As income from the development, performance, and sale of construction projects of subsidiaries, associates and joint ventures, the purpose of which is solely to own construction projects or portions of such projects in connection with the construction process, is considered to be part of the Company's main activity, the item is shown as part of the Company's gross profit.

Operating income/costs
Other operating income includes items of a secondary nature in relation to the activities of the Company, including gains/loss on the disposal of property, plant, and equipment.

Other external expenses
Other external expenses include costs for distribution, sales, marketing, administration, premises, bad debts, rental expenses on short term leases, etc.

Staff costs
Staff costs include wages and salaries, including holiday pay, pension contributions and other social security costs, etc. relating to the Company's employees. Staff costs are exclusive of refunds received from public authorities.

Selected employees in Nordstern ApS are included in share-based incentive plans (equity-settled plans). For equity-settled programs, the warrants are measured at the fair value at the grant date and recognized in the income statement as staff costs over the vesting period. The counter item is recognized in equity. The vesting period is variable and is estimated by Management. The fair value of granted warrants is estimated at grant date. Market based performance conditions are considered when estimating the fair value of the warrants. The number of warrants expected to vest are partly based on measures dependent on the market value of the ASG Domus share.
These measures are considered market conditions and are reflected in the fair value at grant date. Market conditions are not subsequently revised. The number of warrants expected to vest are partly based on employment (service condition) and is a non-market condition. Non-market conditions are subsequently revised.

Amortization, depreciation, and impairment losses
Amortization, depreciation, and impairment losses include depreciation and impairment of tangible assets.

Financial income and expenses
Financial income and expenses are recognized in the income statement at the amounts relating to the fiscal year. Financial income and expenses include interest income and expenses, finance charges on leases, realized and unrealized capital gains and losses on securities, accounts payable and transactions in foreign currencies and surcharges and allowances under the tax prepayment scheme, etc.

Tax on net profit/(loss) for the year
The Company is subject to the Danish rules on compulsory joint taxation. On the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed entities in proportion to their respective taxable income. In this connection, entities with tax losses receive joint taxation contributions from entities that have been able to use such losses to reduce their own taxable income.

Tax for the year, consisting of income tax for the year and any change in deferred tax, is recognized in the income statement at the amount attributable to the net profit or loss for the year and directly in equity at the amount attributable to changes recognized directly in equity.

BALANCE SHEET

Intangible assets

Goodwill
At initial recognition, goodwill is recognized in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment.

Goodwill is not amortized, but is tested for impairment at least annually, see the description of the impairment testing of non-current assets below

Tangible assets
Property, plant, and equipment are measured at cost, less accumulated depreciation and impairment losses.

The basis of depreciation is calculated based on cost, less estimated residual value at the end of useful life.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use.

The present value of the estimated cost of repairs to restore the location where the asset was used is added to cost.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

- Property, plant, and equipment, 3-5 years
- Right of use assets, 4-15 years

Gains or losses on the sale of tangible assets are recognized in the income statement as other operating income or other operating expenses.

Leases
At commencement of a contract, the Company assesses whether the contract is a lease or contains a lease. A lease is a contract that gives the right to control the use of an identifiable asset for a period of time in exchange for consideration. In the assessment of whether a contract contains a lease that has been transferred to the lessee it is taken into account whether, during the period of use, the lessee has the right to all the economic benefits from the use of the identifiable asset and the right to control the use of the identified asset.

The right of use asset and the lease liability are initially recognized at the commencement date.

The right of use asset is measured at cost, being the present value of the lease liability with the addition of any direct costs related to the acquisition and any costs of dismantling and removal of the asset at the end of the lease period that the lessee is required to pay as well as any pre-paid lease payments.

The right of use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the right of use asset. If the lease has an option to purchase and the Company expects to exercise that option, the right of use asset is depreciated on a straight-line basis over the estimated useful life of the asset.

The Company leases vehicles for which payments to the lessor contain a service component. The service component is separated from the lease payment upon measurement of the lease liability. However, if the Company cannot reliably separate lease and non-lease components, they are accounted for as a single component.

Short term leases with a lease term of 12 months or less and leases for which the underlying assets are of low value are not recognized in the balance sheet.

The lease liability recognized as credit institutions and interest-bearing liabilities is measured at the present value of future lease payments and are discounted using the Company's incremental borrowing rate if the implied interest rate does not appear from the lease contract or cannot be reliably estimated. Lease payments include fixed and variable payments that are linked to an index or an interest rate, residual value guarantees, exercise of purchase options and costs for termination of the lease. The lease liability is adjusted subsequently if:

- A change has occurred in the exercise of options to extend or reduce the lease term due to a significant event or significant changes in circumstances that are within the control of the lessee.
- The lease term has been changed as a result of the exercise of an option to extend or reduce the lease term.
- The contract is renegotiated or modified.

A subsequent adjustment of the lease liability is recognized as an adjustment of the right of use asset. However, if the value of the right of use asset is DKK 0, a negative reassessment of the right of use asset is recognized in the income statement.

Equity investments in subsidiaries
Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprise, calculated according to the Group's accounting policies with the addition or deduction of unrealized intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the acquisition method.

If the carrying amount exceeds the cost, the net revaluation of investments in subsidiaries is taken to the net revaluation reserve under equity in accordance with the equity method. Dividends from subsidiaries expected to be adopted prior to the adoption of Nordstern's annual report are not taken to the revaluation reserve.

On acquisition of enterprises, the acquisition method is applied, see the description above under determination of goodwill.

Equity investments in joint ventures
Investments in joint ventures are measured at the proportionate share of the equity value of the enterprise, calculated according to the Group's accounting policies with the addition or deduction of unrealized intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill.

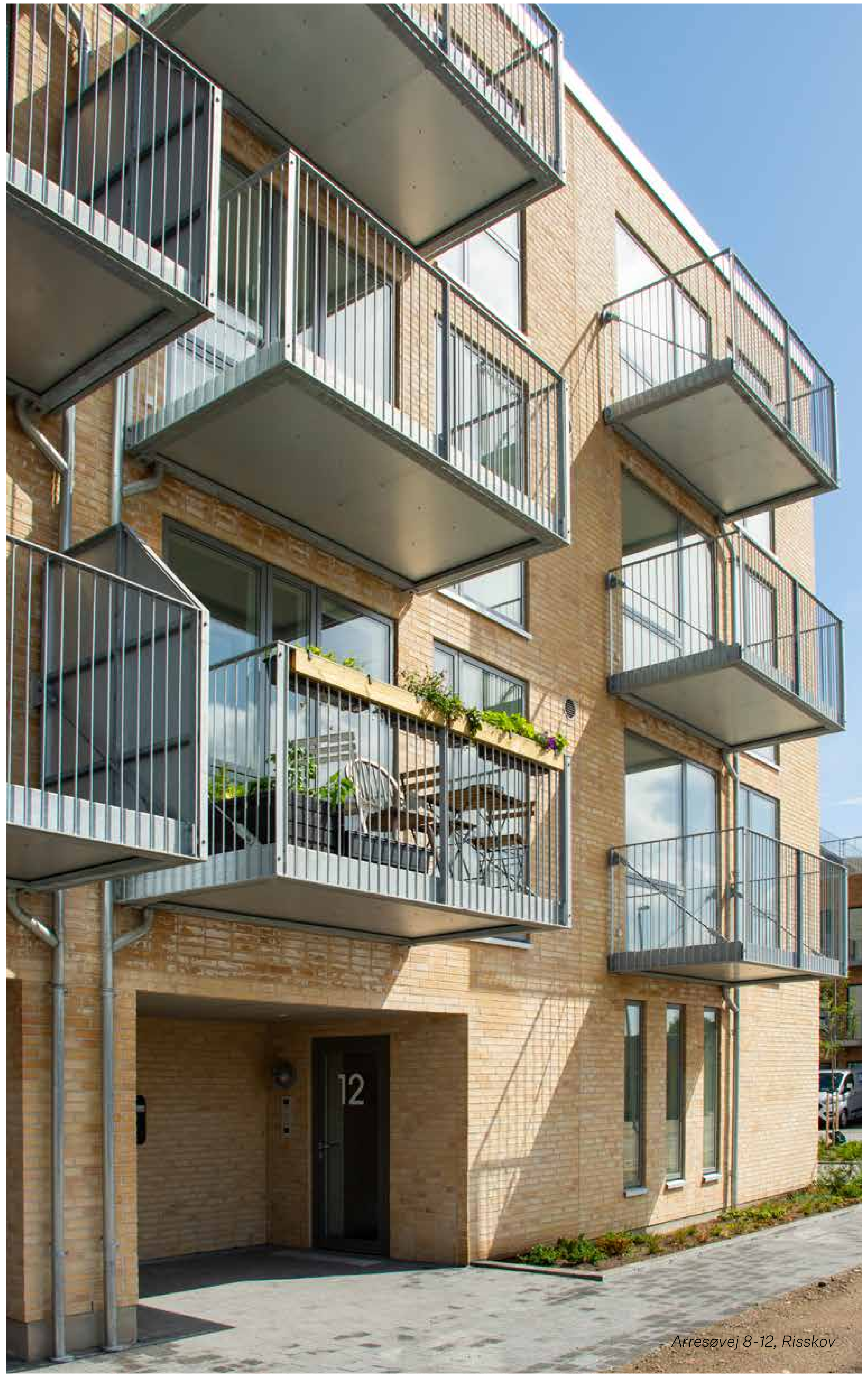
If the carrying amount exceeds the cost, the net revaluation of equity investments in joint ventures is taken the net revaluation reserve under equity according to the equity method.
On acquisition of enterprises, the acquisition method is applied, see the description above under Business combinations and goodwill.

Impairment test of non-current assets

Goodwill
Goodwill is tested annually for impairment, the first time being at the end of the year of acquisition. The carrying amount of goodwill is tested for impairment together with other non-current assets in the cash generating unit or the group of cash generating units to which goodwill is allocated, and where the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. The recoverable amount is calculated as the net present value of expected future cash flows from the entity or activity (cash generating unit) to which the goodwill has been allocated.

Other non-current assets
The carrying amounts of other non-current assets are reviewed annually to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less estimated costs to sell and the asset's value in use. Value in use is calculated as the net present value of expected future net cash flows from the asset or the cash generating unit to which the asset belongs.

Recognition of impairment losses in the income statement
An impairment loss is recognized when the carrying amount of an asset or a cash generating unit exceeds the recoverable amount of the asset or cash generating unit. The impairment loss is recognized in



Arresøvej 8-12, Risskov

the income statement as depreciation and impairment of property, plant, and equipment. Impairment losses on goodwill are recognized as a separate line in the income statement. Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates underlying the impairment calculation change. Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset after depreciation had the asset not been impaired.

Receivables
Receivables are measured continuously at amortized cost.

An impairment charge is made for expected credit losses based on the simplified expected credit loss model.

Receivables are regularly monitored in accordance with the Company's risk management policy. Impairment losses are calculated based on the expected credit loss rate. The credit loss rate is determined based on historical credit loss data adjusted for the estimated effect of expected changes to the relevant onerous parameters, including the customers' financial position. Total losses are recognized in the income statement based on the expected loss during the lives of the receivables.

The written-down value of the receivable is used to calculate interest revenue using the effective interest rate for the individual receivable or portfolio of receivables.

Contract work in progress
Contract work in progress is measured at the selling price of the work per formed. The selling price is measured by reference to the stage of completion at the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.
Where it is difficult to determine a reliable selling price of the individual work in progress, the selling price is measured at the lower of costs incurred and net realizable value.

The individual work in progress is recognized in the balance sheet as receivables or payables. Net assets are comprised of the sum of work in progress where the selling price of the work performed exceeds advance invoices. Net liabilities are comprised of the sum of contract work in progress where advance invoices exceed the selling price.

Costs related to sales work and contract negotiations are recognized in the income statement as incurred.

EQUITY
Net revaluation reserve in accordance with the equity method.

The reserve for net revaluation in accordance with the equity method includes net revaluation of equity investments in subsidiaries and joint ventures relative to cost.

Dividends
Proposed dividends are disclosed as a separate item under equity. Dividends are recognized as a liability at the time of adoption by the general meeting.

Provisions
Provisions include expected costs of warranty commitments, restructuring, etc. Provisions are recognized when the Company has a legal or constructive obligation 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 made for warranty commitments based on existing warranty claims for which the amount has not been finally determined and, based on experience, defects at the 1 year and 5 year inspections and estimated costs of individual construction contracts in connection with long term warranty periods.

Income tax and deferred tax
Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on taxable income for the year, adjusted for tax on taxable income for previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method in respect of temporary differences arising between the carrying amounts and the tax bases of assets and liabilities calculated based on the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates applicable when the deferred tax is expected to materialize as current tax according to the legislation in force at the balance sheet date. Any change in deferred tax as a result of changes in tax rates is recognized in the income statement except from items that are recognized directly in equity.

Payables
Debt to creditors, etc. is recognized initially at fair value net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortized cost using the effective interest method, entailing that the difference between the proceeds and the nominal value is recognized in the income statement as financial expenses over the term of the loan.
Other financial liabilities are measured at amortized cost, usually equivalent to nominal value.

Fair value measurement
The Company uses the fair value model in connection with certain disclosure requirements.

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market players (exit price). Fair value is a market based and not a company specific valuation. The Company uses the same assumptions as market players when determining the price of the asset or liability based on existing market conditions, including risk assumptions. Accordingly, the Company's intention to own the asset or sell the liability is not taken into account when the fair value is determined.

Fair value measurement assumes that a transaction takes place in the principal market, or in the absence of a principal market, the most advantageous market. The most advantageous market is the market that maximizes the price of the asset or the liability less transaction and transportation costs. Where possible, fair value measurements are based on market values in active markets (level 1) or alternatively on values derived from observable market data (level 2). Where such observable data do not exist or cannot be used without being significantly modified, fair value measurements are based on recognized valuation methods and fair estimates (level 3).

CASH FLOW STATEMENT

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, changes in cash and cash equivalents during the year and changes in cash and cash equivalents at the beginning and end of the year.
The effect on cash flow of acquisition and disposal of enterprises is shown separately as cash flows from investing activities.
The cash flow statement includes cash flows relating to acquisitions from the date of acquisition, and cash flows relating to disposals are recognized up to the time of sale.

Cash flows from operating activities
Cash flows from operating activities are determined as net profit for the year adjusted for non-cash operating items, changes in working capital, interest paid, including the interest component of recognized lease liabilities, short term leases that have not been capitalized and income tax paid.

Cash flows from investing activities
Cash flows from investing activities include payments relating to the acquisition and divestment of enterprises and activities and the purchase and sale of intangible, tangible and financial assets.

Cash flows from financing activities
Cash flows from financing activities include changes in the size or composition of the share capital and the related costs and the raising of loans, repayment of interest-bearing debt, repayment of lease liabilities and distribution of dividends to shareholders

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term securities (3 months or less), which can easily be converted into cash with insignificant risk of value changes.

NEW ACCOUNTING REGULATIONS

At the time of publication of this Annual Report, several new or changed standards and interpretations had been issued but had not yet come into force and were therefore not incorporated into the annual report.
The new standards and interpretations will be implemented as they become mandatory.

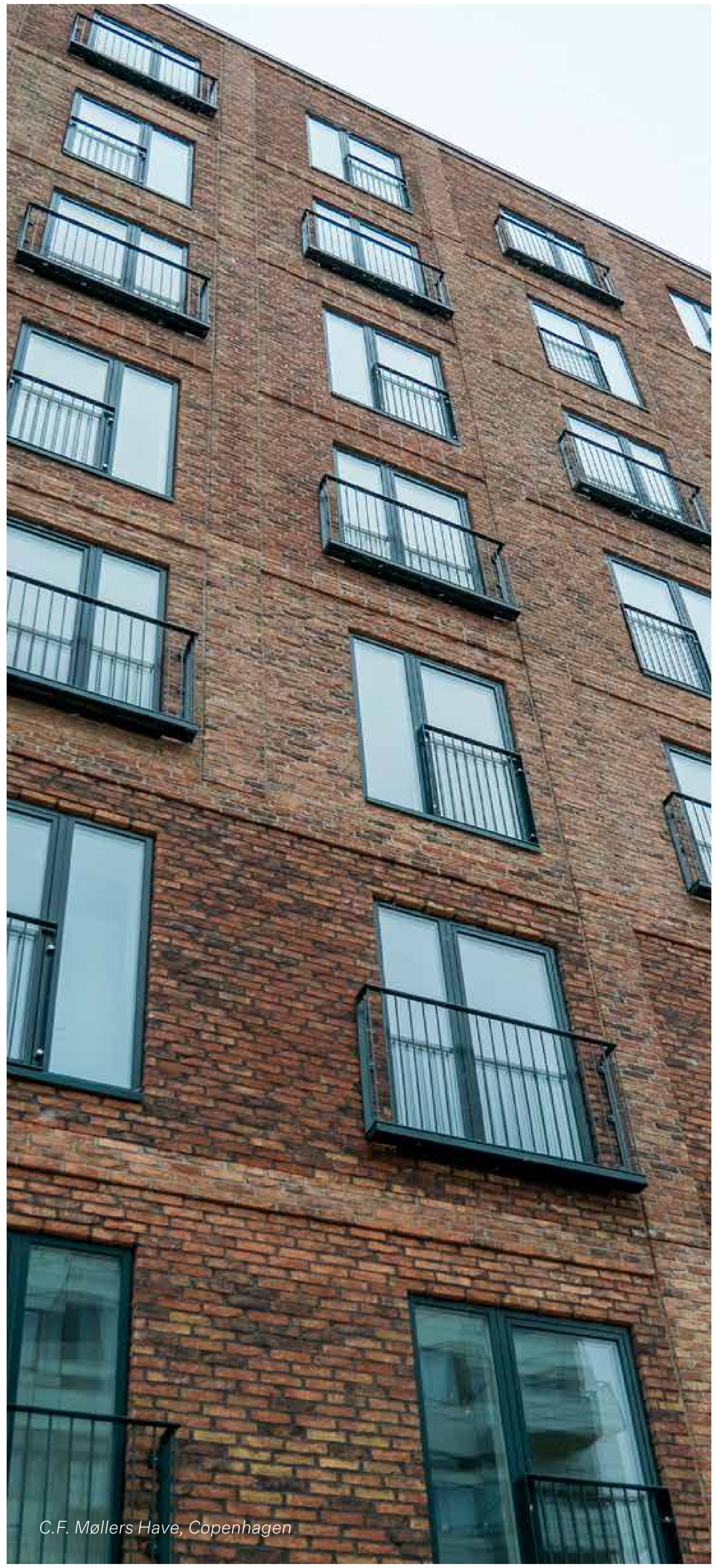
The following amendments to IFRSs are effective for accounting periods beginning 1 January 2023 or later:
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately – disclosures are required for annual periods beginning on or after 1 January 2023)

None of the changed standards have had an effect on recognition and measurement in the consolidated accounts for 2023.



2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the Financial Statements, it is necessary that Management makes accounting estimates and judgements that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses, thus the possible effect on EBIT.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment. The estimates are expectations of the future, or other sources of estimation uncertainty, based on assumptions. Management believes that the estimates are the most likely outcome of future events. Management bases the estimates on historical experience and other assumptions that Management assesses are reasonable under the given circumstances. The Company is exposed to risks and uncertainties that may cause actual results to differ from these estimates under different assumptions or conditions. These risks include macroeconomic risks attached to developments in prices of raw materials and interest rates. The risks have to the widest extent possible been included in current forecasts, budgets etc. and mitigated through the submission of tenders. See Significant risks on page 46-50.

Accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made, that can have significant impact on the amounts recognized in the Financial Statements.

The listed areas and notes involve a high degree of estimation and judgement and are material to the financial statements:

Note	Key accounting estimates and judgements
3 Revenue 14 Work in Progress	**Estimate of stage of completion and margin.** The stage of completion is basically calculated as the share of costs incurred in proportion to the expected total costs of the work in progress on the individual project. If the amount of costs invoiced is not assessed to give an actual indication of the stage of completion of the work, the project management will make a qualitative assessment and, on that basis, determine the stage of completion. Expected margins are estimated based on the anticipated remaining payments to subcontractors under the individual contracts, including the outcome of any disagreements. The assessment of disputes over extras, extensions of deadline, claims for daily penalties, etc. is made based on the nature of the issues, the familiarity with the owner, the stage of negotiations, previous experience and, on that basis, an assessment of the probability of the outcome of the individual dispute. In case of material disagreement, the assessment is also based on external and internal legal assistance. Estimates that relate to the future settlement of the remaining work depend on various factors, and the underlying assumptions may change in step with the completion of the work. Similarly, the assessment of disagreements may change as the projects progress.
9 Intangible Assets 11 Equity Investments in Subsidiaries	**Estimates of future earnings and composition of WACC for impairment test of goodwill.** For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, conversion ratios, discount rates and growth expectations in the terminal period. These are based on an assessment of current order book and pipeline and future developments of the Company in line with strategy. These estimates are also based on historical data of revenue growth and profit margins along and assumptions of future expected market developments. Data includes both internal and external data sources.
18 Other Provisions	**Estimates in assessment of cost within the 5-year warranty period.** Provisions for warranty commitments are assessed for each individual construction contract and relate to the usual 1-year and 5-year warranty work or longer warranty periods for some contracts. The level of provisions is based on experience and the nature of the individual project. Such estimates are inherently subject to uncertainty and the actual warranty commitments may deviate from the estimates
21 Contingencies Etc.	**Estimate of impact from disputes, legal and arbitration proceedings.** Due to the nature of its business, the Company is naturally a party to various disagreements, disputes as well as legal and arbitration proceedings. In each individual case it is assessed to what extent the matter could entail an obligation for the Company and the probability of such obligation. In some cases, a matter may result in a contingent asset or a claim towards other parties than the owner. Management's estimate is based on the information available and expert opinions from legal advisers. It may be difficult to determine the outcome, and, by its nature, the results may deviate from the Company's estimates.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

TDKK	2023	2022
Completed construction contracts, new construction	2,573,915	662,765
Work in progress primo, new construction	-7,577,569	-2,646,949
Work in progress ultimo, new construction	9,051,431	4,904,503
Completed construction contracts, renovation	492,954	536,046
Work in progress primo, renovation	-1,133,240	-774,897
Work in progress ultimo, renovation	1,782,556	1,133,240
Other	4,367	371
Administration	0	38
Revenue	**5,194,414**	**3,815,117**
Denmark	5,194,414	3,815,117
Revenue	**5,194,414**	**3,815,117**

As at 31 December 2023, the transaction price allocated to outstanding supply obligations for contract work in progress totaled 7,075 MDKK (2022: 4,382 MDKK), 6,098 MDKK (2022: 3,803 MDKK) of which related to the first 24 months.

All consideration from contracts with customers is contained in the above amounts.

Revenue is recognized over time. Nordstern's warranty commitments follow the General conditions for building and construction works and supplies (AB 18), the General conditions for design and build contracts (ABT 18), the General conditions for the provision of works and supplies within building and engineering (AB 92) and the General conditions for turnkey projects (ABT 93).

4 STAFF COSTS

TDKK	2023	2022
Wages and salaries	309,265	217,062
Pension contributions	21,224	13,408
Share-based payments	2,512	2,002
Other social security costs	3,922	2,898
Other staff costs	24,186	21,935
	361,109	257,305
Remuneration for Executive Board and Board of Directors paid via management fee		
Executive Management:		
Salaries and remuneration	13,945	10,124
Pension contributions	1,368	913
Share-based payments	8,605	2,687
	23,918	13,724
Average number of executive officers	4	3
Board of Directors:		
Fees and remuneration	0	0
Pension contributions	0	0
	0	0
Average number of employees	422	319

Incentive programmes
In 2022, ASG Domus Holding ApS has implemented a warrant-based incentive program whereby members of the Executive Management and other employees in key positions are granted warrants to subscribe for new class-B shares in ASG Domus Holding ApS for 0.01 DKK per share. The incentive program is designed to incentivise and retain the Management members and key employees and to participate in the fulfilment of the Group's business plan and future value creation. The incentive program is a Group program where the exercising of warrants is contingent on employment in a Group Company. Selected employees of Nordstern ApS participate in the incentive program.

Warrants are granted at no consideration and carry no dividend or voting rights.

Participation in the program is pursuant to the participant has made an investment in a set number of class-B shares at fair market value.

Warrants granted can only be exercised in the event of an exit, which makes the vesting period variable. The number of warrants that can be exercised depends on the amount of the exit proceed, as well the type of exit. Vesting of the warrants is contingent on employment in a group company when the exit event occurs. Vested warrants which are not exercised by the occurrence of an exit event will lapse without any compensation.

The grant date fair value of warrants granted in 2023 is 0.8 MDKK, reflecting the most-likely type of exit, and is recognised as a cost over the expected vesting period. In 2023, 2.5 MDKK has been recognised in the income statement, presented within employee benefit expenses.

Upon exercise, the Group is entitled to demand cash settlement of the warrants, so that instead of the participant subscribing for and receiving class-B shares, the participant will receive cash settlement in an amount equal to the net value of the warrants. Management has determined that the Group, in substance, does not have an obligation to settle in cash, and has therefore classified the program as being equity-settled.

The fair value of warrants granted during 2023 is estimated by means of Monte Carlo simulations. The value is calculated under the following assumptions

TDKK	2023
Market value at the time of establishment	837,000 - 1,025,000
Expected volatility	36.55% - 40.15%
Expected life of share options	3.6 - 4.4 years
Risk-free interest rate	-0.32% - 2.27%

The expected volatility is based on an analysis of historical volatility of peer-group public companies and factors specific to ASG Domus Holding A/S
The number of warrants that will vest depends on the amount of the exit proceeds. Being a market condition, potential exit proceed and the related impact on the number of warrants expected to vest, have been included in the determination of the grant date fair value as part of applying the Monte Carlo simulation.

Set out below are summaries of warrants granted, under the conditions at time of grant:

NUMBER OF WARRANTS TDKK	Number of warrants	Weighted average fair value per warrant (determined on grant date)
1 January 2023	150,244	67
Addition from merger	17,112	241
Granted during the year	11,312	67
Transferred during the year	24,053	241
Forfeited during the year	-40,653	67
31 December 2023	**162,068**	

5 DEPRECIATION

TDKK	2023	2022
Depreciation of tangible assets	13,802	10,344
	13,802	**10,344**
Split as follows:		
Right-of-use assets	13,660	8,941
Property, plant, and equipment	142	1,403
	13,802	**10,344**

6 FINANCIAL INCOME

TDKK	2023	2022
Interest revenue from subsidiaries	16,963	8,165
Interest, financing of construction projects	846	251
Other financial income	8,065	605
Interest on financial assets measured at amortized cost	**25,874**	**9,021**

7 FINANCIAL EXPENSES

TDKK	2023	2022
Other financial expenses	3,854	7,765
Other financial expenses	**3,854**	**7,765**

8 TAX ON PROFIT OR LOSS FOR THE YEAR

TDKK	2023	2022
Current tax for the year	9,599	20,572
Deferred tax for the year	1,932	-10,390
Adjustment of tax relating to previous years	8,211	1,543
Deferred tax adjustments, previous years	-6,603	-1,210
	13,139	**10,515**
Tax on profit or loss for the year was as follows:		
Calculated 22% tax on profit or loss for the year before tax	11,849	19,379
Tax effect of:		
Expenses not deductible for tax purposes and non-taxable income from subsidiaries and joint ventures	-1,179	-9,838
Other expenses not deductible for tax purposes and non-taxable income	175	563
Adjustment of tax relating to previous years	1,608	333
Other adjustments	686	78
	13,139	**10,515**
Effective tax rate (%)	24.4	11.9

The change in effective tax rate is due to changes in income from joint ventures and subsidiaries.

9 INTANGIBLE ASSETS

TDKK	Goodwill
Cost at 1 January 2023	299,675
Addition from merger	114,477
Cost at 31 December 2023	414,152
Carrying amount at 31 December 2023	**414,152**
Cost at 1 January 2022	299,675
Additions during the year	0
Cost at 31 December 2022	299,675
Carrying amount at 31 December 2022	**299,675**

Impairment test of goodwill
The goodwill allocated to the cash-generating unit, Nordstern, has been tested for impairment for the purpose of the financial statements.

The recoverable amount is calculated based on the discounted expected cash flows from the budgets and business plan for the coming 5 years most recently approved by the Board of Directors. For the fiscal years following the business plan periods (the terminal period), cash flows have been extrapolated for the most recent budget period and adjusted for expected growth rates.

The assumptions used are inherently uncertain and changes in estimates of future growth rates, earnings or discount rate can have a significant impact on the calculated recoverable amount.

The most significant parameters used for the calculation of recoverable values are:

The revenue growth projected for the coming years is based on the 5-year business plan approved by the Board of Directors. The revenue growth for the budget period is a combination of expected market growth, conversion of order book to revenue and a higher market share as an expected result of the strategy described in the management review section. For the period up to the terminal period an annual growth from -4% to +16% is used. The growth factor used in the terminal period is based on the expected long-term inflation in Denmark of 2.75%. The level of earnings used is based on the current EBIT margin.

The revenue growth applied is, even in the current market, considered to be realistic when compared with Nordstern's average revenue growth of 20.9% over the past five years before the merger between CASA and KPC and in line with Nordstern's strategy as described in the Management commentary.

The discount rate is based on a risk-free interest rate of 2.75% based on the yield-to-maturity on a 10-year Danish government bond added an illiquidity premium and a market risk premium.
Based on the assumptions applied, the recoverable amount of the cash-generating unit exceeds the carrying amount at the reporting date by 5,611 MDKK (2022: 2,366 MDKK).

Accordingly, the impairment test did not give rise to any impairment.

The most significant key assumptions used for the calculation of the recoverable amount is:

	EBITA%	Growth rate in terminal period	Discount rate before tax
2023	5.23%	2.75%	8.50%
2022	4.40%	2.60%	9.75%

10 TANGIBLE ASSETS

TDKK	Property, plant and equipment	Right-of-use assets
Cost at 1 January 2023	14,455	67,903
Additions from merger	3,868	7,253
Additions during the year	1,589	9,816
Disposals during the year	-1,777	-1,083
Cost at 31 December 2023	18,135	83,889
Depreciation and impairment at 1 January 2023	7,790	30,528
Additions from merger	3,113	1,901
Depreciation for the year	1,396	12,484
Reversal of depreciation on disposed assets	-1,609	-511
Depreciation and impairment at 31 December 2023	10,690	44,402
Carrying amount at 31 December 2023	**7,445**	**39,487**
Amounts recognized in profit or loss		
Costs related to leases with low value	0	1,212
Costs related to short-term leases	0	272

Annual adjustments of rent payments are recognized in the valuation of right-of-use assets related to tenancies. Upon expiry of the non-cancellable period of leases, the leases are converted to leases subject to normal terms of termination for commercial leases. There are no residual value guarantees.

TDKK	Property, plant and equipment	Right-of-use assets
Cost at 1 January 2022	13.661	73.930
Adjustments	0	-10.229
Additions during the year	794	5.066
Disposals during the year	0	-864
Cost at 31 December 2022	14.455	67.903
Depreciation and impairment at 1 January 2022	6,387	21,587
Depreciation for the year	1,403	8,941
Depreciation and impairment at 31 December 2022	7,790	30,528
Carrying amount at 31 December 2022	**6,665**	**37,375**
Amounts recognized in profit or loss		
Costs related to leases with low value	0	953
Costs related to short-term leases	0	405

11 EQUITY INVESTMENTS IN SUBSIDIARIES

TDKK	2023	2022
Cost at 1 January	1.000	1.000
Addition from merger	326.261	0
Cost at 31 December	327.261	1,000
Value adjustments at 1 January	112,790	68,253
Addition from merger	82,809	0
Net profit or loss for the year	3,483	44,537
Value adjustments at 31 December	199,082	112,790
Carrying amount at 31 December	**526,343**	**113,790**

Equity investments in subsidiaries are as follows:

Name	Registered office	Share capital	Equity interest
Nordstern Projekt ApS	Horsens	501	100%

12 EQUITY INVESTMENTS IN JOINT VENTURES

TDKK	2023	2022
Cost at 1 January	250	250
Disposals during the year	-250	0
Cost at 31 December	0	250
Value adjustments at 1 January	42,250	42,068
Net profit or loss for the year	1,869	182
Reversal on disposals	-44,119	0
Value adjustments at 31 December 2023	0	42,250
Carrying amount at 31 December	**0**	**42,500**

Equity investments in subsidiaries are as follows:

Name	Registered office	Share capital	Equity interest
Trianglen Aarhus ApS	Horsens	500	50%

Nordstern held 50% of the voting rights in Trianglen Aarhus ApS, which was handed over to the subsidiary Nordstern Projekt ApS during the year.

The entity is measured under the equity method.

TDKK	2023	2022
Equity interest	0	50%
Financial income	282	227
Financial expenses	-232	-232
Tax on profit or loss for the year	85	85
Comprehensive income	164	170
Balance sheet		
Non-current assets	0	37,700
Current assets	0	20,719
Cash and cash equivalents	0	52,345
Current liabilities	0	10,000
Current liabilities exclusive of trade payables and provisions	0	14,172
Equity	0	85,592
Reconciliation of carrying amount at 31 December:		
Equity interest in material joint ventures	0	42,796
Total carrying amount of equity interests in joint ventures at 31 December	**0**	**42,500**

13 TRADE RECEIVABLES

Trade receivables relate solely to debtors in Denmark. It is Company policy to rate customers prior to signing contracts. Subsequently, the credit exposure to customers and counterparties is monitored regularly. Nordstern's risk management policy ensures that significant and specific counterparty risks are minimized on a case by case basis. Historically, the Company has not experienced any significant losses on receivables. On 31 December 2023, 19.2% (2022: 6.5%) of payments of total trade receivables were overdue. Payments received at the beginning of 2024 reduced those overdue trade receivables to 1.0% (2022: 1.4%).

Collateral received is included in the review for impairment due to expected credit losses. The collateral consists of client's payment gurantee and amounts to 114.9 MDKK (2022: DKK 10.9 MDKK) and a buyer's parent company has co signed an agreement and thereby taken primary suretyship for the owner's performance under the turnkey contract.

The maturity periods of trade receivable from sales which were overdue at 31 December 2023, but not yet impaired, and expected losses on trade receivables based on a weighted loss percentage were as follows:

Expected losses on trade receivables based on a weighted loss percentage were as follows:

TDKK	Credit loss rate	Account receivable	Expected loss	Total
2023				
Not yet due	0%	411,394	0	411,394
Due in 1-30 days	0%	124,219	0	124,219
Due in 31-60 days	0%	3,689	0	3,689
Due in 61-90 days	0%	4,041	0	4,041
Due in more than 90 days	0%	2,725	0	2,725
		546,068	**0**	**546,068**
2022				
Not yet due	0%	355,170	0	355,170
Due in 1-30 days	0%	28,700	0	28,700
Due in 31-60 days	0%	843	0	843
Due in 61-90 days	0%	1,447	0	1,447
Due in more than 90 days	0%	1,960	0	1,960
		388,120	**0**	**388,120**

14 WORK IN PROGRESS

TDKK	2023	2022
Contract work in progress	10,818,987	6,037,743
Invoicing on account	-10,584,694	-5,781,150
Transferred to liabilities	135,856	42,775
	370,149	299,368

15 EQUITY

The contributed capital consists of 5,001 shares with a nominal value of DKK 1,000 each (fully paid up). No shares carry special rights.

The Executive Board and the Board of Directors regularly assess whether the Company's capital structure supports the overall targets and long term growth. The Company is funded through equity with an equity ratio of 33.4% (2022: 25.9%), credit facilities, supplier credits, etc.

At the reporting date, interest bearing debt consists of leases only. At the reporting date, bank deposits (cash) totaled approx. 567 MDKK. In view of the balance sheet total (capital structure), the financing structure and the ongoing shifts in liquidity, which are part of the usual operations, the liquidity and credit facilities are considered to be conservative. Accordingly, the Company is assessed to have sufficient cash resources to maintain a high future activity level.

In 2023, dividend per share was 30 TDKK (2022: 14 TDKK).

16 LEASE LIABILITIES

TDKK	Long term debt	Short term debt	Total
2023			
Lease liabilities at 1 January 2023	33,597	7,197	40,794
Addition from merger	4,185	1,442	5,627
Adjustments	-2,050	0	-2,050
Repayment of lease liabilities	0	-10,260	-10,260
Annulment of leasing contracts	0	0	0
Reclassification	-7,936	7,936	0
Commencement of leases (non cash transactions)	5,709	3,690	9,399
	33,505	**10,005**	**43,510**

2022	Long term debt	Short term debt	Total
Lease liabilities at 1 January 2022	48,248	7,609	55,857
Adjustments	-11,055	0	-11,055
Repayment of lease liabilities	0	-8,206	-8,206
Annulment of leasing contracts	0	-868	-868
Reclassification	-7,001	7,001	0
Commencement of leases (non cash transactions)	3,405	1,661	5,066
	33,597	**7,197**	**40,794**

In 2023, total cash flows relating to leases amounted to 11.6 MDKK (2022: 9.3 MDKK), and which interest payments related to recognized lease liabilities amounted to 1.4 MDKK (2022: 1.1 MDKK) and repayments 10.2 MDKK (2022: 8.2 MDKK).

Financial expenses TDKK	2023	2022
Interest component, undiscounted lease liabilities	1,441	1,055
Repayment of lease liabilities		
Lease payments falling due:		
0-1 year	11,327	8,312
1-5 years	22,142	19,401
More than 5 years	15,319	18,738
Total undiscounted lease liabilities	**48,788**	**46,451**

17 DEFERRED TAX LIABILITIES

TDKK	2023	2022
Provisions for deferred tax at 1 January	62,878	74,478
Addition from merger	35,396	0
Provision during the year	1,932	0
Provisions used during the year		-11,600
Adjustments, previous years	-6,603	0
Provisions for deferred tax at 31 December	**63,603**	**62,878**
Tangible assets	686	814
Contract work in progress	94,036	65,052
Lease liabilities	-885	-752
Provisions	0	-2,153
Warrants	-234	-83
Provisions for deferred tax at 31 December	**93,603**	**62,878**

18 OTHER PROVISIONS

TDKK	2023	2022
Other provisions include warranty commitments for repair work within the 5 year warranty period.		
Balance at 1 January	36,611	42,760
Addition from merger	91,454	0
Provisions during the year	34,002	6,615
Provisions used during the year	-53,893	-12,764
Balance at 31 December	**108,174**	**36,611**
Maturities of provisions for liabilities are expected to be:		
Less than 1 year	55,006	4,553
Between 1 and 5 years	53,168	32,058
	108,174	**36,611**

Provisions made for warrantee work are recognized and measured based on historical experience.

19 LIABILITIES FROM FINANCING ACTIVITIES

TDKK	1 January	Cash flows	Non cash changes	31 December
2023				
Long term lease liability	33,597	0	-92	33,505
Short term lease liability	7,197	-13,522	16,330	10,005
Total liabilities from financing activities	**40,794**	**-13,522**	**16,238**	**43,510**
2022				
Long term debt	48,248	0	-14,651	33,597
Short term debt	7,609	-83,206	82,794	7,197
Total liabilities from financing activities	**55,857**	**-83,206**	**68,143**	**40,794**

20 RENTAL AND LEASE LIABILITIES

A lease which is irrevocable until 1 October 2032 has been entered into. Following the expiry of the irrevocable period, the lease can be terminated by the lessee giving the usual notice of termination. The annual rent totals 3.1 MDKK. The total future lease liabilities after 5 years of the non cancellable period are 15.0 MDKK (2022: 18.7 MDKK).

A lease which is irrevocable until 31 December 2025 has been entered. Following the expiry of the non cancellable period, the lease can be terminated by the lessee giving the usual notice of termination.The annual rent totals 1.3 MDKK. The leases are recognized in the balance sheet in accordance with IFRS 16.

TDKK	2023	2022
Lease liabilities with an expected term of 12 months or less.		
Total future lease payments:		
Less than one year	254	251
	254	**251**
Obligation to acquire leased assets with an expected term of 12 months or less	**0**	**394**

21 CONTINGENCIES ETC.

Group enterprises are jointly and severally liable for tax payable on Group income, etc. subject to joint taxation. The total income tax payable appears from the financial statements of ASG Domus Holding ApS, which acts as the administration company of the joint taxation scheme. Group enterprises are also jointly and severally liable for Danish withholding taxes such as dividend tax, tax on royalty payments and tax on interest revenue. On 31 December 2023, income tax and withholding tax payable in Nordstern ApS amounted to 4.9 MDKK(2022: 42.0 MDKK). Any subsequent adjustments to income taxes and withholding taxes may increase the liability of the Company.

The Company is part in various legal and arbitration cases, which are expected to have no material negative impact on the Company's future earnings.

22 CHARGES AND COLLATERAL

Work and payment guarantees of a total of 2,564.9 MDKK (2022: 1,573.8 MDKK) have been made to suppliers, customers, etc. through our guarantee providers all of which are established surety and insurance companies.

23 RELATED PARTIES AND OWNERSHIP STRUCTURE

Control

ASG Hamlet ApS, Havnen 5, 8700 Horsens, Denmark, principal shareholder. With reference to the financial statements presented by the parent company, ASG Domus Holding ApS (CVR nr. 42 43 43 88), Nordstern does not present consolidated financial statements. ASG Domus Holding ApS is the largest and the smallest group in which Nordstern is included as a subsidiary.

Other related parties

Other related parties include members of the Board of Directors and the Executive Board and their family members. Companies in which the above persons have a significant interest are also considered related parties.

Transactions with related parties

The remuneration for the Executive Board and the Board of Directors is disclosed in Note 4.

Sale of goods to subsidiaries and parents in 2023 amounted to 287.3 MDKK and 0.0 MDKK, respectively (2022: 154 MDKK and 3.3 MDKK)
Transactions with parents related to service fee amounted to 23.5 MDKK (2022: 28.5 MDKK).
These services were paid on normal market terms.

Financial transactions with subsidiaries performed at arm's length and are presented in Note 6. No other transactions were made with related parties.

24 FEES TO INDEPENDENT AUDITOR

For specification of the fee to the independent auditor, please refer to the annual report for ASG Domus Holding ApS.

25 CASH FLOW STATEMENT – ADJUSTMENTS

TDKK	2023	2022
Financial income	-25,874	-9,021
Financial expenses	3,854	7,765
One off items	0	10,668
Amortization, depreciation and impairment losses incl, gains on sales	13,930	10,341
Income from equity investments in subsidiaries	-3,492	-44,537
Income from equity investments in joint ventures	-1,869	-182
Tax on profit or loss for the year	13,139	10,515
Change in other provisions for liabilities	-19,891	-5,321
Other adjustments	1,753	-8,617
	-18,450	**-28,389**

26 CASH FLOW STATEMENT – CHANGE IN WORKING CAPITAL

TDKK	2023	2022
Change in receivables	158,323	-213,878
Change in trade payables, etc.	-225,962	159,779
	-67,639	**-54,099**

27 ADDITION FROM MERGER

With accounting effect from 1 January 2023 the company merged with KPC Holding ApS, Nordstern Herning ApS and Nordstern København ApS.

The value of the assets and liabilities from the merged companies were as follow:

TDKK	2023
Intangible assets	114,477
Tangible assets	6,107
Financial assets	409,070
Receivables	597,046
Cash and cash equivalents	323,899
Long term debt	-127,284
Short term debt	-729,231
Net assets	**594,084**

28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

As a consequence of its operating, investing and financing activities, the Company is exposed to financial risks, including market risks (interest rate risks), credit risks and liquidity risks, to a limited extent only. The information provided in this note concerns the most significant risks only.

The overall framework for the financial risk management is set out in the Company's financial strategy, which is updated annually and approved by the Board of Directors.

Financial risks are handled by Group Finance. Management monitors the Company's risk concentration on a monthly basis in areas such as customers, subcontractors, financial counterparties, etc. By doing so, Management monitors whether any changes have occurred in the risk concentration.

The financial strategy comprises policies for investment, financing and credit risk relating to financial counterparties. The strategy also includes a description of the approved risk management framework.

It is Company policy not to speculate actively in financial risks. Accordingly, the financial strategy is aimed solely at managing and reducing the financial risks that are a direct consequence of the Company's operating, investing and financing activities.

The Company's risk exposure and risk management activities have not been subject to significant changes compared with 2022.

Market risks (interest rate risks)

The risk management of the Company's interest bearing debt is described in the financial strategy, including fixing risks, market value risks, refinancing risks and counterparty risks. At end 2023, the Company had no interestbearing financial loans (2022: 0 DKK).

Credit risks

To minimize the counterparty and credit risks, all significant financial counterparties are approved by the Board of Directors. Financial counterparties must have at least Baa1/BBB+ (Moody's/S&P and Fitch) ratings. Reference is made to Note 13 as regards the risk management of sales to ordinary customers.

Liquidity risks

It is Company policy to ensure the greatest possible flexibility in connection with the management of excess liquidity and the renegotiation of new credit facilities. The Company has cash resources of 717 MDKK (2022: 663.1 MDKK). The credit facilities have no maturity date and no financial covenants.

The Company's payables fall due as follows:

TDKK	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2023					
Non-derivative financial instruments					
Lease liabilities	43,510	10,005	12,346	6,819	14,340
Accounts payables	1,469,822	1,469,822	0	0	0
31 December 2023	**1,513,332**	**1,479,827**	**12,346**	**6,819**	**14,340**

TDKK	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2022					
Non-derivative financial instruments					
Lease liabilities	40,794	7,197	8,172	8,172	17,253
Accounts payables	1,116,325	1,116,325	0	0	0
31 December 2022	**1,157,119**	**1,123,522**	**8,172**	**8.172**	**17,253**

29 CATEGORIES OF FINANCIAL INSTRUMENTS

TDKK	2023	2022
Loans, receivables, cash and cash equivalents measured at amortized cost	1,431,850	1,032,245
Financial liabilities measured at amortized cost	1,469,822	1,116,325
	2,901,672	**2,148,570**

The carrying amount and the fair value are the same.

Baronessens Kvarter, Taulov

Definitions

Gross margin

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

EBITDA margin

$$\frac{\text{Operating profit before depreciation, interest, and tax (EBITDA) x 100}}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Return on invested capital (ROIC)

$$\frac{\text{Operating profit (EBIT)}}{\text{Average invested capital}}$$

EBITDA
Operating profit before depreciation, interest, and tax including income from shares in subsidiaries and joint ventures

Net interest-bearing debt
Long-term plus short-term leasing liabilities minus cash (negative number expresses a net deposit)

Invested capital
Sum of equity and net interest-bearing debt

PAFR parking basement, city hall

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the annual report of Nordstern ApS for the financial year 1 January – 31 December 2023.

The financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and supplementary Danish disclosure requirements of the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

In our opinion, the management commentary contains a fair review of the development of the Company's business and financial matters, the results for the year and of the Company's financial position, together with a description of the principal risks and uncertainties that the Company face.

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

Copenhagen,
28 February 2024

Board of Directors

Johannes Vielberth
Chairman of the Board

David Bannerman
Member of the Board

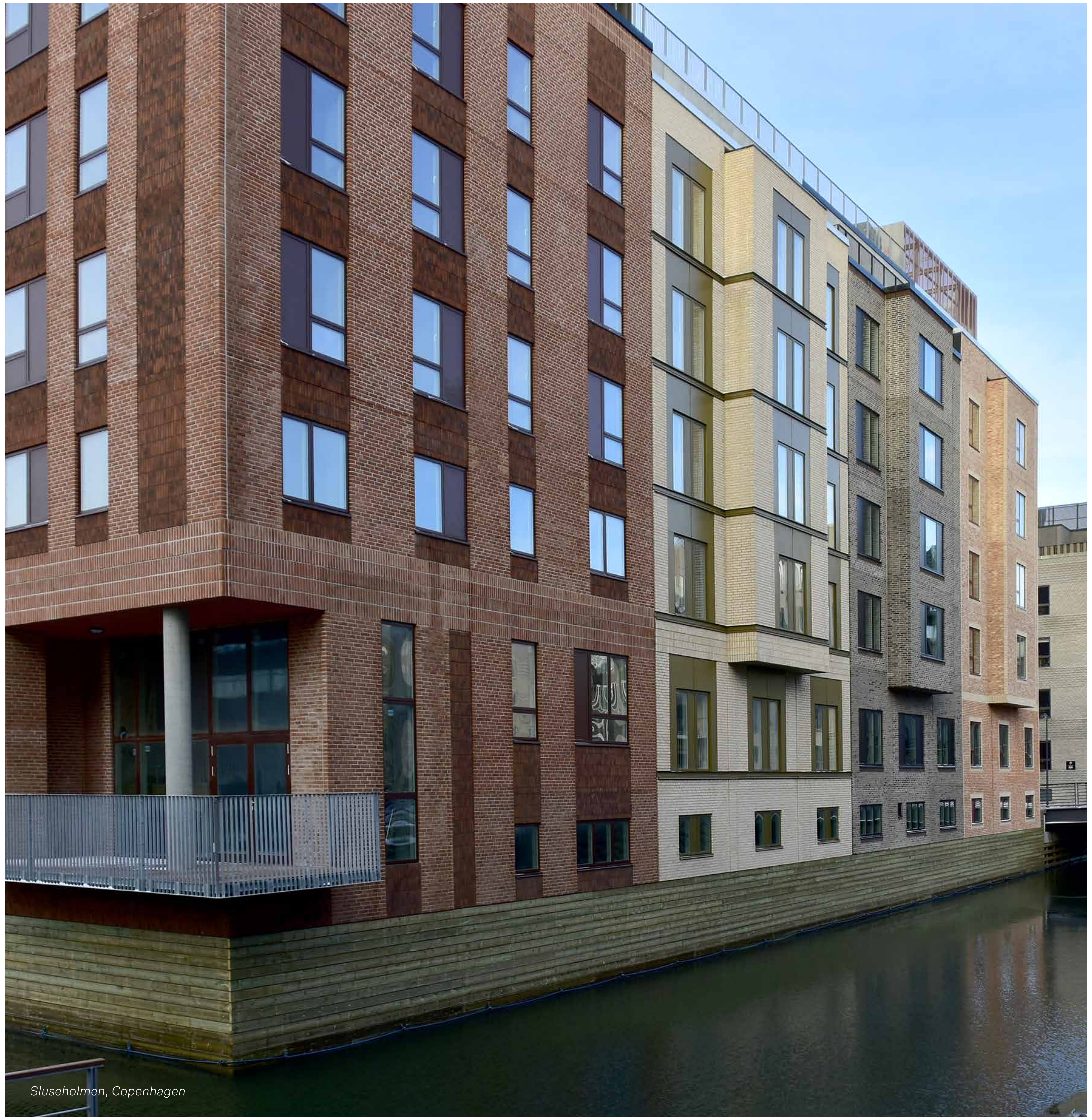
Executive Management

Torben Modvig
CEO

Jan Aarestrup
CFO

Michael Storgaard
COO

Johnny Hey
CCO



Sluseholmen, Copenhagen

To the shareholders of Nordstern ApS

Independent auditor's report

Opinion
We have audited the financial statements of Nordstern ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

Management's responsibilities for the fiancial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Copenhagen,
29 March 2024

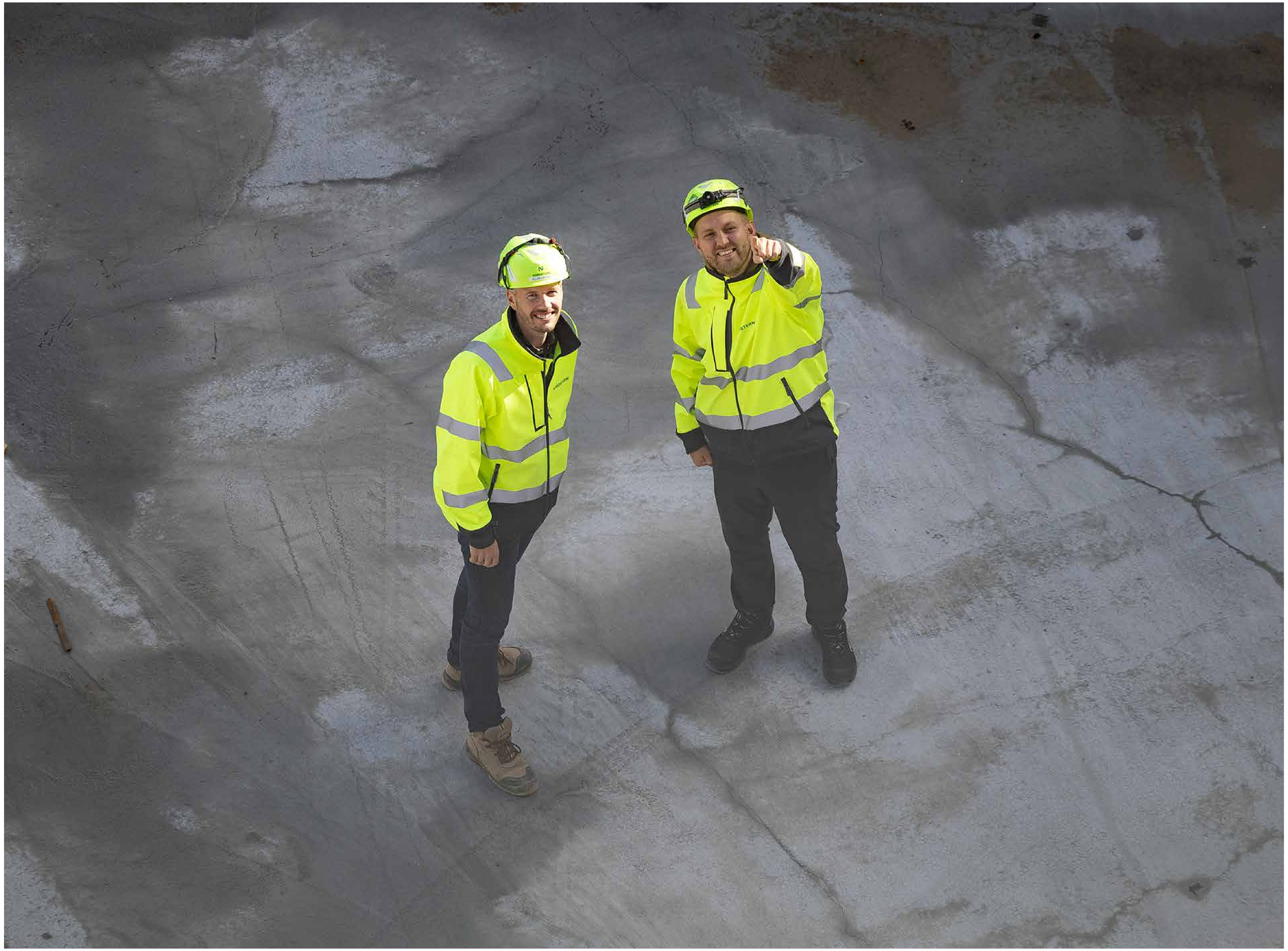
Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Jacob Tækker Nørgaard
State Authorised Public Accountant
Identification No (MNE) mne40049

Company information

Company	Nordstern ApS
Registered Address	Havnen 5, 8700 Horsens Phone: +45 7562 7900 Website: nordstern.dk CVR nr.: 29 20 52 72 Financial period: 1 January – 31 December 2023 Founded: 2 December 2005 Financial year: 18th fiscal year
Board of Directors	Johannes Vielberth, Chairman David Bannerman, Member
Executive Management	Torben Modvig, CEO Jan Aarestrup, CFO Michael Storgaard, COO Johnny Hey, CCO
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2, 18. 8000 Aarhus C



NORDSTERN®