

The background image shows a woman riding a bicycle on a paved path in front of a modern brick apartment building with glass balconies. The scene is bright and sunny, with greenery and a street lamp visible. The text 'Annual report 2022' is overlaid in the bottom left corner.

# Annual report 2022

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→ [nordstern.dk](https://nordstern.dk)

→ [linkedin.com/company/Nordstern-a-s/](https://linkedin.com/company/Nordstern-a-s/)



## Letter from the Chairman

# Coping well in challenging conditions

2022 marked the first full-year term for the Board of Directors of CASA ApS, now operating as Nordstern ApS, since Activum SG's acquisition in July 2021. The company is coping well in challenging macroeconomic and industry conditions with slower transaction activity and a high level of uncertainty in the market. Financial performance is a mixed picture of solid order intake and record revenue generation in excess of DKK 3.8 billion against an operating profitability below our expectations with EBITDA at DKK 97 million.

“We remain particularly positive on the fundamental demand for newly built, efficiently designed and ESG-conform rental housing”.

**Demonstrating resilience against a challenging market backdrop**

The Russian invasion of Ukraine in February 2022 and the following gas crisis marked the beginning of a challenging 2022. Construction and development were quickly impacted by the subsequent increases in the prices of energy, concrete, steel, and other supplies. In addition, the lack of certain key products from Russia and the Ukraine like e.g. wood and steel, created shortages in the first half of 2022.

At Nordstern, profit margins in the general contracting business were affected by the challenging market conditions. On the bright side, Nordstern’s 2022 or-

der intake exceeded expectations and the strong and fully secured order book provides a significant anchor of stability in an otherwise uncertain market.

Responding to rising input prices and high consumer inflation, central banks started hiking interest rates at unprecedented speed during 2022. This in turn made it harder for individual buyers to obtain mortgage financing and caused institutional investors to second-guess existing pricing paradigms which in combination put brakes on new property development.

While we are cautious on starting new developments in the short-term until prices for land, con-

struction and the finished product have settled, we remain particularly positive on the fundamental demand for newly built, efficiently designed and ESG-conform rental housing. In the meantime and regardless how markets perform, we will continue playing out our strengths in diligent project selection focused on buildability, disciplined construction execution and collaborative engagement with landowners, subcontractors, and investors.

**Forming a new industry leader**

In June 2022, Activum SG acquired KPC Holding A/S into the same holding structure as the former CASA ApS with the intention of formally merging the two companies in 2023 under the newly established Nordstern brand. Both CASA and KPC are highly regarded companies in the Danish development and construction industry and their combination produced a new market leader in newbuild construction and property renovation.

In respect of our environmental impact, Nordstern aspires to only build housing and offices certified according to recognized third party sustainability standards (e.g. DGNB) from 2023 onwards. A strong in-place executive management team will provide continuity to the leadership of the joint company post-merger.

**Fit for the future**

Looking ahead, Nordstern’s strong existing position in the Danish construction and rental housing development markets in combination with established and trusted partner relationships, a solid financial position as well as our relentless focus on buildability and sustainability, make us confident in the company’s ability to weather the current challenges and to position us well to benefit from an eventual market recovery.



**Johannes Vielberth**  
Chairman of the Board

**Letter from the CEO**

# New name, same quality

For Nordstern, 2022 was a year without precedence. By the end of the year, we were no longer CASA, but Nordstern and we had a higher turnover than ever before. Moreover, the merger with KPC Holding is well under way in 2023.

In 2022, Nordstern also met challenges we have not seen in many years. Construction encountered rising material and energy costs, and the market for property development came to a halt in the latter half of 2022, as rising interest rates and inflation rates took their toll, which also affected the pricing of real estate. Individual projects also faced difficulties due to local circumstances. For the first time in several years, we made a loss on certain projects.

**Renovation – a key segment**

Despite these market challenges, particularly demand for renovation is still strong. During 2022, Nordstern increased its market share in various segments, especially regarding renovation of pub-

lic housing. Thus, residential renovation now makes up 25% of our total turnover on residential projects. In total, Nordstern had 2,862 homes under renovation in 2022.

In 2022, additional sustainability measures were introduced for renovation, and we expect this trend to continue. Some ongoing renovation projects will be DGNB-certified. Others will focus on re- and up-cycling materials or social campaigns, where we work with local municipalities and public housing associations on, for example, social projects for youth.

We expect the renovation market to remain strong in 2023. While Nordstern will still be active in public tender processes, we will also further explore the private commercial market.



**Sustainable construction**

Though our market share of renovation is growing, Nordstern’s primary business segment continues to be residential-for-rent construction. In 2022, this segment alone made up 51% of Nordstern’s total turnover. Nordstern’s continued dominance of residential construction is not only due to the competencies of our employees and the quality of our buildings, but also due to our continual focus on sustainable construction at competitive pricing.

In 2022, we gained even further experience of sustainable construction. We added Life Cycle Analysts to our sustainability team, conducted several trial projects, for example, on re- and upcycling of demolished materials, and we developed a more extensive ESG policy, which will be implemented in 2023.

We have seen increased awareness and interest from both new and long-term customers regarding sustainable construction. Despite the challenges the construction market faced in 2022, this focus remained strong. We are confident that—in close cooperation with our customers and partners—we will reach our goal of certifying 100% of residential construction in 2023.

**Property development**

As mentioned above, property development was challenged the most by the market conditions in 2022. Still, Nordstern delivered several projects to new and long-term customers during the year.

Nordstern’s dual role as property developer and turnkey contractor continues to create positive synergies for the benefit of our customers and partners. We work with different cooperation models depending on the project and our partners. We offer our expertise as, for example, an equity and joint venture partner, on top of our construction and risk management.

One of Nordstern’s largest city development projects, Kobber Engen and Sdr. Ringvej 33A, which was DGNB Gold certified, was handed over to CapMan and Tristan Capital Partners just before the turn of the year. Another DGNB Gold certified project was completed in December 2022. Project Gardens in Ballerup was bought by Nordstern in March 2021 and sold to Catella Real Estate before construction began.

Other partners and customers include Nuveen, Tristan Capital, BVK, and PensionDanmark, with whom we have a long-standing cooperation on the city development project Trælasten in Aarhus.

**From CASA to Nordstern**

In October, the name of the company changed from CASA to Nordstern. With it, we also changed our entire corporate identity. The shift from CASA to Nordstern was the culmination of an exciting year, where ActivumSG’s acquisition of KPC Holding was successfully completed. Since then, we have worked

hard to integrate the two companies under one management, and now, in 2023, we look forward to the formal merger of our company with KPC Holding.

The name “Nordstern” was chosen to reflect our Nordic identity and our link to construction (“stern” is the Danish word for “fascia”). The deep green color is a mix between CASA’s purple and KPC’s green, while it also reflects Nordstern’s dedication to sustainability.

Regardless of our name, we will continue to offer solution-oriented property development and agile construction to our customers and partners. We will always strive to find the best solution for all parties, wherever their place in the value chain. We will remain best-in-class because of our top-performing employees, who, in 2022, once again demonstrated their ability to adapt well to change. In 2023, their competencies and constructive attitude will continuously position Nordstern as Denmark’s leading property developer and turnkey contractor.

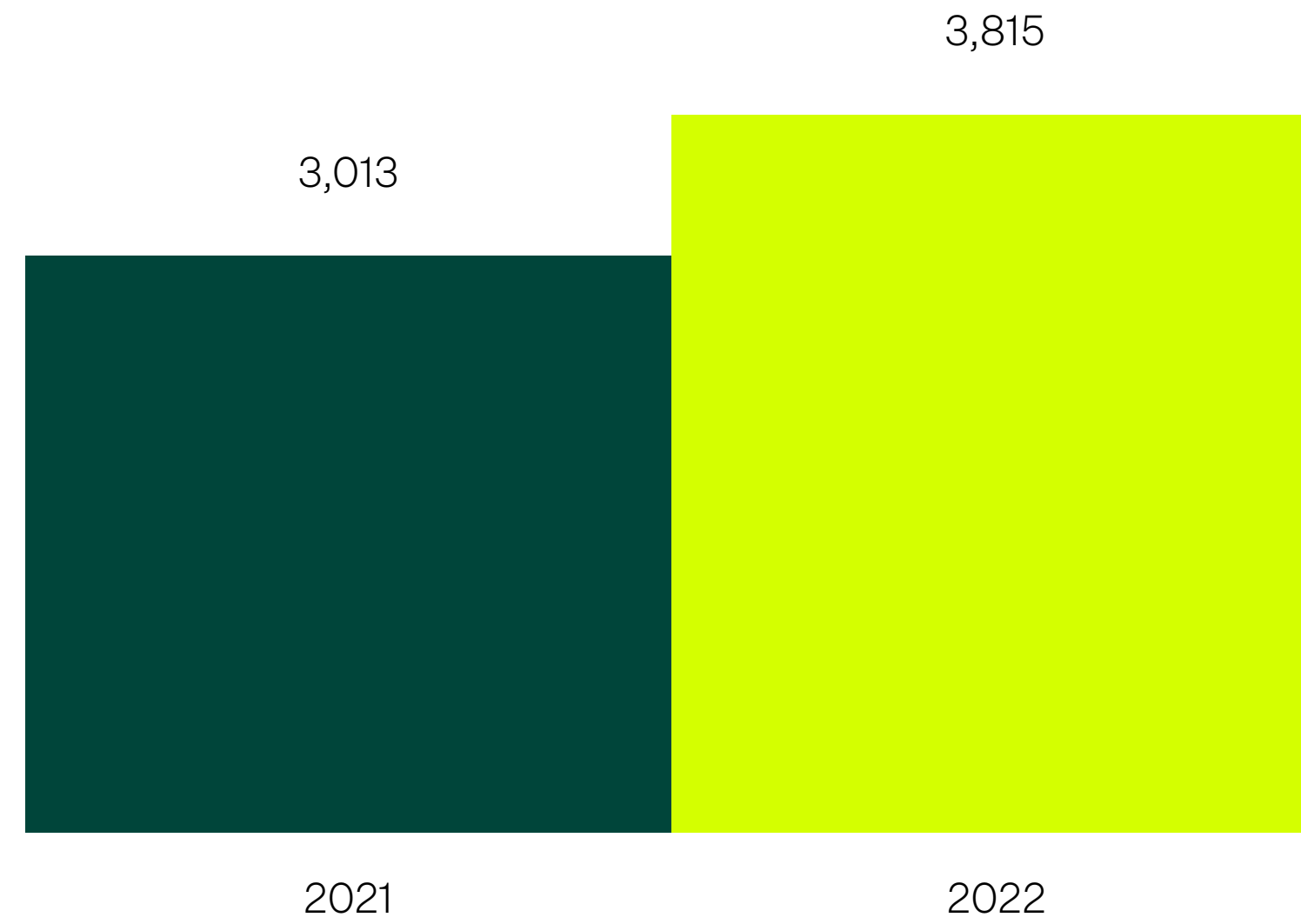
“We will remain best-in-class because of our top-performing employees, who, in 2022, once again demonstrated their ability to adapt well to change”.



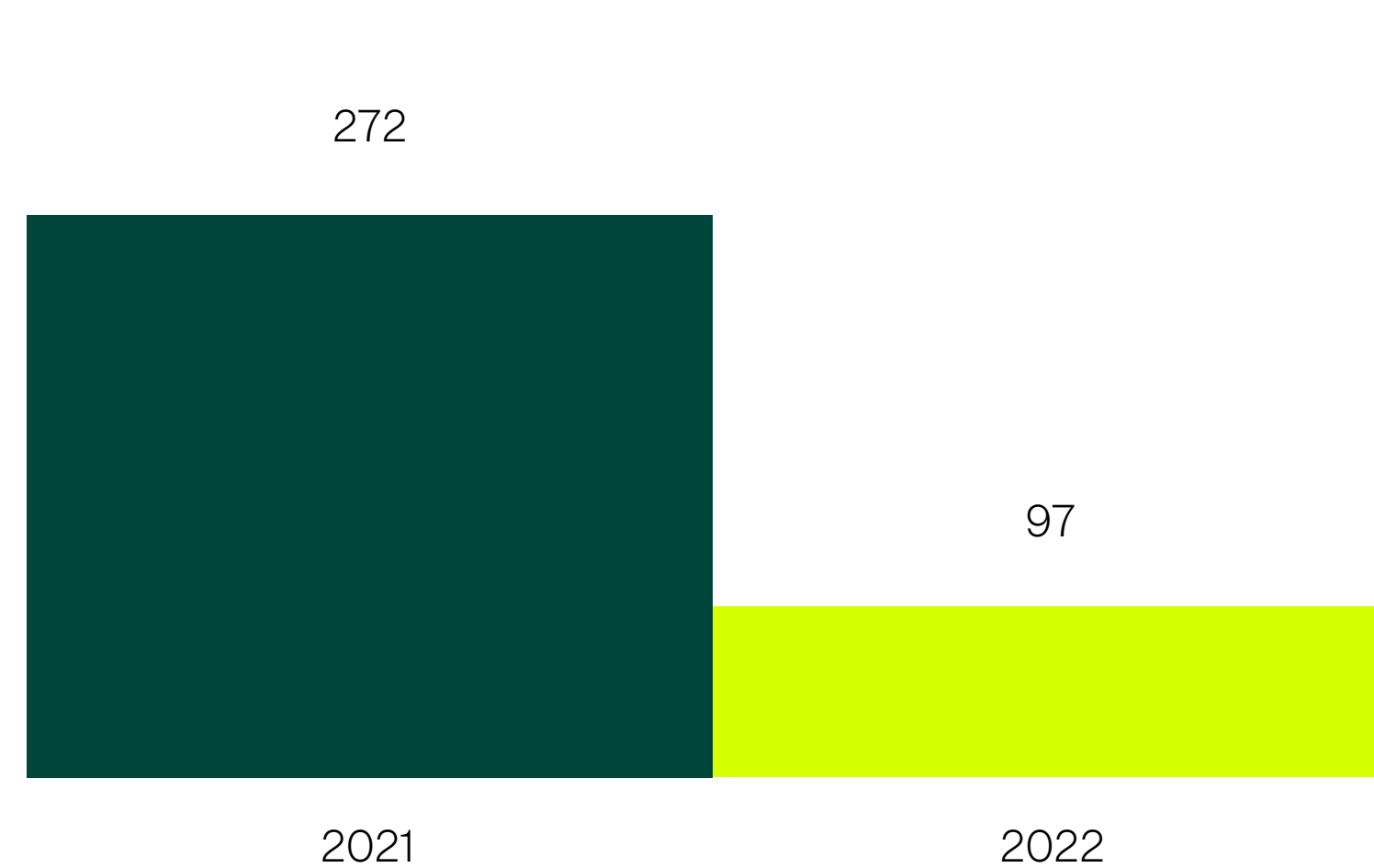
**Torben Modvig**  
CEO

# Financial highlights 2022

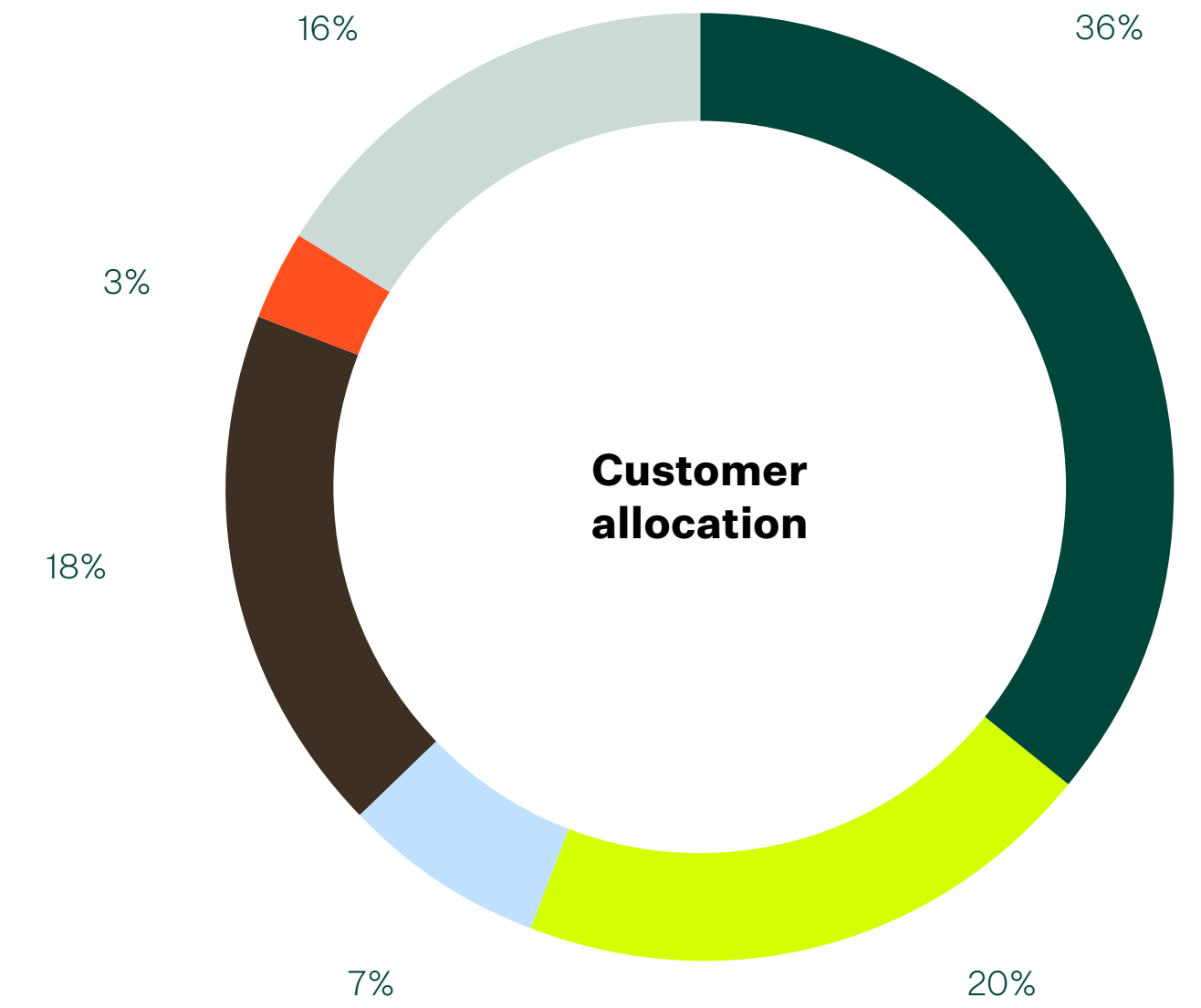
**Revenue**  
(Million DKK)



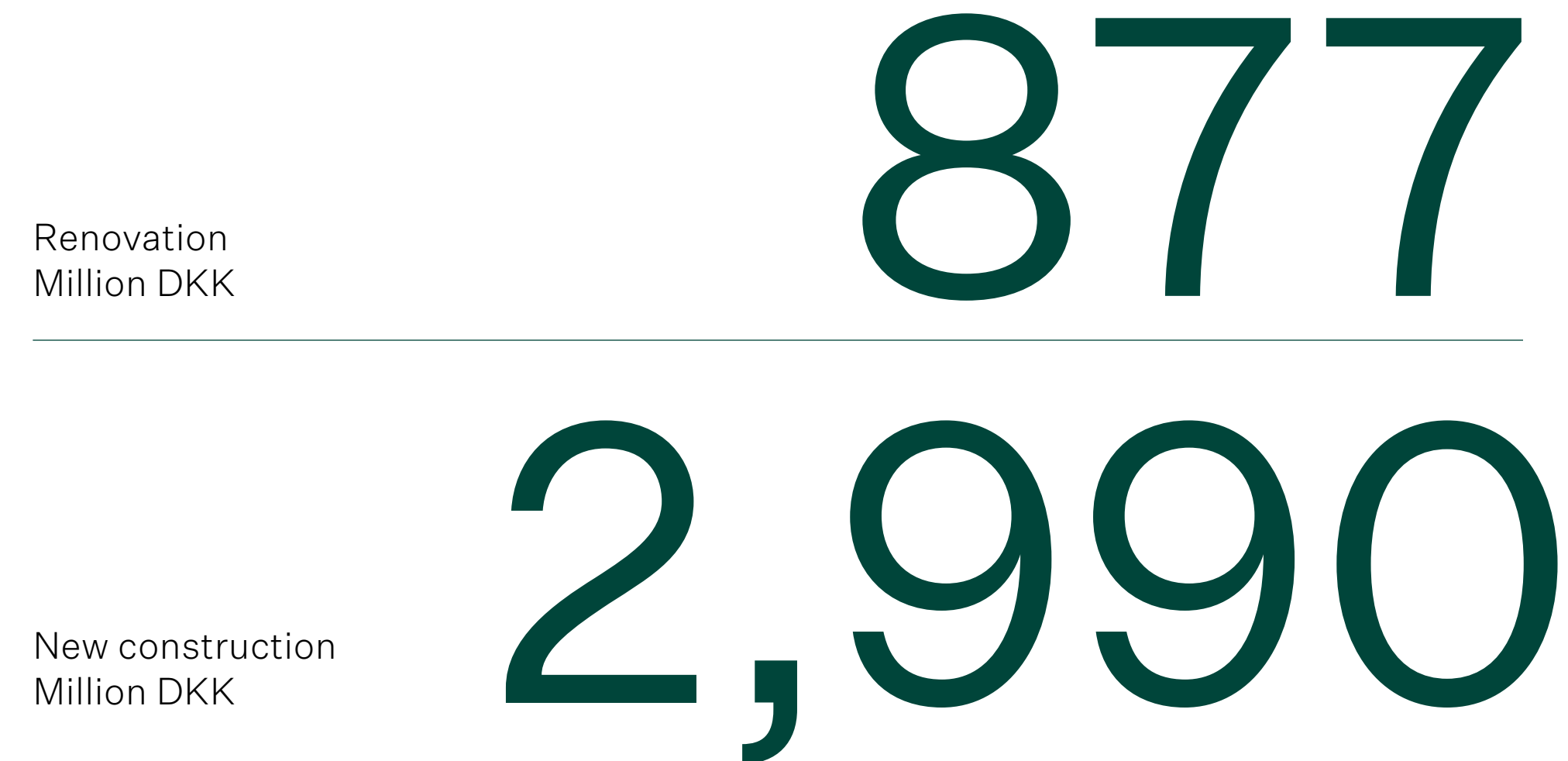
**EBITDA**  
(Million DKK)



- Developers and Real Estate Companies
- Housing Associations
- PE-funds
- Pension Funds
- Private Institutions
- Public Institutions



**Order intake**



# Financial highlights 5-year

Million DKK	2022	2021	2020	2019	2018
<b>Income Statement</b>					
Revenue	3,815	3,013	2,256	2,550	1,751
Gross profit	354	497	434	334	217
Operating profit before depreciation (EBITDA)	97	272	241	166	88
Operating profit (EBIT)	87	263	232	158	86
Financial items	1	4	11	1	4
Profit before tax	88	267	243	159	90
Net profit for the year	78	221	217	130	72
<b>Results without equity investments</b>					
Gross profit	309	437	306	308	209
Operating profit before depreciation (EBITDA)	52	212	113	139	79
Operating profit (EBIT)	42	202	94	131	78
<b>Balance sheet</b>					
Balance sheet total	1,833	1,769	1,653	1,606	1,285
Investment in tangible assets	-1	-11	-5	-6	-1
Equity	474	472	601	484	413
Net interest-bearing debt	-472	-559	-541	-580	-314
Invested capital	603	631	755	616	499
Net working capital	-410	-454	-306	-397	-194

Million DKK	2022	2021	2020	2019	2018
<b>Cash flows from:</b>					
– Operating activity	-19	341	-22	340	114
– Investment activity	0	26	83	-44	-1
– Financing activity	-83	-347	-104	-59	0
<b>Employee relations</b>					
Number of full-time employees (avg.)	319	253	206	195	151
<b>Ratios</b>					
Gross margin	9.3%	16.5%	19.2%	13.1%	12.4%
EBITDA margin	2.5%	9.0%	10.7%	6.5%	5.0%
Equity ratio	25.9%	26.7%	36.4%	30.1%	32.1%
Return on equity	16.5%	56.5%	40.0%	29.0%	19.1%
Return on invested capital (ROCE)	14.1%	37.9%	33.7%	28.3%	19.1%





# Financial report

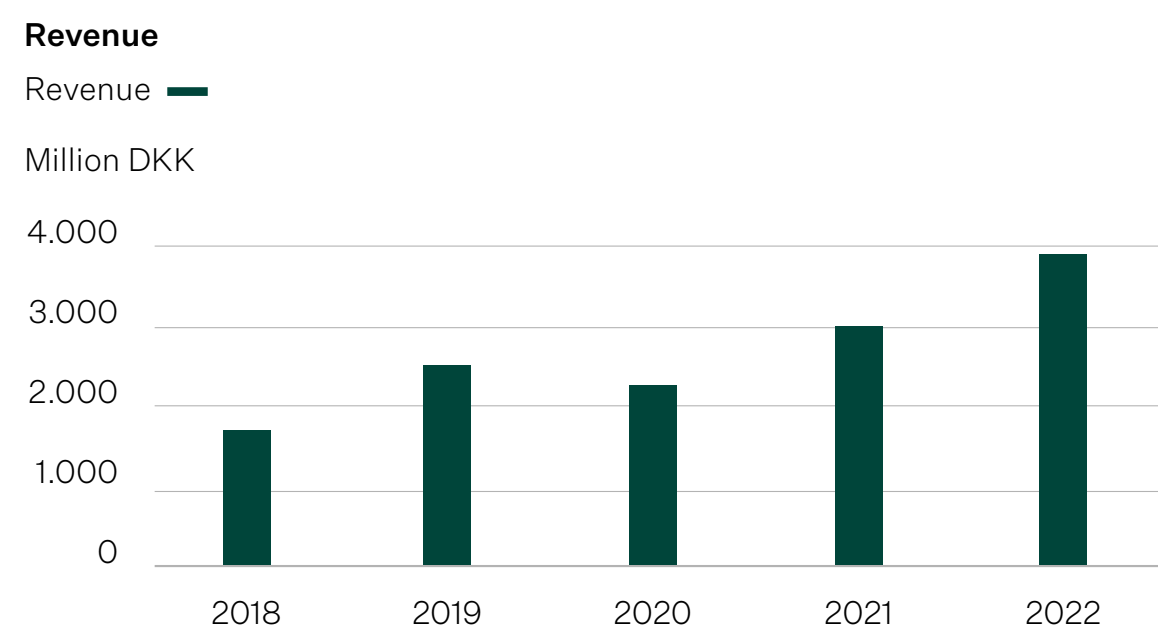
Nordstern continued its growth throughout a challenging 2022, achieving the highest revenue from its entrepreneurial activities in the company's history. Unfortunately, earnings did not follow this trend, due to a number of different circumstances that all together made 2022 a year below expectations. Revenue amounted to DKK 3,815 million, while EBIT was DKK 87 million. At the end of the year, the order book amounted to a record high of DKK 4,382 million.

During the year, 13 projects were started and 2,230 newly built or renovated homes as well as 64,000 sq m of newly built or renovated commercial buildings were handed over. Revenue increased by 27%, while EBITDA decreased by 64% to DKK 97 million. As presented in the annual report for 2021, the expectations for the year was revenue in the range of DKK 3,400 million to DKK 3,800 million and EBITDA in the range of DKK 250 million to DKK 285 million. Compared to this, 2022 was subpar in terms of earnings.

## Revenue and profit for the year

As mentioned, revenue in 2022 reached DKK 3,815 million, showing an increase of DKK 802

million over the previous year. This was thus slightly higher than the high end of the range predicted in the 2021 annual report. The reason for the strong turnover is partly that we succeeded in handling the challenges caused by stressed supply chains throughout the year, and partly that we got a number of new projects started on time to an extent that must be considered quite satisfactory. New construction contributed to 77% of revenue, while renovation contributed to 23%. Overall, 74% of the total revenue was related to residential, while the remaining 26% was related to commercial, including public. Revenue for 2022 was realized, with a slight overweight east of Storebælt (57%).



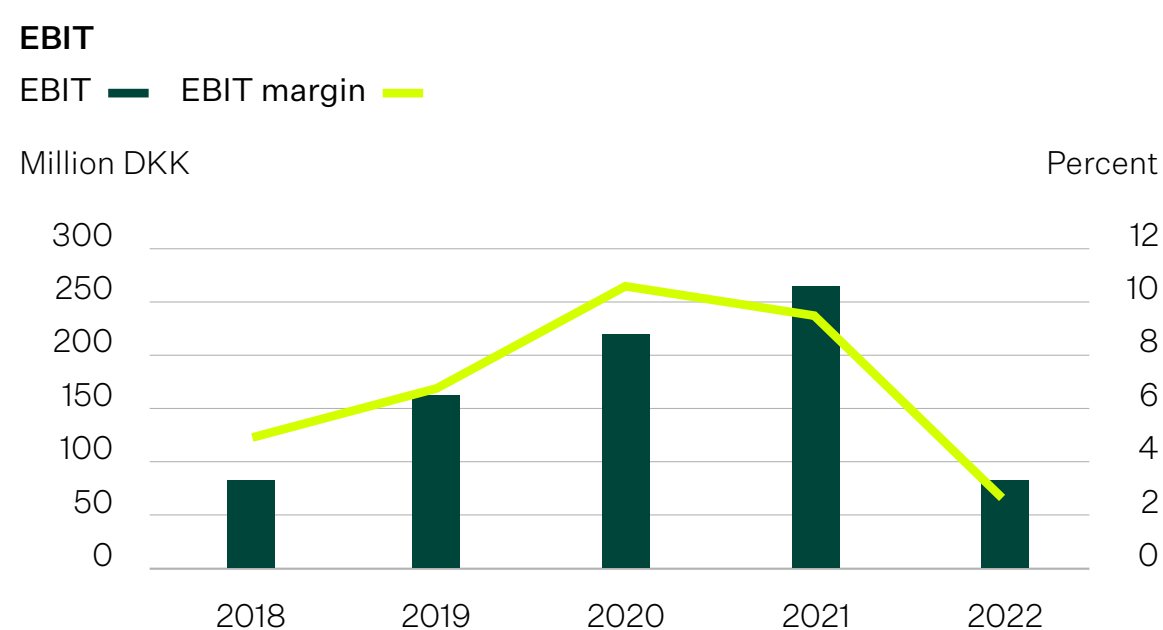
Gross profit decreased by DKK 143 million to DKK 354 million, corresponding to a gross margin of 9.3% against 16.5% in 2021. The reason for this large decrease is largely due to disappointing earnings from construction activities, which amounted to DKK 357 million, corresponding to a margin of 9.4%. Similar figures for 2021 amounted to DKK 465 million (15.4%). The large drop in margin is primarily due to a few projects finalized in 2022 that were affected by a number of unforeseen circumstances that left a big dent in earnings. In addition, some of the ongoing projects are delivering margins at slightly lower levels than usual as a result of the general challenges that have characterized the market – not least, the large price increases on a number of key suppliers. A smaller earnings contribution from Nordstern’s development activities in subsidiaries (DKK 45 million against DKK 61 million in 2021) and an increase in other external costs (from DKK 28 million in 2021 to DKK 47 million) also play a minor role in explaining the declining gross profit. Out of the DKK 47 million, DKK 11 million cover a number of non-recurring costs related to the merger of Nordstern ApS (formerly CASA ApS) with KPC Holding ApS, including the name change to Nordstern.

The earnings from development activities are largely attributable to the sale of three develop-

ment projects with a transfer to investors during the year. The increase in other external costs should primarily be seen in light of the increased organization, cf. below.

Staff costs increased from DKK 225 million in 2021 to DKK 257 million in 2022. The increase is due to the natural growth of the organization because of the increased level of activity that has characterized the past year as well as the expectations for the coming year, the latter being supported by a solid order book at the end of the year. The average number of employees employed thus increased from 253 in 2021 to 319 in 2022.

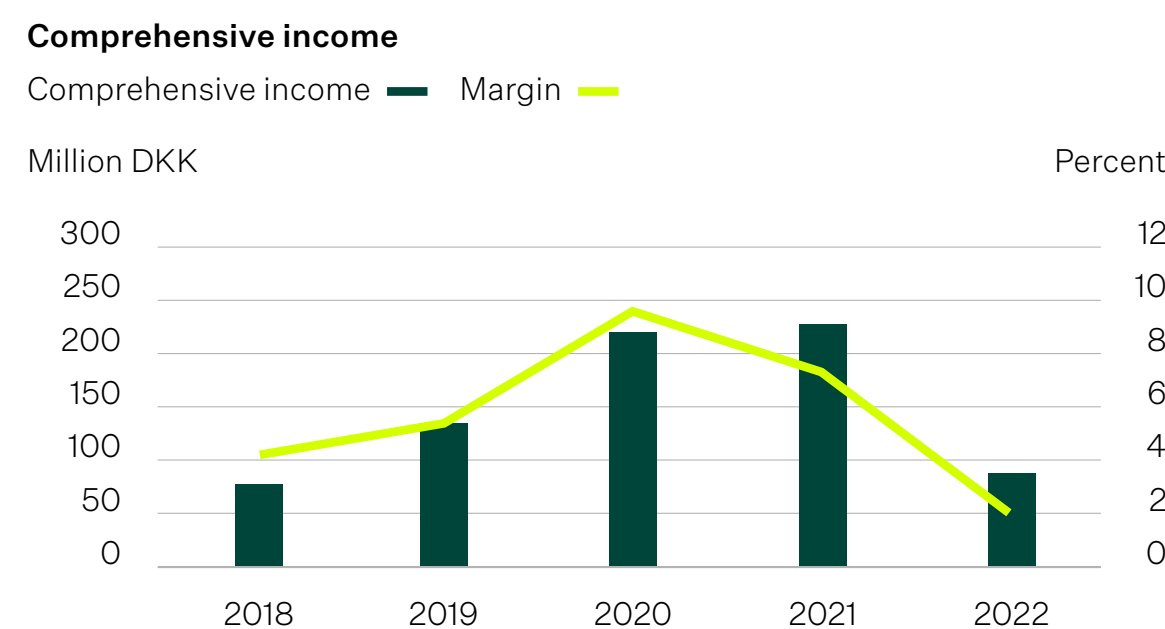
Profit before depreciation and amortization (EBITDA) amounted to DKK 97 million, compared to DKK 272 million in 2021. The margin thus fell from 9.0% to 2.5%. Compared to the expectations expressed in the annual report for 2021, which was an EBITDA in the range of DKK 250 million to DKK 285 million, the realized EBITDA of DKK 97 million must be characterized as not satisfactory.



Depreciation and amortization increased by slightly less than DKK 1 million, after which profit before financial income and expenses (EBIT) could be calculated at DKK 87 million, corresponding to a margin of 2.3%. Financial income decreased slightly from DKK 10 million to DKK 9 million, while financial costs increased from approx. DKK 7 mil-

lion to approx. DKK 8 million. The vast majority of the financial costs can be attributed to negative interest rates from the relatively large liquid deposits throughout the year. Profit before tax (EBT) thus amounted to DKK 88 million. The calculated tax on this amounts to just under DKK 11 million, corresponding to a tax rate of 11.9% compared to 17.0% the year before. The reason for the lower tax rate is that the profit from equity investments and joint ventures, which is recognized after tax, represents a relatively larger share of EBT than was the case in 2021.

Comprehensive income thus amounted to DKK 78 million, which is a decrease of DKK 143 million compared to 2021.



### Cash flows and financial position

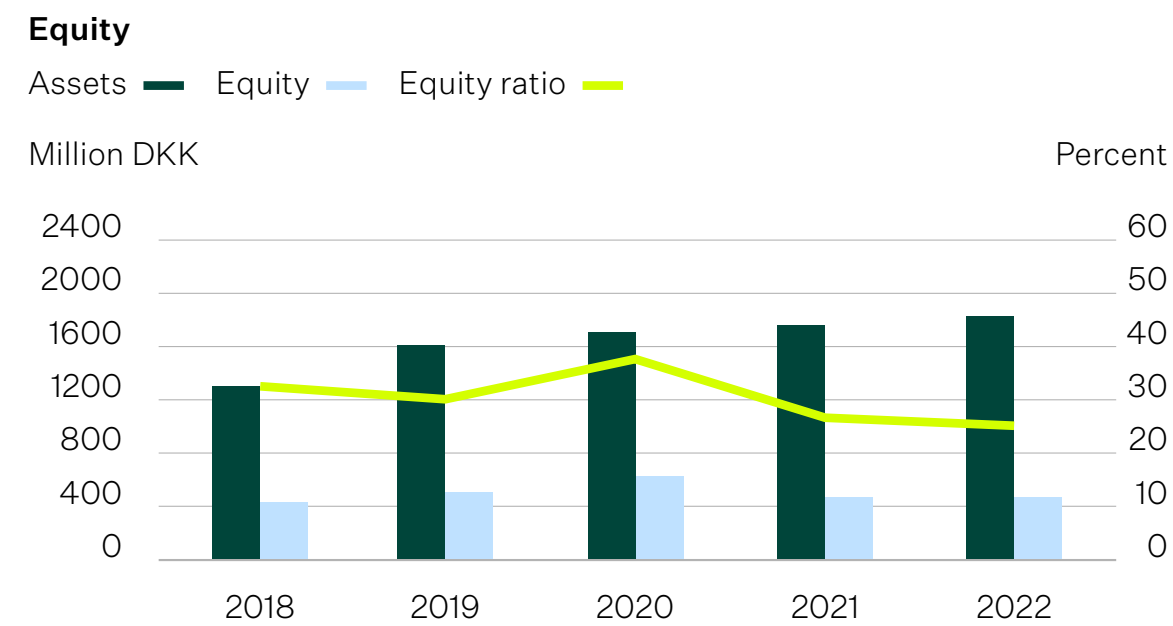
Nordstern’s cash and cash equivalents decreased from DKK 615 million at the end of 2021 to DKK 513 million at the end of 2022. Cash flow from operating activities amounted to DKK -19 million in 2022. The negative contribution is primarily due to one project, which will not be invoiced and paid for before finalization. In addition, tax payments influenced by DKK -52 million.

Cash flow from financing activities amounted to DKK -83 million, which was primarily due to the distribution of dividends during the year of DKK 75 million.

With cash and cash equivalents of DKK 513 million, including credit limits with financial partners, Nordstern has very strong cash reserves at the beginning of 2023.

Total assets at the end of the year amounted to DKK 1,833 million, which represents an increase of DKK 64 million compared to the previous year. The increase is partly due to an increase in fixed assets of DKK 30 million derived from an increased monetary commitment in development activities of DKK 44 million and a reduction of tangible fixed assets of DKK 14 million; and partly due to an increase in receivables of DKK 136 million, driven by a large increase in the value of work in progress on behalf of third parties. The increases mentioned are partly offset by the decrease in cash and cash equivalents mentioned above.

Equity, which is affected by distributed dividends of DKK 75 million, increased to DKK 474 million. The solvency ratio thus amounts to 25.9%, which, given the circumstances, is considered to be satisfactory.

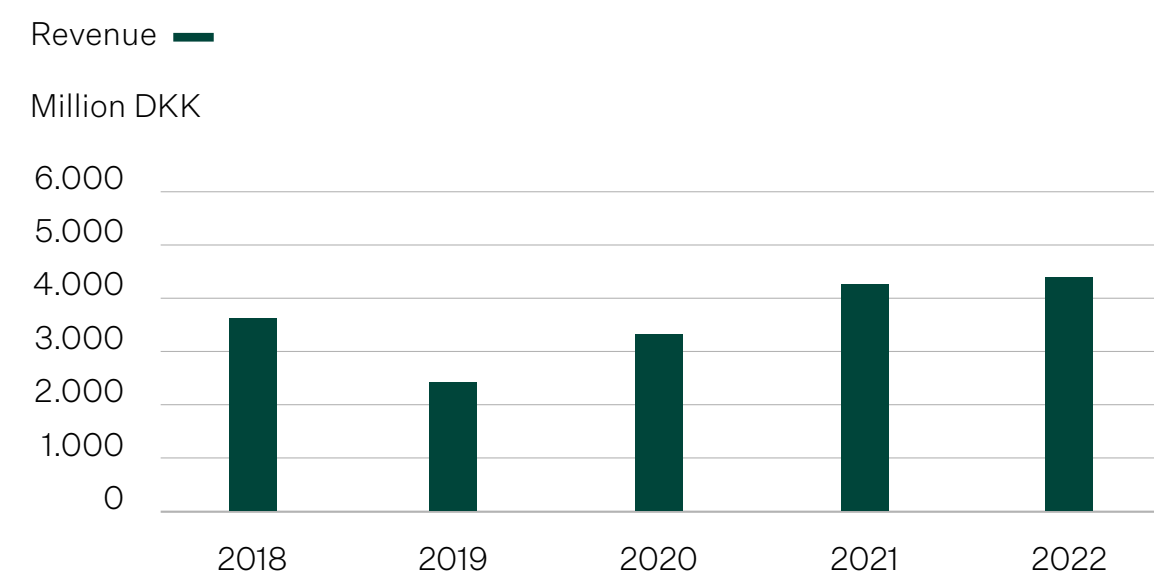


**Expectations for 2023**

Nordstern’s order book, which at the beginning of 2023 amounts to DKK 4,382 million, forms a solid foundation for the coming year, together with a strong pipeline within both tender and development cases. However, the assessment is that 2023 will also be a challenging year, where continued difficult market circumstances will play a role. How long and with what strength is difficult to predict, but some degree of stabilization seems realistic to hope for. As in 2022, we should, however, probably expect a slower conversion from pipeline to order book in 2023. Among other things, the significantly higher interest rate level, compared to the past many years, has led to hesitant investors and a somewhat lower number of transactions. Based on the foregoing, revenue for 2023 is expected to

be in the range of DKK 3,200 to DKK 3,500 million. The slightly lower level compared to the realized revenue for 2022 should be seen in light of the somewhat lower number of projects started in 2022 compared to 2021. In addition, there is some uncertainty in relation to how many new projects can be started during the year. EBITDA is expected to be in the range of DKK 160 million to DKK 180 million. Nordstern ApS is scheduled to formally merge with KPC Holding ApS in 2023 with Nordstern ApS as the continuing company. The merger will have an accounting effect as of 1 January 2023 and is expected to be adopted in mid-April.

**Order book**



**Events after the balance sheet date**

No events occurred after the balance sheet date that could affect the assessment of the annual report.



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# Nordstern's business



# 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 maintains a strong ambition to be Denmark's leading property developer and turnkey contractor. This ambition is to be achieved through a continuous focus on our customers' needs and a sustained effort to deliver the best solutions on the market in the fields of property development and construction.

Three key requirements must be fulfilled to achieve the strategic target: Firstly, Nordstern's entire value chain must be organized in such a way as to ensure that our customers' needs are heard, understood, and met. Doing business and cooperating on construction projects with Nordstern must be a smooth, hassle-free experience in every way, and all customer relations must be based on our core val-

ues. Secondly, Nordstern must be a leader in sustainable construction and must deliver ambitious and specific solutions for a considerable reduction of the carbon and resource footprint in construction. Sustainability is therefore incorporated as a fundamental part of Nordstern's strategy, with specific targets and initiatives rooted in a comprehensive environmental, social, and governance (ESG) strategy. Thirdly, Nordstern must continue to attract, retain, train, and develop the best and most solution-oriented employees. Only then can we drive the most efficient processes forward at each stage of our projects and deliver high-quality solutions, allowing Nordstern to be the preferred choice of our customers.

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

**01**

**Targeted customer focus**

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

**02**

**Development and construction synergy**

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

**03**

**Competitive construction**

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

**04**

**Sustainability in everything we build**

- 100% of all new office and residential projects to be certified according to recognized third party sustainability standards (e.g. DGNB) from 2023 onwards

- ESG strategy toward carbon neutrality and a minimum of 70% recycled waste from building sites
- Ambitious targets for career and people development as well as promotion of health and safety for own employees and subcontractors

**05**

**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

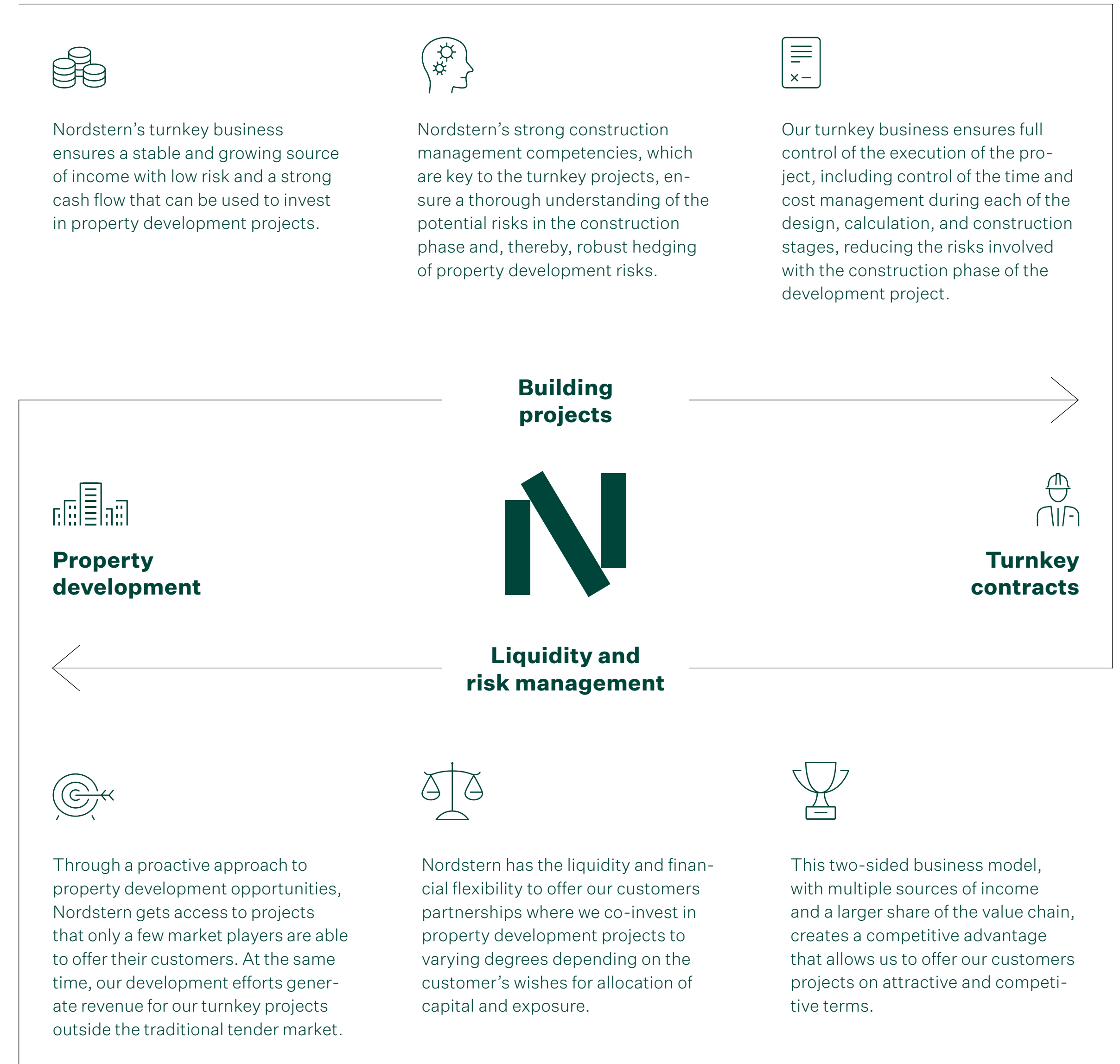
**06**

**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 and supports enduring growth through development of and allocation of resources to both sides of the business.



Nordstern's turnkey business ensures a stable and growing source of income with low risk and a strong cash flow that 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.



**Property development**

**Building projects**



**Liquidity and risk management**



**Turnkey contracts**



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 turnkey projects 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 that allows us to offer our customers projects on attractive and competitive terms.

# Business model

## Ressources

### People

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

### Partnerships

We outsource all production to specialized contractors. Strong working relationships are therefore necessary.

### Capital

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

### Solutions-oriented culture

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

### Processes

We rely on standardized processes, tried and tested solutions and a high degree of digitization to minimize the risk of errors and delays in our projects.

## Activities

### Business segments

### Property 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, ordered in direct sales or won in tender

### Sales and joint ventures

We sell real estate projects to professional investors and enter into joint ventures with both customers and land-owners

### Selected activities in 2022

#### New Construction – Residential



– Residential projects under development in Greater Copenhagen, North Zealand, Aarhus and Skanderborg

– 81,000 sq m residential constructions were commenced, 316,000 sq m were under construction and 125,000 sq m were handed over

– Residential projects in Aarhus and Greater Copenhagen commenced in JV with an investor  
– Residential project in Northern Zealand sold to an international investor

#### New Construction – Commercial



– Commercial projects under development in Copenhagen and Aarhus

– 117,000 sq m of commercial construction were commenced, 176,000 sq m were under construction and 36,000 sq m were handed over

– Commencement of PPP project in Frederiksberg

#### Renovated – Residential



– 51,000 residential renovation projects were commenced, 239,000 sq m were under construction and 51,000 sq m were handed over

#### Renovated – Commercial



– Hand-over of a former educational building transformed into a town hall and offices as part of a large development project in Horsens

– 72,000 sq m of commercial renovation were under construction and 28,000 sq m were handed over

– Hand-over of a former educational building in Frederiksberg transformed into offices in joint venture 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 think about climate and the environment as well as the urban space and surrounding community – both in the construction phase and in the final construction.

### Shareholders

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

# Property development



Maneuvering in the property development market was challenging in 2022, especially in the second half of 2022. Rising inflation, interest rates, and material costs affected the market adversely, and the macroeconomic conditions were yet to stabilize by the end of the year. Despite these challenges, Nordstern managed to fare well in the property development market due to our agile and risk-averse business approach.

Nordstern's dual role as property developer and turnkey contractor creates positive synergies for the benefit of our customers and partners. Since we partner up with final investors at an early stage of the development phase, we are able to adjust projects – from architecture over choice of materials to funding methods – to their needs. We head 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. This agile and risk-averse approach has proven a strong asset in the challenging market conditions of the past year.

Most investors are large international real estate investors with a focus on residential projects.

## **New projects**

Four residential development projects broke ground in 2022, all with international real estate investors as final property owners. The four projects – Erantishaven, Kelleris, Arresøvej, and Rød-kløvervej – are situated in the Greater Copenhagen area and Aarhus, according to Nordstern's business strategy. The four projects comprise more than 57,000 sq m of construction.

Apart from these entirely new projects, new stages of projects such as Trælasten have commenced. That large city development project will be completed by 2025.

## **Completed projects**

One of Nordstern's largest city development projects was handed over just before the turn of the year. Though they were set up and managed as two separate projects with individual investors, Kobbeng and Sdr. Ringvej 33A visually and structurally comprise one residential area with a total of 678 new homes / 63,000 sq m of construction. The projects are DGNB Gold certified.

Another DGNB Gold certified project was completed in December 2022. Project Gardens in Ballerup was bought by Nordstern in March 2021 and sold to Catella Real Estate AG before construction began. The project totals 77 new homes.

New construction is the most common form of development project, but in 2022 we also completed two renovation projects: Lindevangs Allé in Frederiksberg and Horsens City Hall. Both projects are transformations of existing construction to office space.





### **Share of development projects**

Development projects under construction in 2022 comprise 186,000 sq m, which is approximately a quarter of the total number of sq m under construction in Nordstern (23%). This includes an increase in new residential construction, which has risen from 114,000 sq m in 2021 to 160,000 sq m in 2022.

### **Market outlook**

The property market still looks challenging in 2023. However, Nordstern's lean organization combined with our agile business approach makes us able to adjust to the changing market conditions and our customers' needs. We engage with our partners - from land sellers and final investors - and move projects forward, while retaining full flexibility to adjust development activities according to market circumstances.

Photo:  
Skudehavnen  
is a mix of public and private  
housing

# Development: Høje Haver

The residential project Høje Haver (Project Gardens) is in many ways a special property development project. Not only is it the first of its kind in Denmark's version of Silicon Valley, Lautrupparken, but it is also a sustainable residential project that has been carried out in record time.

The property in Lautrupparken was acquired by Nordstern in January 2021 and the finished property was handed over to the investor, Catella Real Estate, less than two years later. The project includes 77 private rentals, a green common area, and a parking lot.

Construction of the estate began in October 2021 after a mere 9-month development and design phase. This was achieved through strong cooperation with all parties involved, including continual dialogue in the design phase between Nordstern, Sweco, and Ballerup Municipality.

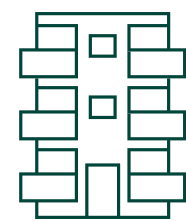
Not only did the solution-oriented cooperation mean that construction could start early; it also ensured a final project with several climate-friendly and sustainable solutions such as upcycling of cut-down trees, water-saving systems, and, of course, a DGNB Gold certification.



Photos:  
Høje Haver is one of the more sustainable residential projects undertaken in 2022

# Nordstern's business segments

Nordstern continues to be one of the strongest players within residential construction, with 2,230 homes (1,516 new construction and 714 renovations) being handed over in 2022. During the year, 803,000 sq m were under construction (new construction and renovations combined), which is equal to the level in 2021. Two-thirds were residential projects and one-third were commercial and public projects. Of these projects, 77% were ordered by direct sale or tender, whereas 23% were development projects.



**New Construction –  
Residential**

316,000

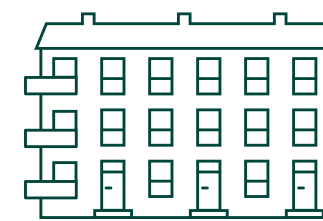
SQM



**New Construction –  
Commercial**

176,000

SQM



**Renovation –  
Residential**

239,000

SQM



**Renovation –  
Commercial**

72,000

SQM

# New Construction – Residential

New residential is still the primary business segment for Nordstern, measured on both revenue and total sq m under construction. Two-thirds of Nordstern's residential projects were in the Greater Copenhagen area in 2022.

The number of newly built homes handed over in 2022 totaled 1,516, which is approx. the same level as in 2021.

Nordstern had 316,000 sq m of new residential projects under construction in 2022 compared to 351,000 sq m in 2021. Developers and real estate companies make up by far the largest customer group measured in percentage of turnover (49%). Pension funds make up the second-largest customer group with almost a quarter of turnover (24%). Notably, most pension fund residential projects were Nordstern development projects.

## Multiannual projects

Large city development projects such as Trælasten in Aarhus, which will be fully constructed in 2029 and contain 700 housing units and 14,000 sq m of retail and commercial buildings, make up an increasing part of Nordstern's projects. Like Trælasten, most of these projects are multiannual projects stretching over several stages. Often, they also include different disciplines such as both new construction and renovation and a mix of residential and commercial buildings.

Two multiannual city development projects were completed in 2022: Kobber Engen/Sdr. Ringvej 33A and Skudehavnen/Strandgaderne, the latter entailing both private homes and public housing.

## Long-lasting partnerships

Nordstern continues to be best-in-class in the residential market. Our expertise and know-how are sought by investors all over the country, many of whom we partner with on several projects.

For example, international developer and real estate company NREP, with whom we have partnered on many residential projects over the years, worked with us during 2022 on the ongoing mixed city development project Herlev Bymidte and on four Plushusene projects. Two of the Plushusene projects – in Ballerup and Nivå – were handed over in 2022, while the two in Køge Nord and Tømmerup Parken will be concluded in 2023.

Other recurring partners include pension fund PensionDanmark and developer and real estate companies CapMan and Vision Ejendomme. CapMan is involved not only in new construction but also in renovation projects.

## Sustainable construction

We see a rising demand for sustainable construction among Nordstern's key customer segments within residential construction. Pension funds such as PensionDanmark and developer and real estate companies such as NREP and Catella Real Estate have set high ambitions for the buildings they finance; thus, the demands made on turnkey contractors are also high.

Nordstern has high ambitions for sustainable construction, too, and is working toward certifying all residential and office buildings in 2023. This has given us the necessary knowledge and experience to live up to the increased demands from national and international partners. In a challenging market, our understanding of sustainable construction will prove a strength. Read more about Nordstern's ambitions and goals for sustainable construction on pages 34-42.



## Projects

### Under construction

Albertshøj nursing home  
Public housing, Tømmerup Haveby  
Arresøvej 8-12  
Herlev Bymidte  
Håndværkerkollegiet  
Nørreskov Bakke  
Plushusene, Køge Nord  
Skudehavnen, Strandgaderne G-H  
Træbyg 1, Trælasten  
Plushusene, Tømmerup Haveby  
Træbyg 3, Trælasten  
Erantishaven  
Rødkløvervej  
Kelleris  
Slangerupgade  
Lygten 2  
Fortehusene

### Handed over

Høje Haver  
Plushusene, Sømosehegn  
Plushusene, Teglsøerne Nivå  
Kobber Engen  
Strandgaderne CDEF  
Søbakkehusene, Nærheden AKF  
Søndre Ringvej 33A  
Tranekærvej  
Fællesvej Sømosehegn



Read more at [nordstern.dk](https://nordstern.dk)

# New Construction – Residential: Skudehavnen/ Strandgaderne

Skudehavnen is a development project where Nordstern, in collaboration with, e.g., Lejerbo, SPI Ejendomme A/S, and Kinnerton, has developed and built a total of 17,500 sq m of rental, public housing, and private apartments and townhouses. The development is divided into three sub-areas – Strandparken, Strandgaderne, and Fjordhusene – each of which is further subdivided, making a total of seven stages across the three sub-areas. The project is built on a former industrial site overlooking Vejle's fjord.

In collaboration with architects and developers, we created a coherent urban area where public housing is combined with private apartments and townhouses. The project was developed in close collaboration with the various investors to meet their individual wishes, needs, and requirements. For example, the Fjordhusene townhouses at the edge of the site can be clearly distinguished from Strandgaderne at the center, and different architectural expressions come to light in the façades of the buildings.



# New Construction – Commercial

This covers several different types of building such as public buildings, retail, offices/domiciles, logistics buildings, car parks, as well as public–private partnership (PPP) projects.

In 2022 commercial construction grew from 176,000 sq m from 126,000 sq m in 2021. While privately owned commercial construction grew from 65,000 sq m in 2021 to 133,000 sq m in 2022, publicly owned commercial construction fell from 61,000 sq m to 43,000 sq m. Publicly owned projects include Holstebro Barracks and the PPP-project PAFR, a parking basement on Frederiksberg. The latter is the second parking basement Nordstern has built for Frederiksberg Municipality.

## Offices and domiciles

Nordstern has built several offices and domiciles since its foundation in 2005, and in recent years this has become an independent strategic business segment. From a total of 15 commercial projects in 2022, 10 were office buildings or included offices as part of the construction. Building owners of the offices and domiciles are equal parts public and private.

In 2022, Nordstern completed the new headquarters for Good Food Group in Vejle, comprising a 3,750 sq m domicile including offices, meeting rooms, and a unique food lab.

In December we handed over Høje Taastrup City Hall – the first ever public building of its kind to be built on a foundation of recycled concrete. The DGNB Gold-certified building is eight stories tall and a visible landmark in the heart of Høje Taastrup.

## Recurring customers

We handed over 36,000 sq m of commercial construction in 2022, which is approx. half of the level of 2021 (67,000 sq m). Two of the completed projects – the parking garage Mælketorvet and Good Food Group’s headquarters – were handed over to recurring customers M+ Ejendomme and EXXIT59. In Q1 of 2023 we will hand over another project, Nagel’s headquarters, to EXXIT59.

In 2022, Nordstern also commenced construction of the second parking basement in central Frederiksberg, which is part of the beforementioned PPP-agreement with Frederiksberg Municipality.

At Nordstern we are proud to be chosen by these property developers again and again. We consider the relationship we have built over the years to be a partnership, and we are happy to see these partners as returning customers.



## Projects

### Under construction

EXXIT 59 - Nagel  
Hybel - Head quarter  
PAFR parking near city hall  
Træbyg 3, Trælasten  
Slangerupgade  
Baronessens kvarter  
NAU P-Hus  
Lygten 2  
Buddinge Sundheds- & Beskæftigelseshus

### Handed over

GFG Vejle EXXIT59  
Holstebro Kaserne  
Lagerhal Loftbrovej  
Høje-Taastrup City Hall  
Parking Mælketorvet  
Havi Logistic



Read more at [nordstern.dk](https://nordstern.dk)

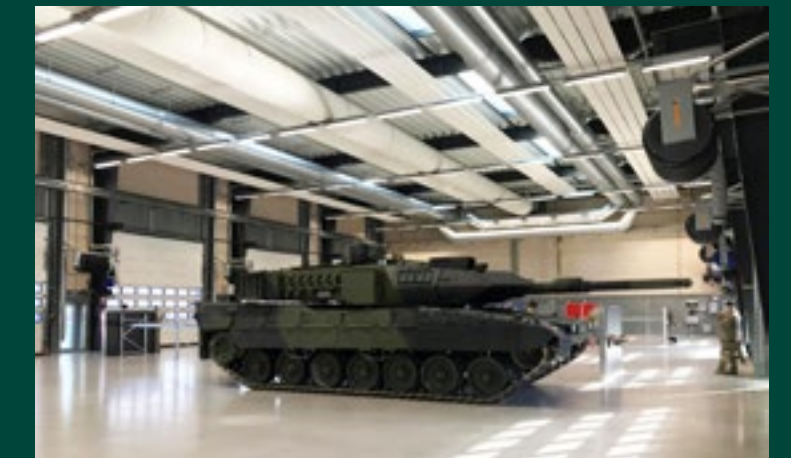
# New Construction – Commercial: Holstebro Kaserne

Nordstern has built four new garage buildings at Holstebro Kaserne for the Ministry of Defense’s Property Agency (FES). The finished project was handed over to the Ministry of Defense in June 2022.

Each of the buildings measures 3,375 sq m and contains a standard garage on one floor. Three of the buildings contain three floors with offices, shower and toilet facilities, as well as storage, cleaning, and technical rooms. The last building has a briefing room and a polishing room, instead of an office.

At Holstebro Kaserne, Nordstern attempted to bring as many sustainable elements into the construction as possible. Thus, 98 percent of the demolished garages have been recycled: Iron has been melted down, concrete crushed and recycled in other projects, bricks cleaned and reused, and the roofing felt recovered.

The project is one of the largest sub-projects under the Modernization of the Army’s Personnel and Materiel Facilities scheme.



Photos:  
The new facilities have both room for tanks and offices for personnel

Photo credit:  
Rørbæk og Møller  
Arkitekter

# Renovation – Residential

On the residential side, 2022 was a very strong year for Nordstern in the renovation business. Residential renovation now makes up 25 percent of the total turnover on residential projects.

Nordstern was renovating a total of 239,000 sq m of residential buildings in 2022. Nordstern had 2,862 homes under renovation in 2022, of which 714 were concluded and handed over. These include the renovations of Beringsgaarden sections 3 and 4, which entails a total of 344 homes. Residents were rehoused while work was being done on their homes, but the majority of Beringsgaarden was occupied while the renovation took place. The renovations of both sections 3 and 4 were won through public tender.

## Housing associations

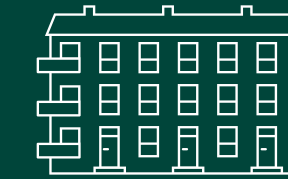
All but one of our residential renovation projects have a housing association as the building owner. These renovation projects were won through public tender under applicable EU legislation.

Due to COVID-19, the Development Fund was allowed to advance projects with a total value of DKK 18.4 billion in 2020. That decision has had a great impact on the renovation market and will continue to affect business in years to come. Therefore, we expect further renovation projects within the field of public housing in 2023.

In 2022, Nordstern also participated in public tenders and won renovation contracts. However, the changing market conditions have also affected housing associations, who are also struggling with rising costs and budget planning.

## Renovation in Eastern Denmark

Nordstern has enjoyed a strong position in the renovation market in Western Denmark for several years, but a renovation department was only set up in Eastern Denmark in 2019. Renovation demands in this part of Denmark have grown rapidly since then; residential renovation projects in Eastern Denmark made up 69 percent of Nordstern's total residential renovation turnover in 2022.



## Projects

### Under construction

Bomidtvest Afd. 630

Braineparken 1-83

Henriksgården

Mjølnerparken

Solhusene

Bellahøj

Fællesbo Afd 24

### Handed over

Beringsgaarden Afd. 3

Beringsgaarden Afd. 4

Rødegårdsvej

Universitetsbyen, dorm rooms

Vognmandsparken



Read more at [nordstern.dk](https://nordstern.dk)



# Renovation – Residential: Vognmandsparken

Vognmandsparken contains a total of 184 apartments of varying sizes – two-, three-, and four-bedroom – with a total living area of 15,000 sq m. Apartments on the ground floor enjoy direct access to their own garden and the other apartments each have a French balcony. In terms of construction, all homes are similar with differing floor plans.

Nordstern won the main works of the renovation of Vognmandsparken in a public tender in 2020, and the renovation started in May 2021.

The renovation of Vognmandsparken mainly addresses in-building physical issues such as repairing thermal bridges in external walls, creating a better indoor climate, and renovating technical installations. The building in general was contaminated with hazardous materials, which of course demanded extra attention and security measures, especially since the homes were occupied during the entire renovation period.

The finished project was handed over to the public housing association Boligselskabet Sjælland in October 2022.



# Renovation – Commercial

Unlike residential renovation projects, commercial renovation projects are rarely won through public tenders. Rather, they are contracted in direct sale to private building owners, of which developers and real estate companies make up the largest customer group.

In 2022, Nordstern renovated and/or transformed 72,000 sq m of commercial buildings. The largest of these projects is Herlev Bymidte, which is a combination of new construction and renovation. The first stage of the renovation was handed over in 2021, while the remainder will finish by the end of 2023.

Nordstern handed over 28,000 sq m of commercial renovation in 2022, e.g., Lindevangs Allé, an office building in the heart of Frederiksberg, developed by Nordstern and renovated in joint venture with CapMan.

## Mixed and more sustainable projects

In 2022 we saw an increase in mixed projects that entail both residential and commercial renovation (e.g., Mjølnerparken and Herlev Bymidte) but also in projects that combine renovation and new construction.

Many owners of properties have vested interest in more sustainable construction due to increasing regulatory standards, tenant/bank demands and overall value preservation. We expect this to be a big market going forward. As awareness of the need to re- and upcycle building materials grows, we also expect to see more projects combining renovation and new construction. In some projects there is an interest to, e.g., keep the façade but transform the interior entirely.

Though not renovation projects per se, we are already working on several new construction projects where materials are ‘harvested’ from existing buildings that were broken down and reused in the project or in other projects.



## Projects

### Under construction

Herlev Bymidte  
Mjølnerparken  
Titanhus

### Handed over

Brohuset  
Flügger House  
Former VIA  
Horsens new city hall  
Lindevangs Allé



Read more at [nordstern.dk](https://nordstern.dk)

# Renovation – Commercial: Brohuset

Brohuset, an approx. 12,000 sq m building in the heart of Ishøj, has been rebuilt and transformed into a modern health and community center housing, e.g., a medical clinic, home care, and the municipal youth initiative.

The project focused very much on user participation from the get-go. As the health and community center was to house different professions and users, it was important to take their needs and wants into consideration from the very beginning. Part of the user participation was working with elderly citizens to understand their needs.

While sections of the outside area and the main building were transformed into a new multifunctional center with new facilities that meet today's rules regarding fire and construction, the rest of the building was partly in use and had to be fully functional during the whole building period.

For materials, we chose to use those with lower CO<sub>2</sub> emissions as well as recycled concrete to create a more sustainable health and community center.

During the renovation, several pupils from Ishøj's secondary schools visited to learn about construction.



Photos: Brohuset was renovated in several stages. The final stage was completed in 2022.

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# Social responsibility





# Employee highlights 2022

Gender distribution

84% (M)

16% (F)

Gender distribution in middle management

67% (M)

33% (F)



Number of interns

42

Sick leave rate

2.69%

FTEs

319



# Social responsibility

Nordstern strives to conduct a sustainable business in the broadest sense of the word. This means that we take our environmental and social responsibilities very seriously and continually strive to improve on both accounts. Therefore, Nordstern has worked intensively on developing a more thorough environmental, social, and governance (ESG) policy. This has resulted in several policy changes that will be implemented in early 2023. Please see page 15 for a detailed description of Nordstern's business model.

Nordstern has a substantial impact on the local communities in which it operates. The buildings we construct stand for decades and affect not only their 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.

On all projects, Nordstern strives to achieve the highest levels of environmental sustainability. We

work ambitiously to sort and process the waste from our construction sites and to bring down CO<sub>2</sub> emissions; both during construction and throughout the entire life cycle of the buildings. The Climate and Environment section describes in detail Nordstern's objectives and initiatives within sustainable and responsible construction and renovation.

Nordstern conducts business based on the clear, simple principles of good business practice and ethics. We recognize our social responsibility to our employees, partners, and the surrounding community. For further details, refer to the sections on Employees, Human Rights, and Anti-Corruption.

# Employees

Our employees are our top priority. Our goal is to create the safest and healthiest work environment possible. We want to attract the best people in the industry to ensure that Nordstern can continue to create sustainable contemporary homes and workspaces for thousands of Danes.

Since May 2022, the main focus has been on helping employees through the changes brought about by the merger with KPC Holding. Weekly updates on the merger have been sent out to all employees, several town hall meetings have been conducted, and on September 30 all employees from the four companies met in Fredericia for a full-day strategy session for the merged company.

The increased information campaign has been successful so far as, e.g., the number of resigning employees has remained at the same level as in previous years.

## Risks

The most significant risks for Nordstern of impacting our employees negatively are an unhealthy work environment and work-related accidents. We strive to minimize these risks, which

is further explained in the following paragraphs Health, Safety and Well-Being.

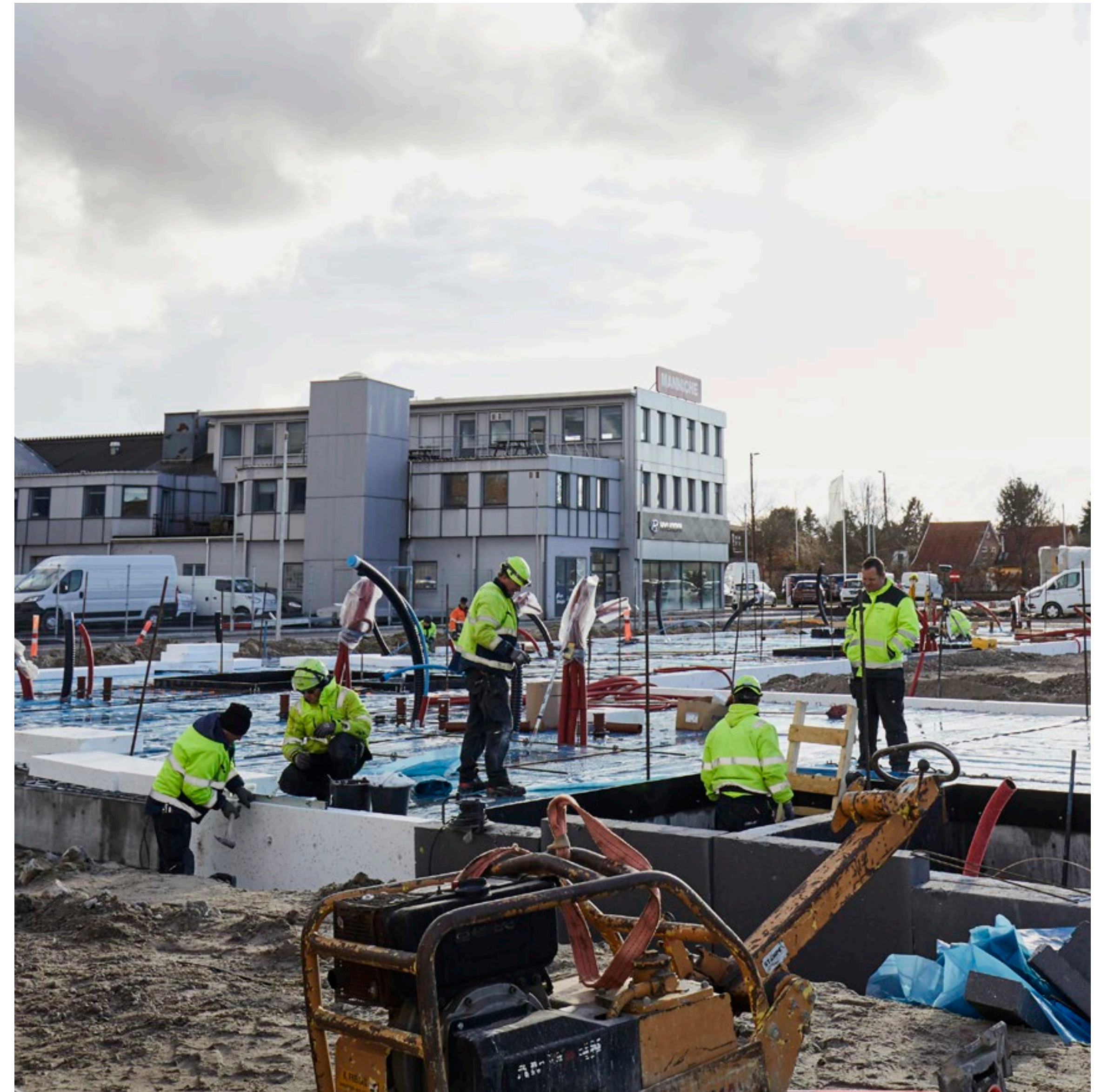
## Health

After two consecutive years marked variously by the COVID-19 crisis, 2022 was in many ways a more 'normal' year when it comes to health among employees.

The percentage point for sick leave increased from the all-time low of 2021 (1.2%), as, in 2022, sick leave was 2.7%, which is, however, still considered an acceptable level.

In order to keep the percentage down – and having drawn lessons from the COVID-19 crisis – disinfectant spray is still readily available as well as disinfectant cloths for tables, computers, etc.

Nordstern continues to support employees in leading a healthy life. All construction sites and



offices serve free fruit, and fresh tap water is also available to all employees. Moreover, we encourage sporting activities as social activities among employees; we support these financially. During 2022 this resulted in, e.g., biking, running, and golfing arrangements taking place. All activities are handled under ‘Nordstern Sport’.

**Safety**

After the name change in October, we introduced a new intranet to employees. A prominent subsection of the intranet is ‘Arbejdsmiljø og Byggeri’ (Work Environment and Construction), which includes, e.g., news on work environment, guides to different aspects of safety and work environment, and a counter for number of days without accidents to increase awareness. The new section of the intranet will play an important role in the Work Environment Certification (DS/ISO 45001) Nordstern wants to obtain in 2023.

Nordstern continued the work to keep all construction sites safe in 2022. One of the extra measures taken in 2022 was updating the signage on all construction sites. As all signs were being changed due to implementation of the new brand, we took the time to go over the available safety signs on each site, resulting in several extra signs being put in place.

Nordstern has set a goal to keep accidents at the lowest level possible. In 2022, our target for the number of accidents per DKK 100 million turnover was 0.6 compared to 0.8 achieved in 2021. Our ambition for 2022 was very high and, unfortunately, we were not able to meet it. Nordstern ended the year at 1.0, which is not satisfactory measured against our ambition but acceptable compared to industry standards. We will therefore intensify our activities in 2023 to ensure that we reach our goal and live up to the demands of the Work Environment Certification.

The Work Environment Certification will be another steppingstone toward improving our safety and work environment in general. Going to work must be safe, not only for our employees but also for all of our partners on construction sites. We are responsible for thousands of lives every day, including those of our own employees, subcontractors, and the residents living in ongoing renovation projects.

**Well-Being**

Due to Nordstern’s pending formal merger with KPC Holding, we did not conduct a job satisfaction survey in 2022. This will be carried out across the merged company in 2023 instead.

With the end of the COVID-19 crisis it has once again been possible to carry out social events, which we know is important for our employees’ well-being. Thus, we celebrated both summer and Christmas and met in spring and autumn for full-day strategy sessions.

**Appointments and dismissals**

In 2022, Nordstern continued to grow in number of employees. We welcomed 139 new people to the organization, especially in the east, due to a record-high number of projects in this region. The number of FTEs by year-end totaled 319. New hires in 2022 totaled 106 persons, all of whom go through a thorough onboarding scheme in order to ensure that they are well integrated into the company.

We believe that developing our employees is necessary to keep them with us and for Nordstern to stay ahead of the competition. It is therefore an important part of our personnel policy to develop the skills and competencies of our employees. Thus, in 2022 we were happy to once again be able to conduct several courses throughout the organization with both internal and external educators.

In 2022, we also launched Nordstern’s management training program, which has been received

very well. We ran a pilot program in 2021 and built the current management training program on that. The program will continue in 2023.

**Educating the next generation**

Nordstern is dedicated to educating the next generation and contributing to their employment. In 2021, we hired 42 new interns. Overall that year, we reached a record-high number of interns (54), which we intend to surpass in the coming years. The internships help young people gain the valuable skills and knowledge they will need for a job in the construction sector. Simultaneously, Nordstern benefits from their talent; this allows us to continuously grow our organization.

Apart from the internship program, we also have several minor, local programs, such as the Nordstern TurnusByg program in cooperation with Copenhagen municipality, where young students can try different types of craftsmanship at a construction site during a two- or four-week internship. The goal of the program is to encourage more young people to choose a career within construction.

From 2023, Nordstern will launch a new graduate program.

**Gender equality and diversity**

By year-end 2022, 16% of Nordstern’s employees were women – a slight increase from 2021’s 15%. Most of our female employees work in office-based functions in the legal, human resource, finance, and communications departments. For these departments, the percentage of female employees is almost equal that of men (48%).

The construction industry has historically been male-dominated and many trades have been considered ‘for men only’. This trend is slowly changing, yet there are still substantially fewer women in construction than men. At Nordstern, we are

33%

33 percent of middle managers are female

actively striving to attract more women to work on our construction sites e.g., through our internship program mentioned above. Furthermore, we actively support women in the company to become managers, by recruiting internally from our existing talents.

At present, 33% of middle managers are female, while there are no women in top management or on the Board of Directors. There are no set target figures for women on the Board, as there are only two members at present.

As part of the before-mentioned ESG policy work, we are developing a diversity policy that will be completed and implemented in the first quarter of 2023.

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 to grow as a company. Diversity and inclusion are critical to our business, but not a necessity in terms of compliance. At Nordstern, we strive to include, accept, and value all people in the workplace, regardless of such differences.



# Human rights, anti-corruption and data ethics

Nordstern observes Danish and international labor market and anti-corruption legislation and supplements these with its own policies, when necessary, in order to ensure that the rules to combat corruption are observed.

## Human rights

Respect for human rights is one of Nordstern's fundamental values. We have at no time experienced human rights violations in connection with our business, and we have assessed that the risk is very limited. We adhere to Danish and European regulations and work only with trusted partners who are equally dedicated to human rights and the rule of law.

Nordstern has imposed contractual requirements on all construction contractors to ensure 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.

In 2022 we developed our environmental, social, and governance (ESG) policies, including those affecting human rights. As a result, we will develop and implement a new supplier code of conduct in early 2023. All updated policies will similarly be implemented in 2023.

Currently, the only policy that considers human rights is the internal code of conduct, to which all Nordstern employees adhere.

## Anti-corruption and bribery

As a respectful and responsible Danish company, we strongly denounce corruption and bribery. Nordstern's 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. Nordstern has imposed a complete ban on any form of bribery – for both the giver and the receiver. This is described in the Code of Conduct, which is distributed to all new employees, available to current employees, and updated regularly.

Nordstern operates in an industry that in the past has been riddled with cartels and other forms of breach of competition law. We strongly condemn any such practices as they are detrimental to competition and to the image of the industry. The anti-corruption policy is therefore supplemented with a policy for anti-competitive behavior. 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 2022.

The Board of Directors has adopted a whistleblower system that employees, customers, and suppliers can use by filling in a form on Nordstern's website. It facilitates the reporting of suspected serious violations such as corruption or other forms of economic crime, considerable breach of health and safety rules or environmental legislation, violence, threats, or discrimination. The system was reviewed and updated with the implementation of a new website in 2022 as well as in relation to the planned merger with KPC Holding. The system fulfills the requirements of the newly implemented law focusing on the protection of whistleblowers (EU-directive 2019/1937). No violations were reported in the whistleblower system in 2022. In 2023, we will continue to focus on the reports coming from the whistleblower system.

## 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 (AI) 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. These include having sufficient tools to mitigate any risks involved with Nordstern's collection and treatment of data and use of technology.



# Climate and the environment

Nordstern takes responsibility for our impact on climate and the environment, and for the resources we use. To do this, we work to lower our carbon footprint, reduce waste during the construction phase, and use recyclable materials. This goes for both our own business and the construction projects we contribute to.

Greenhouse gases cause climate change. Our planet is facing the consequences of changes in global temperature.

Governments, companies, and individuals have a responsibility to make a green transition. The construction industry is one of the largest emitters of CO<sub>2</sub> in the world. In Denmark, this industry accounts for 30% of all CO<sub>2</sub> emissions, when one takes into account the construction processes and the production of building materials as well as the energy used to operate the buildings once they are fully functional. The construction industry is also responsible for 35% of all waste in Denmark, which

corresponds to 4.5 million tons of waste per year. It is estimated that up to 15% of all material consumption on construction sites is wasted.

As a company, we are adapting our business to new legislation and guidelines that promote sustainability; for example, the European taxonomy focusing on investment in environmental sustainability. In addition, Nordstern is working to find new ways of doing business and eliminating wasteful practices. In 2022, we focused on methods to reduce our company's CO<sub>2</sub> emissions. We strive to reduce energy use in the construction process as well as in the operation of the completed buildings.

We are also reducing the use of new materials by incorporating, for example, recycled bricks into our construction projects. In this respect, we can mention Trælasten in Aarhus, the second urban area in Denmark to have received a platinum DGNB certification. Recycling is one of the keywords of the project, and approximately 90% of the building elements from the two DIY stores that were previously located on the 35,000 m<sup>2</sup> plot are recycled. Old bricks and windows will comprise up to 5% of the total building stock when the entire project is completed in 2029.

## Risks

As part of Nordstern's ESG policy and sustainability strategy, we have carried out a double materiality assessment to uncover the potential benefits of a more sustainable approach as well as the potential risks of Nordstern impacting the environment negatively.

The assessment showed that the greatest potential environmental benefits and risks are associated with carbon emissions, waste handling, and the use of raw materials in construction.

Construction certified according to recognized third party sustainability standards (e.g. DGNB) takes all of these factors into account, thus our goal of only building certified construction from 2023 will minimize these risks greatly.



# Towards a more ambitious sustainability strategy in 2023

Nordstern has great ambitions in the area of sustainability. Going forward, we will set ESG targets enabling the company to become a sustainability leader within the industry.

In 2023, we intend to integrate three essential components into a strong sustainability strategy, which involves:

1. A clear overall sustainability vision and ambitions for Nordstern;
2. Based on a materiality assessment, a sharpened focus on and clear targets for the most important sustainability topics on which Nordstern can have the largest impact; and
3. A solid foundation and ESG governance mechanism for tracking and reporting on Nordstern's sustainability progress.

## Carbon neutrality

Nordstern will become carbon neutral. To accomplish this, we will work to reduce our carbon and resource footprints throughout our value chain and lead by example in our industry. From 2023, we have set the following two targets:

- A science-based target for a 1.5°-increase future. This means we will reduce Scope 1 and 2 emissions by 42% by 2030 (baseline year 2021)
- Reduce Scope 3 emissions by 50% by 2030 and reach net-zero by 2050 (baseline year 2021)

## Sustainable buildings

Beginning in 2023, Nordstern will step up its efforts to make buildings more sustainable. Our ambition is to only build buildings certified according to recognized third party sustainability standards (e.g. DGNB) and ensure that 70-100% of our projects are taxonomy-aligned by 2030. To do this we will raise the bar for sustainable buildings:

- 100% of new residential and office building projects initiated in 2023 and after will be according to recognized third party sustainability standards (e.g. DGNB).
- 70-100% of turnover from new construction projects will be taxonomy-aligned by 2030.
- At least 70% of waste from construction will be recycled by 2025.

## Developing, attracting, and retaining the best talent

Our ambition is to create the best work environment possible and attract and develop the best people in the industry. To fulfill our ambition, we have set four targets:

- Ambitious career development targets for internal education and promotions;
- A minimum of 70 interns annually;
- Job satisfaction scores in the top quartile; and
- Work accident frequency below 0.6 and lost days frequency below 9 for both employees and sub-contractors.



# Objectives and actions in 2022

In 2022, Nordstern focused on three areas of action to reduce its impact on the climate and environment.

## 2023 goals

## Initiated actions

## Goals and subgoals

### Certified buildings

- 95% of all newly built projects commenced in 2023 must be certified according to recognized third party sustainability standards (DGNB or similar).
- Nordstern must be the most cost-effective supplier of certified construction.

- All residential and office newly built projects begun in 2022 and after must be certified according to recognized third party sustainability standards (DGNB or similar).
- Implementation of IT system to manage certifications.
- Training of all employees in certification.
- Internal DGNB auditor deep-dive into selected projects to identify challenges.
- All customers must be advised on more sustainable construction and offered the opportunity for certification.



Sub-goal: 11.3



### CO<sub>2</sub> emissions

- 30% reduction in CO<sub>2</sub> emissions in Scope 1-2 in 2023 (compared to baseline year 2020)
- Mapping of CO<sub>2</sub> emissions in Scope 3 and setting targets for reduction

- Construction sites and offices must run on certified green power.
- All drying and heating on construction sites must be done with electricity and district heating.
- All company cars must be class A or better. Charging stations must be installed at offices and construction sites.
- At Trøllast in Aarhus, we have tested the use of an electric crane.
- In 2022, we hired an in-house LCA expert.
- Life cycle analyses are being used on construction projects to measure direct and indirect CO<sub>2</sub> emissions in both production and the subsequent operation of buildings.



Sub-goal: 9.4



### Waste

- Centralized waste management must be implemented at 75% of all construction sites by 2023.
- Waste management on construction sites must be mapped in order to identify the types of waste generated in each phase of the project and to set goals for the reduction and recycling of waste in 2023.

- Centralized waste management and sorting at 51% of Nordstern's active construction sites in 2022.
- Waste is sorted into at least four fractions at Nordstern's offices and construction management sheds.
- We have continued our focus on increasing the recycling rate on our construction projects. Crushed concrete is recycled for different purposes at Høje-Taastrup Town Hall and at Erantshaven in Rødovre.
- There is an internal marketplace for recycling materials on Nordstern's intranet.



Sub-goal: 12.5



# Reduction of CO<sub>2</sub> emissions

In 2022, Nordstern reached its 2023 goal to reduce Scope 1–2 CO<sub>2</sub> emissions by 30%. We are therefore well prepared for new ambitions and targets to be applied from 2023.

Below, the development in CO<sub>2</sub> emissions (market-based) for the last three years is shown. Please note that we have changed some of the assumptions for our calculations, and therefore the CO<sub>2</sub> emissions for 2020 and 2021 are different from those reported in our annual reports for these two years. The changes are explained in the “Updated methodology” section on page 38.

## CO<sub>2</sub> emissions from activities

Nordstern has gathered data on our CO<sub>2</sub> emissions since 2020. In 2021, we had a small increase in our CO<sub>2</sub> emissions because we included our consumption for district heating on our construction sites. On all other parameters, we succeeded in reducing our CO<sub>2</sub> emissions.

Looking at our market-based CO<sub>2</sub> emissions in 2022 compared to both 2020 and 2021, we have significantly decreased our CO<sub>2</sub> emissions in scope 1 and 2. From 2020 to 2022, we decreased these emissions by 47% despite a significant increase in activity during the same period.

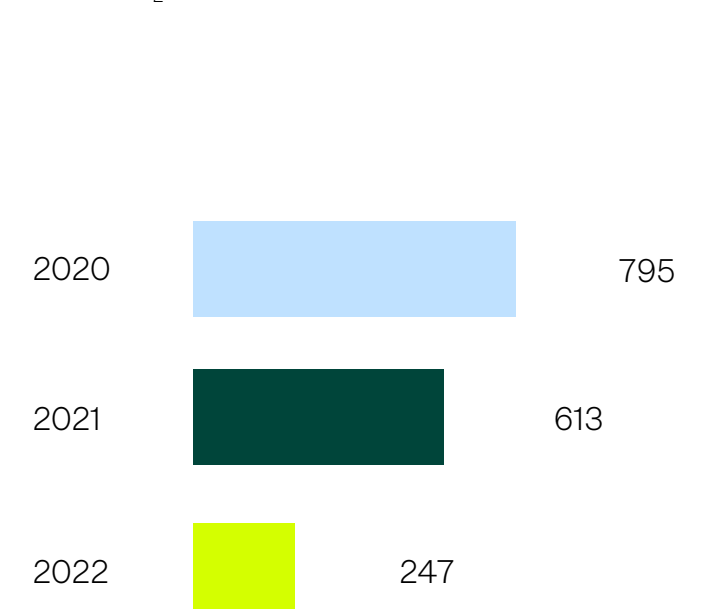
Nordstern’s CO<sub>2</sub> emissions consist of emissions from our own combustion of petrol, oil, gas, and diesel (Scope 1) and of indirect emissions related to purchased energy in the form of electricity and district heating (Scope 2). The emissions in Scope 1 stem from company vehicles as well as the oil used for heating and drying construction sites. Scope 2 emissions stem predominantly from purchased electricity used to operate and heat construction sites and from district heating for our offices as well as building sites.

In 2022, 28.6% of our Scope 1 and 2 emissions came from electricity (market-based), 31.8% from oil used at construction sites, 29.6% from company cars, and 10.0% from district heating for our offices and building sites. In 2022, we had a significant decrease in the consumption of district heating compared to 2021 but a significant increase in the use of oil at our construction sites as compared to both 2020 and 2021. This was due to the use of oil-driven heat generators for the heating and drying of building sites where (sufficient) district heating was unavailable. Our electricity consumption has also increased due to increased activity. However, as most of our electricity is purchased with climate certificates, the environmental impact from this consumption has decreased (market-based).

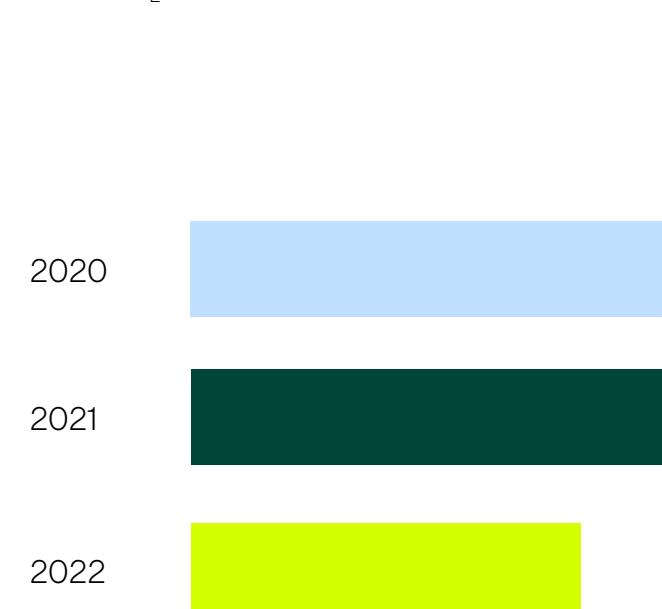
# 69%

From 2020 to 2022, Nordstern decreased CO<sub>2</sub> emissions by 69%.

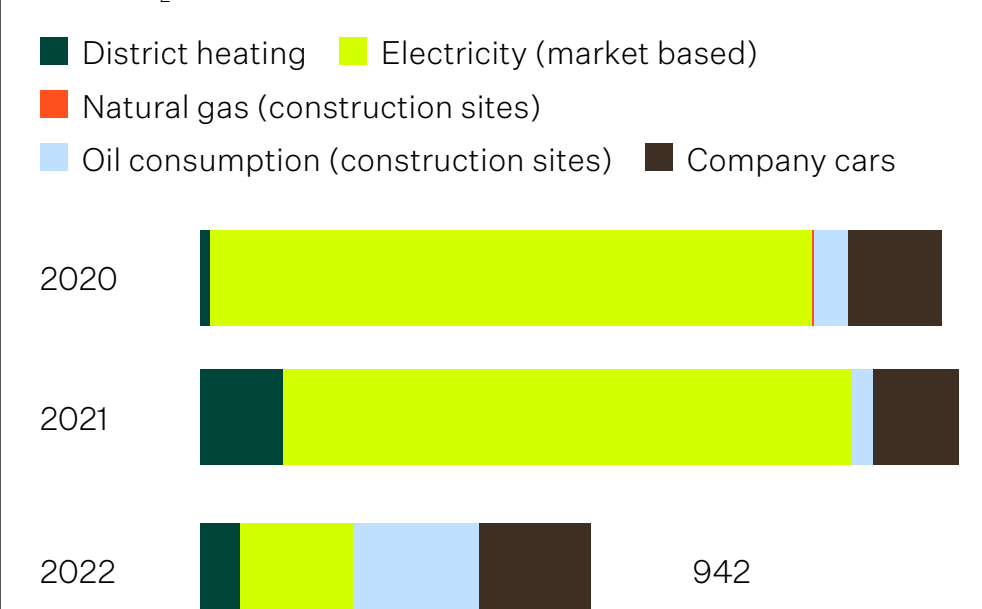
Nordstern’s CO<sub>2</sub> emissions (per dkk 1B revenue)  
(Ton CO<sub>2</sub>/year/billion DKK revenue)



Nordstern’s scope 1-2 CO<sub>2</sub> emissions (total)  
(Ton CO<sub>2</sub>/year)



Nordstern’s scope 1-2 CO<sub>2</sub> emissions (split according to sources)  
(Ton CO<sub>2</sub>/year)



The CO<sub>2</sub> emissions are calculated in accordance with the procedures and guidelines of the Greenhouse Gas Protocol (GHG), which divide the emissions into Scopes 1, 2, and 3 emissions.

On some construction projects, the client delivers and pays for the electricity for the construction site. In this case, the CO<sub>2</sub> emissions are considered the client’s Scope 2 emissions and are therefore not included in Nordstern’s CO<sub>2</sub> emissions. Note: The figure visualizes our CO<sub>2</sub> emissions from market based electricity



# 942.2

Total CO<sub>2</sub> emissions,  
Scope 1-2.

### Mapping provides valuable insights

In 2020, CASA mapped its CO<sub>2</sub> emissions in Scopes 1 and 2 for the first time to establish a baseline. We have used this to set Nordstern-specific goals to reduce our CO<sub>2</sub> emissions and measure the effect of our initiatives. The ongoing mapping also provides valuable insights into the cause of most of the CO<sub>2</sub> emissions and where our initiatives to reduce CO<sub>2</sub> will have the greatest effect. In 2022, we have adjusted the way we calculate our CO<sub>2</sub> emissions, and we have recalculated our emissions in 2020 and 2021 based on this new method. When we compare the CO<sub>2</sub> emissions from 2022 with the recalculated CO<sub>2</sub> emissions from 2020, the data shows that we succeeded in saving 852 tons of CO<sub>2</sub>, which corresponds to 47% of 2020 emissions (market-based).

Thus, we have not only met but exceeded our reduction target for 2023. This is especially satisfactory when we consider the 69% increase in activity from 2020 to 2022. Emissions relative to revenue have been reduced by 69%.

### Reduction of direct emissions (Scope 1)

Nordstern's direct CO<sub>2</sub> emissions stem from the petrol and diesel consumed by company cars, from the oil consumption used to dry and heat construction sites, and from the consumption of gas. These three categories accounted for approximately 61% of Nordstern's Scope 1–2 emissions in 2022 (579.0 tons), which is an increase compared to 2020 (318.1 tons). We had more company cars in 2022 compared to 2020 (due to increased activity), and therefore we had a larger petrol and diesel consumption. We also had an increase in the use of oil at construction sites due to the use of oil-driven heat generators for the heating and drying of building sites where (sufficient) district heating was unavailable.

To transition towards electric or hybrid cars, in 2021 we installed charging stations at Nordstern's offices in Horsens and Søborg. Over time, we aim to ensure that all of our construction sites will also have charging stations. The first charging station for a construction site was commissioned in 2021 and installed in 2022.

### Reduction of indirect emissions from purchased energy (Scope 2)

Nordstern's indirect CO<sub>2</sub> emissions stem primarily from the electricity used at the construction sites and offices; this accounted for almost 29% (269.2 tons) of Nordstern's total Scope 1–2 emissions in 2022 (market-based).

This is a significant drop compared to 2020 when the market-based electricity used at the construction sites and offices accounted for 81% (1,453.3 tons) of Nordstern's total Scope 1–2 emissions in 2020.

The 81% reduction in CO<sub>2</sub> emissions from electricity (market-based) is to a large extent driven by a change to using only certified green electricity from renewable energy sources in all our offices and at more than 80% of our construction sites

beginning in the middle of 2021. However, we are still working to reduce energy consumption at the construction sites. In 2022, we began a test project in which we obtain more detailed measurements of electricity consumption (for more information see the section "Distribution of power consumption at construction sites" below). We will share the knowledge obtained from this project with all our construction sites. In 2023, we expect to begin a second test project to gather more experience-related data.

### UPDATED METHODOLOGY

In 2022, we have adjusted the way we calculate Nordstern's CO<sub>2</sub> emissions and, based on this adjustment, have recalculated CO<sub>2</sub> emissions for 2020 and 2021. The following parameters have changed:

- In 2020 and 2021, we assumed that 25% of driving in company cars was related to work. As we do not have data related to the percentage of work-related driving, for 2022 we assume that all driving in company cars is work-related.
- Emission factors for electricity have changed in relation to the following two parameters:
  1. We now use emission factors from energinet.dk, not the emission factor we have used from the DEA\* in previous years.
  2. In calculating market-based emissions, we use the emission factor for the electricity for which no climate certificates have been sold. This emission factor is used only for the electricity for which we do not have climate certificates. Electricity with climate certificates is not assumed to involve any CO<sub>2</sub> emissions.
- In 2020 and 2021, we assumed that 7% of diesel was biodiesel and 10% of petrol was ethanol. Both biodiesel and ethanol were calculated with an emission factor of 0 kg CO<sub>2</sub>-eq / liter. In 2022, we have instead used a CO<sub>2</sub> emission factor for diesel and petrol that includes biodiesel and ethanol, and has therefore included our entire fuel consumption in the calculations.
- We now use emission factors for diesel, petrol, and oil from DEFRA

In this annual report, we have included the recalculated CO<sub>2</sub> emissions for 2020 and 2021 in order to have a basis for comparison with our 2022 CO<sub>2</sub> emissions.

\*Source: Energistyrelsen.dk

**Distribution of power consumption at construction sites**

We use a large amount of electricity at construction sites. In order to learn more about our power consumption in the construction process, smart meters have been installed as a pilot project at Fortehusene in Lisberg, Aarhus. The sub-meters register consumption for the lighting of the site, the construction site sheds, the electrical panels

on the site, and the construction site’s three masonry work platforms. The power is measured and shows the consumption hour by hour which allows the site to identify the large consumers of energy and potential savings (both large and small). In addition, water consumption is also measured. The measurements will make us better at identifying potential savings. Reducing electricity consumption, reduces CO<sub>2</sub> emissions.

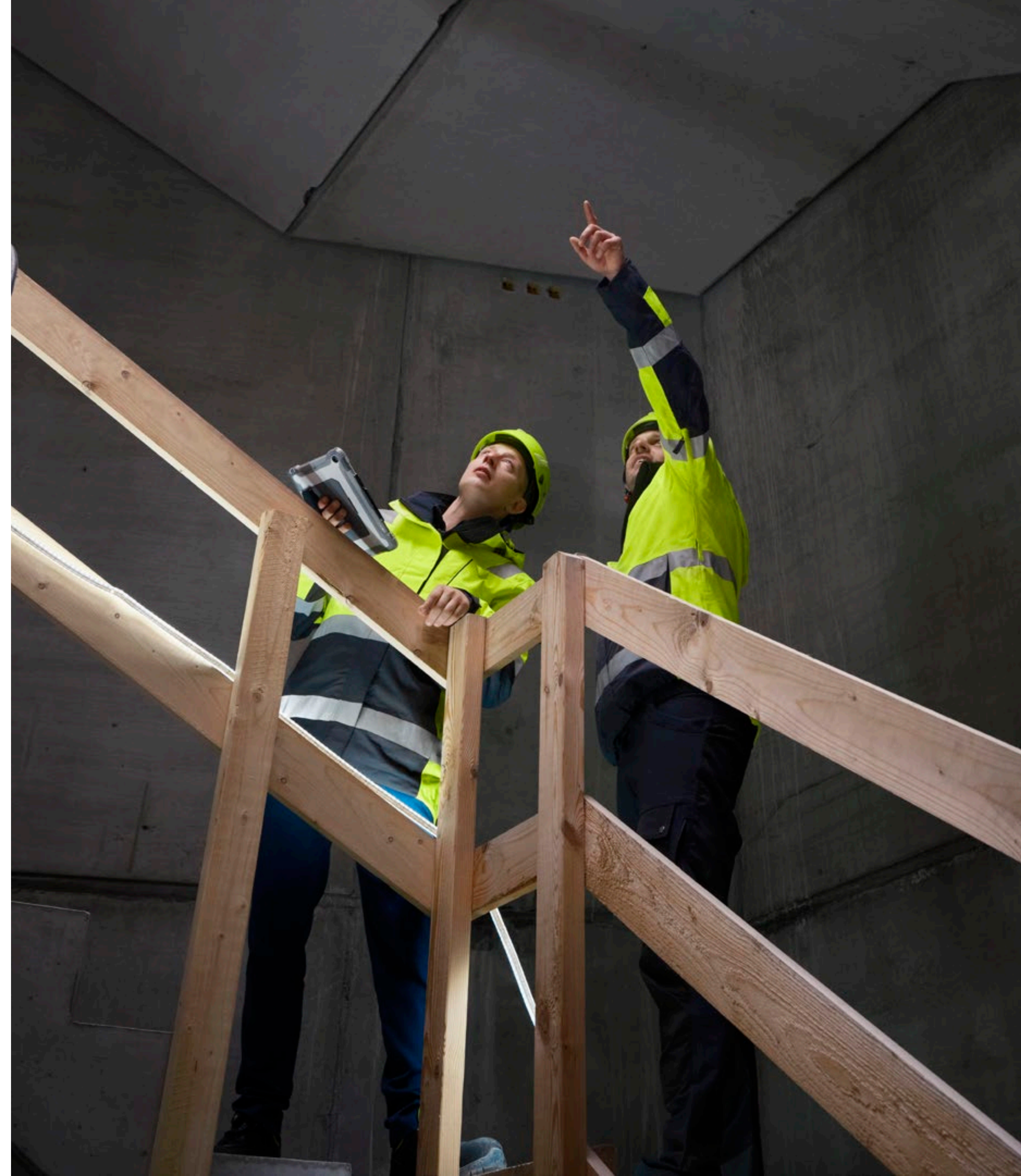
**CO<sub>2</sub> reporting for Nordstern’s activities**

Scope 1 (direct emissions)	CO <sub>2</sub> (tons)	Scope 2 (indirect emissions from purchased energy)	CO <sub>2</sub> (tons)
Company cars	279.0	Electricity (offices and construction sites – market based)	269.2
Oil consumption (construction sites)	300.0	District heating (offices and construction sites)	94.0
Scope 1 total	579.0	Scope 2 total	363.2

The CO<sub>2</sub> emissions are calculated in accordance with the procedures and guidelines of the Greenhouse Gas Protocol (GHG), which divide the emissions into Scopes 1, 2, and 3 emissions.

On some construction projects, the client delivers and pays for the electricity for the construction site.

In this case, the CO<sub>2</sub> emissions are considered the client’s Scope 2 emissions and are therefore not included in Nordstern’s CO<sub>2</sub> emissions



# Mapping of Scope 3 emissions

“We can see that our newly built housing projects has a CO<sub>2</sub> emission between 8 and 12 Kg CO<sub>2</sub>-eq/sqm per year”.

To fulfill our ambition to measure the indirect emissions from the manufacturing and transport of building materials used for construction and from the subsequent use of the building (Scope 3), we perform a Life Cycle Assessment (LCA) on several of our new construction.

Nordstern has an ambition to systematically collect all the LCA calculations performed for all our buildings and use the data to calculate our Scope 3 CO<sub>2</sub> emissions and set reduction targets.

The data will allow us to analyze and compare CO<sub>2</sub> emissions from different structures and gain detailed knowledge of which structures have the smallest CO<sub>2</sub> footprint. This will enable us to make more informed choices in the building design phase and be a substantial driver in the quest to reduce the climate impact of our operations and buildings.

An LCA calculation makes it possible to assess the CO<sub>2</sub> embedded in the building materials and the CO<sub>2</sub> emissions from the subsequent operation and maintenance of the buildings. The LCA thus measures the indirect emissions from a project (Scope 3).

Today, LCA calculations are part of our work to document and certify the sustainability of our projects, e.g., through the sustainability certification scheme known as DGNB. From 2023, LCA calculations are a mandatory part of the Danish Building Regulations.

The life cycle calculations include assessing the environmental impact from the construction and operation of the building as well as from renewal of building components with an expected lifetime of less than 50 years and from the disposal of materials when the building is demolished. The environmental impact is calculated in CO<sub>2</sub> equivalents to show the environmental impact of the building during its lifetime. Experience shows that the largest CO<sub>2</sub> emissions originate from the production of building materials. The building materials are therefore key elements to consider in the pursuit of lower CO<sub>2</sub> emissions. Different building materials have different expected lifetimes, which influences their environmental impact. Therefore, the LCA calculations measure the CO<sub>2</sub> emissions according to the material's expected lifetime.

In 2022, we collected data from several of our projects. Based on this data, we can see that our newly built housing projects has a CO<sub>2</sub> emission between 8 and 12 Kg CO<sub>2</sub>-eq/ sqm per year.

This shows us that we are well on our way to meeting our goals. Beginning in January 2023, all projects over 1,000 sqm for which an application for an authority project is submitted must keep emissions below 12 Kg CO<sub>2</sub>-eq/ sqm per year. Beginning in 2023, we will investigate the assessments to determine the most obvious areas for reducing the scope 3 carbon emissions.



# Waste reduction and more sustainable construction

In 2022, Nordstern continued its efforts to reduce the amount of waste from our construction sites and increase the recyclability of the waste. At the same time, all new residential and office construction projects initiated in 2022 will be certified according to recognized third party sustainability standards.

## Waste

Every year, construction sites in Denmark create DKK 4.5 million tons of waste. This corresponds to 35% of all waste generated in Denmark. Therefore, reducing the amount of waste and increasing the recyclability of waste in the construction industry will have a substantial impact on the environment. Previous research shows that there is a lack of transparency about the quantities and handling of waste from construction sites because most of it is handled by individual specialized contractors. For this reason, data and knowledge are not available from a central source.

Since 2021, Nordstern has mapped the quantities and handling of waste from our construction sites.

Based on the figures, relevant reduction targets will be set for 2023. To obtain the most reliable data and achieve the greatest effect, 75% of all construction sites must have centralized waste management in place by 2023. In 2022, the share was 51% (the same as in 2021). Nordstern worked on several initiatives to secure better waste management in 2022, including:

- Gathering data on amounts of waste (divided into relevant waste segments) from 46 construction sites and offices. In 2023, this data will be analyzed with a view to reducing amounts of waste and increasing recyclability.
- Installing dishwashers at all construction sites to eliminate the use of disposable plastic.
- Running a pilot project at Trælasten in which all usable materials from dismantled buildings are catalogued so they can be used in future buildings at the site.
- From 2023, waste generated by our offices and construction manager sheds will be sorted into ten fractions.

To be aligned with the new EU taxonomy, all contractors must be able to document that 70% of their waste is either reused or recycled. With the aim to be prepared for this requirement, we are planning to calculate what percentage of our waste at building sites is recycled. In 2023, we will calculate the recycling rate on our projects to record where we are in relation to the 70% target. We will then work to increase that percentage so that even more waste is recycled.

## Certified construction - more sustainability

Buildings certified according to sustainability standards must live up to certain criteria to demonstrate sustainability in materials and processes. This leads to a lower impact on the environment than non-certified buildings. Consequently, Nordstern has worked towards raising the share of buildings in its portfolio that are certified according to third party sustainability standards over the past several years. Beginning in 2021, our goal was that 80% of all newly built projects would be certified, and by 2023, the ratio must be no less than 95%.

Our work has paid off. We are approaching the our ambitious target—89% of our newly built projects (87% in terms of revenue)\* commenced in 2022 will be certified according to recognized third party standards.

Looking just at residential and office projects, the ratio of certified projects is 100% (and 100% measured in terms of revenue). Last year, we made the commitment that all new residential and office construction projects from 2022 and after must be certified. We have successfully met this commitment.

Our goals were supported by the following initiatives in 2022:

- We developed auxiliary tools for DGNB certification (contract material, pricing, checklists, construction site boards, etc.).
- A course has been set up for Nordstern’s employees on construction sites.
- We have established an experience group where we discuss DGNB experiences across projects.
- Nordstern’s Sustainability Manager has acted as DGNB auditor on one Nordstern project and Nordstern’s sustainability leader as DGNB co-auditor on another to get better insights into the challenges and roadblocks at project level.
- Nordstern’s Sales and Development team was trained in the DGNB certification scheme to better advise clients on the requirements and advantages of sustainability certification.

\* This excludes parking facilities for which no standardized certification scheme exists

**Case** Håndværkerkollegiet

# A new dorm that reflects the proud traditions of the trades

The high architectural quality and excellent craftsmanship at the new dorm in Horsens reflect pride in the trades. Sustainability in terms of reuse of materials and climate considerations are important focus areas in the construction of the project. The construction is expected to be DGNB Gold-certified and to be awarded the DGNB Diamond for its architectural qualities.

Nordstern is the turnkey contractor on the six buildings which will contain 72 dorm rooms as well as workshops. The project also includes accommodation for the principal and the administration and comprises a total area of 7,300 sqm. The project is built in cooperation with Fonden for Håndværkskollegier (BRF).

**Reduction of carbon emissions**

The project will become a good reference for how to lower carbon emissions in construction. A Life Cycle Assessment has been carried out to investigate the sustainability of the building materials.

The analysis showed that the building's emissions are 7.9 Kg CO<sub>2</sub>-eq/ sqm per year over a period of 80 years (corresponding to approximately 9.4 Kg CO<sub>2</sub>-eq/ sqm per year over a period of 50 years) (the lifespan of the building), which is lower than the new regulations applicable beginning in January 2023 (and still well below 10 kg CO<sub>2</sub>-eq/ sqm per year over a period of 50 years).

The analyses show that the building's operating consumption is 2.7 Kg CO<sub>2</sub>-eq/ sqm per year and the building's materials emissions are 5.2 Kg CO<sub>2</sub>-eq/ sqm per year. Concrete is the material that emits the most CO<sub>2</sub>, with approximately 1.1 Kg CO<sub>2</sub>-eq/ sqm per year.

The timber for the building structures consists of Douglas fir from an FSC-certified state forest near Silkeborg. Douglas fir grows rapidly, which means that the trees do not occupy areas that can be used to produce food. By choosing Danish-produced wood, carbon emissions from transport are also reduced.

In the construction of the dorms, cross-laminated timber (CLT) has been chosen as a more sustainable supplement to concrete. The use of wood can help improve the indoor climate of the building because it lowers humidity. Wooden surfaces can absorb and release moisture after indoor climate fluctuations in the building.

**Recycling of old building materials**

The construction project focuses on sustainability as evinced by the choice of materials, such as recycled bricks.

The bricks are sorted and cleaned by a specialist brick supplier specializing in cleaning and recycling bricks. The company uses neither chemicals nor water for purification. They use vibration, which both protects the environment from the emissions of hazardous chemicals and the over-use of water.

- 44 Risk management
- 48 Corporate governance
- 49 Board of Directors and Executive Management

# Governance



# 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 negative impact on Nordstern’s reputation, future activities, and earnings. We strive to reduce risks to an acceptable level through effective risk management.

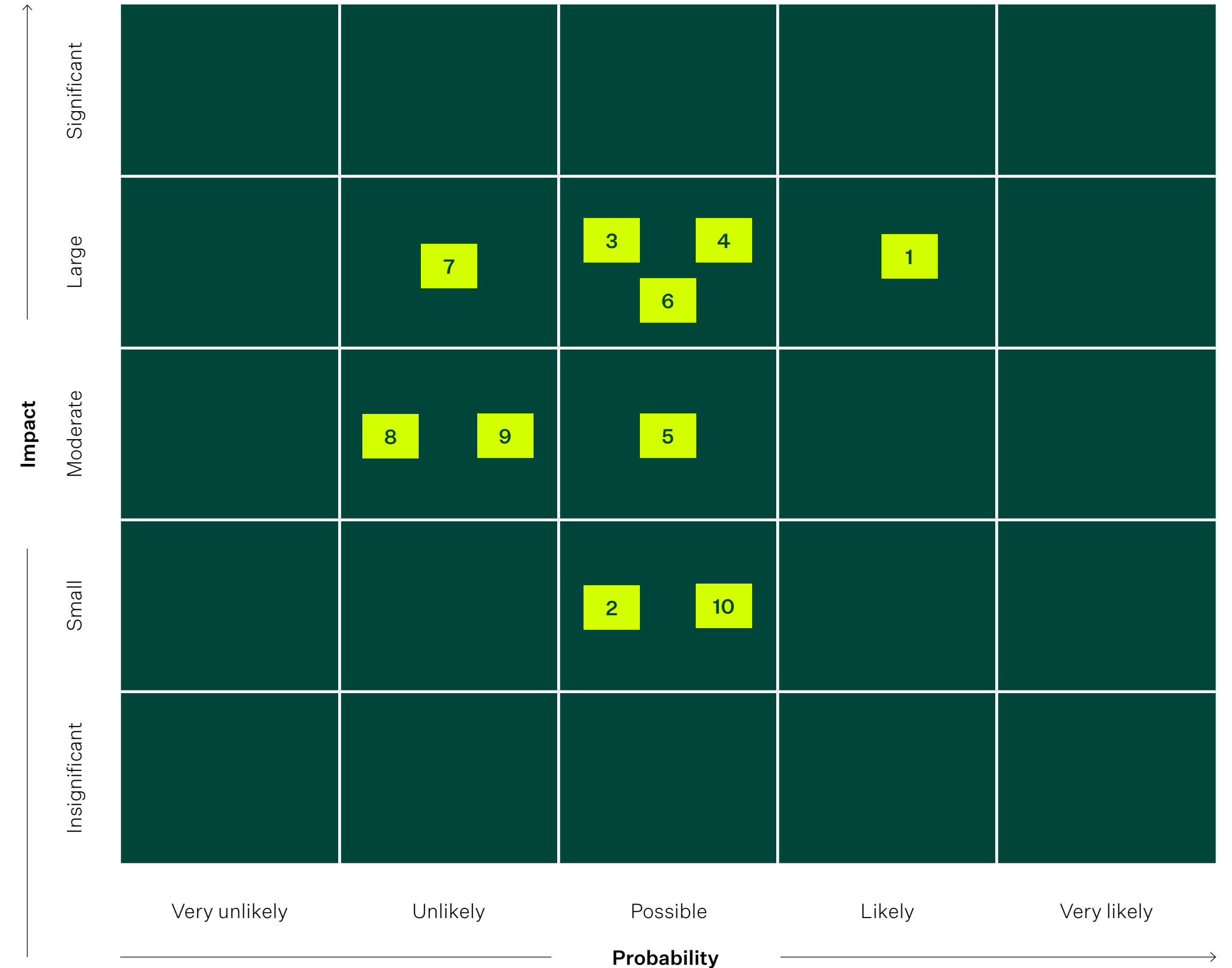
The management of strategic, operational, and financial risks must ensure that negative effects are minimized or avoided altogether. This can be done by reducing the probability of negative consequences and by reducing the potential effects of negative consequences.

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. When it comes to the assessed effects, most of the identified risks will be of a financial nature. Preventive measures will be defined and prepared based on the classification.



**Market risks**

- 1 Economic growth
- 2 Political risks

**Operational risks**

- 3 Project execution risks
- 4 Development risks
- 5 IT-risks
- 6 HR risks
- 7 Safety risks
- 8 Regulatory risks

**Financial risks**

- 9 Credit risks
- 10 Funding risks

Please refer to pages 45–47 for further comments on the figure.

**1 Economic growth**

**Identified risk areas** Macroeconomic conditions set the scene for economic growth, which traditionally plays a significant role to companies operating in a cyclical industry where construction and property development to some extent belongs. 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** 4

**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-time planning and measures against project execution risks play an important role in handling the risks related to longer periods with high economic growth.

**Impact** 4

**2 Political risks**

**Identified risk areas** Political risks relate to decisions that may, directly or indirectly, change the preconditions for Nordstern’s business activities. They 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 state, regional and municipal level.

**Probability** 3

**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 monitor the political landscape closely.

**Impact** 2

**3 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** 3

**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 as regards the progress, quality, and financial aspects of the projects.

Our contract policy ensures that before the final approval of a turnkey contract, we obtain binding 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.

**Impact** 4

**4 Development risks**

**Identified risk areas** The most important risks related to property development include conditions that may entail 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 time frame. 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

**Probability 3**

**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

**Impact 4**

**5 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 breach of safety procedures. The risk of being struck by a cyber-attack appears to be increasing.

**Probability 3**

**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 at all possible in order to minimize the risk of errors and breach. Additionally, penetration tests as well as security analysis are performed by external specialists on an ongoing basis.

**Impact 3**

**6 HR risks**

**Identified risk areas** HR risks include the attraction and retention of employees. Employees play a key role in Nordstern’s way 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 realise the revenue and earnings targets.

**Probability 3**

**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 taking specific tasks and responsibilities as well as value creation and conditions in comparable companies into account.

**Impact 4**

**7 Safety risks**

**Identified risk areas** Safety risks are mainly associated with Nordstern’s building projects which involve several potentially dangerous activities and therefore 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** 2

**Preventive measures** Nordstern’s work is based on an occupational health and safety policy which is approved by the Board of Directors, and which 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.

**Impact** 4

**8 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** 2

**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.

**Impact** 3

**9 Credit risks**

**Identified risk areas** Credit risk is the risk that Nordstern’s customers are unable to make payment in accordance with existing contracts.

**Probability** 2

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

**Impact** 3

**10 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** 3

**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.

**Impact** 2

# 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.

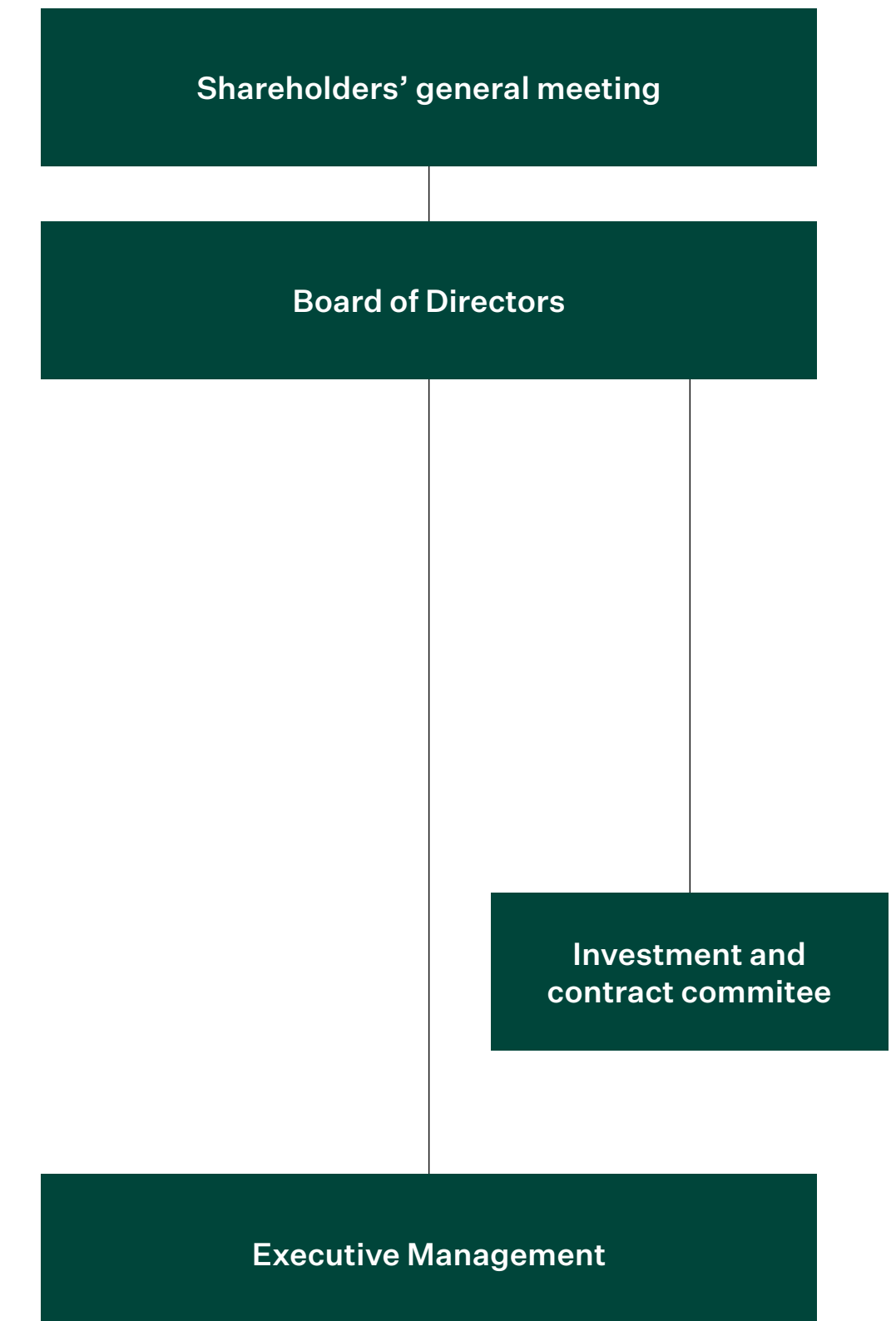
## Board of Directors and Executive Board

The Board of Directors consists of two members, both elected by the shareholders in a general meeting for terms of one year. Johannes Vielberth is the Chairman of the Board of Directors.

There are at least four Board of Directors meetings a year. These meetings follow a fixed structure. In addition, extraordinary board meetings are held as and when required. Furthermore, the Chairman is in continuous close dialogue with the Executive Board, including at regular status meetings held during months without Board of Directors meetings.

The Executive Board of the company consists of CEO Torben Modvig, CFO Jan Aarestrup, COO Michael Storgaard, and CPO Jesper Henkel.

Nordstern’s management structure is illustrated below:





# Board of Directors



**Johannes Vielberth**  
Chairman of the Board  
Director, Corporate  
Transactions ActivumSG



**David Bannerman**  
Member of the Board  
Manager ASG Luxembourg

# Executive Management



**Torben Modvig**  
CEO



**Jan Aarestrup**  
CFO



**Michael Storgaard**  
COO



**Jesper Henkel**  
CPO



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# Financial Statements 2022



# Statement of comprehensive income 1 January – 31 December 2022

DKK '000	Note	2022	2021
<b>Revenue from contracts with customers</b>	3	3,815,117	3,013,177
Income from equity investments in subsidiaries		44,537	61,056
Income from equity investments in joint ventures		182	-333
Other operating income		3	11
Cost of sales		-3,458,392	-2,548,236
Other external costs		-46,969	-28,299
<b>Gross profit</b>		<b>354,478</b>	<b>497,376</b>
Staff costs	4	-257,305	-224,930
<b>Profit/(loss) before depreciation and amortisation (EBITDA)</b>		<b>97,173</b>	<b>272,446</b>
Depreciation	5	-10,344	-9,525
<b>Profit/(loss) before financial income and expenses (EBIT)</b>		<b>86,829</b>	<b>262,921</b>
Financial income	6	9,021	10,381
Financial expenses	7	-7,765	-6,704
<b>Ordinary result before tax (EBT)</b>		<b>88,085</b>	<b>266,598</b>
Tax on net profit/(loss) for the year	8	-10,515	-45,423
<b>Comprehensive income</b>		<b>77,570</b>	<b>221,175</b>



# Balance sheet at 31 December 2022

DKK '000	Note	2022	2021
<b>Assets</b>			
Goodwill		299,675	299,675
<b>Intangible assets</b>	<b>9</b>	<b>299,675</b>	<b>299,675</b>
Property, plant and equipment		6,665	7,274
Right of use assets		37,375	52,343
<b>Tangible assets</b>	<b>10</b>	<b>44,040</b>	<b>59,617</b>
Equity investments in subsidiaries	11	113,790	69,253
Equity investments in joint ventures	12	42,500	42,318
<b>Financial assets</b>		<b>156,290</b>	<b>111,571</b>
<b>Total non current assets</b>		<b>500,005</b>	<b>470,863</b>
Trade receivables	13	388,120	319,055
Contract work in progress		299,368	154,099
Receivables from parent companies		0	12,305
Receivables from subsidiaries		131,032	32,908
Receivables from joint ventures		0	163,537
Other receivables		1,532	1,637
Prepayments and accrued income		18	369
<b>Receivables</b>		<b>820,070</b>	<b>683,910</b>
<b>Cash and cash equivalents</b>		<b>513,093</b>	<b>614,700</b>
<b>Total current assets</b>		<b>1,333,163</b>	<b>1,298,610</b>
<b>Total assets</b>		<b>1,833,168</b>	<b>1,769,473</b>

DKK '000	Note	2022	2021
<b>Equity and liabilities</b>			
Share capital		5,000	5,000
Net revaluation reserve according to the equity method		155,040	110,321
Retained comprehensive income		314,343	356,661
<b>Equity</b>	<b>14</b>	<b>474,383</b>	<b>471,982</b>
Lease liabilities	15	33,597	48,248
Provision for deferred tax	16	62,878	74,479
Other provisions	17	32,058	36,687
<b>Long term debt</b>		<b>128,533</b>	<b>159,413</b>
Lease liabilities	15	7,197	7,609
Other provisions	17	4,553	5,245
Accounts payable		1,116,325	819,864
Advance invoicing of work in progress		42,775	129,157
Amounts owed to subsidiaries		10,285	40,631
Income tax		13,966	50,121
Other payables		35,151	85,451
<b>Short term debt</b>		<b>1,230,252</b>	<b>1,138,078</b>
<b>Total payables</b>		<b>1,358,785</b>	<b>1,297,491</b>
<b>Total equity and liabilities</b>		<b>1,833,168</b>	<b>1,769,473</b>

# Statement of changes in equity



DKK '000	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 uniting of interests method	0	0	-2,171	0	-2,171
Adjusted equity at January 2022	5,000	110,321	354,490	0	469,811
<b>Comprehensive income in 2022</b>					
Net profit/(loss) for the year	0	44,719	-42,148	75,000	77,571
Share-based payments	0	0	2,001	0	2,001
<b>Total comprehensive income</b>	0	44,719	-40,147	75,000	79,572
<b>Transactions with owners</b>					
Extraordinary dividends paid	0	0	0	-75,000	-75,000
<b>Total transactions with owners</b>	0	0	0	-75,000	-75,000
<b>Equity at 31 December 2022</b>	<b>5,000</b>	<b>155,040</b>	<b>314,343</b>	<b>0</b>	<b>474,383</b>

DKK '000	Share capital	Net revaluation reserve according to the equity method	Retained comprehensive income	Proposed dividend for the year	Total
Equity at 1 January 2021	5,000	86,598	509,209	0	600,807
<b>Comprehensive income in 2021</b>					
Net profit/(loss) for the year	0	23,723	-152,548	350,000	221,175
<b>Total comprehensive income</b>	0	23,723	-152,548	350,000	221,175
<b>Transactions with owners</b>					
Extraordinary dividends paid	0	0	0	-350,000	-350,000
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-350,000</b>	<b>-350,000</b>
<b>Equity at 31 December 2021</b>	<b>5,000</b>	<b>110,321</b>	<b>356,661</b>	<b>0</b>	<b>471,982</b>

# Cash flow statement 1 January – 31 December 2022

DKK '000	Note	2022	2021
Net profit/(loss) for the year after tax		77,570	221,175
Adjustments	24	-28,389	132
Changes in working capital		-54,099	-50,703
Changes in balances to/from related parties	25	47,373	45,616
<b>Operating cash flow before financial income and expenses</b>		<b>42,455</b>	<b>317,626</b>
Interest received, etc.		9,021	10,381
Interest paid, etc.		-7,766	-6,705
<b>Cash flows from ordinary activities</b>		<b>43,710</b>	<b>321,302</b>
One-off items		-10,668	0
Income tax paid		-51,543	20,400
<b>Cash flows from operating activities</b>		<b>-18,501</b>	<b>341,702</b>
Purchase of property, plant and equipment		-764	-1,345
Sale of property, plant and equipment		864	0
Dividends received from subsidiaries		0	37,000
<b>Cash flows from investing activities</b>		<b>100</b>	<b>35,655</b>
Reduction of lease liabilities	15	-8,206	-7,097
Dividends paid		-75,000	-350,000
<b>Cash flows from financing activities</b>		<b>-83,206</b>	<b>-357,097</b>

DKK '000	2022	2021
<b>Changes in cash and cash equivalents</b>	<b>-101,607</b>	<b>20,260</b>
Cash and cash equivalents at 1 January 2022	614,700	594,440
<b>Cash and cash equivalents at 31 December 2022</b>	<b>513,093</b>	<b>614,700</b>
Cash and cash equivalents were as follows:		
Cash and cash equivalents	513,093	614,700
<b>Cash and cash equivalents at 31 December 2022</b>	<b>513,093</b>	<b>614,700</b>

# Notes

## 1 ACCOUNTING POLICIES

The financial statements 2022 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 2023, the Board of Directors and the Executive Board considered and approved the Annual Report 2022 of Nordstern. The annual report will be presented at the Annual General Meeting on 12 April 2023 for adoption by the Company's shareholders.

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

The Annual Report 2022 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

### Reclassifications

#### *Cash flow statement*

New right of use assets recognized in accordance with IFRS 16 was previously recognized in the cash flow statement under purchase of property, plant and equipment and

increase in lease liabilities. These are no longer presented in the cash flow statement.

The changes in the cash flow statement also result in changes in the note regarding liabilities from financing activities.

None of these changes have impacted net result, assets balance nor equity.

### 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 uniting of interests 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 over time when the asset created has no alternative use to Nordstern and Nordstern has an enforceable right to payment for performance completed to date and 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.

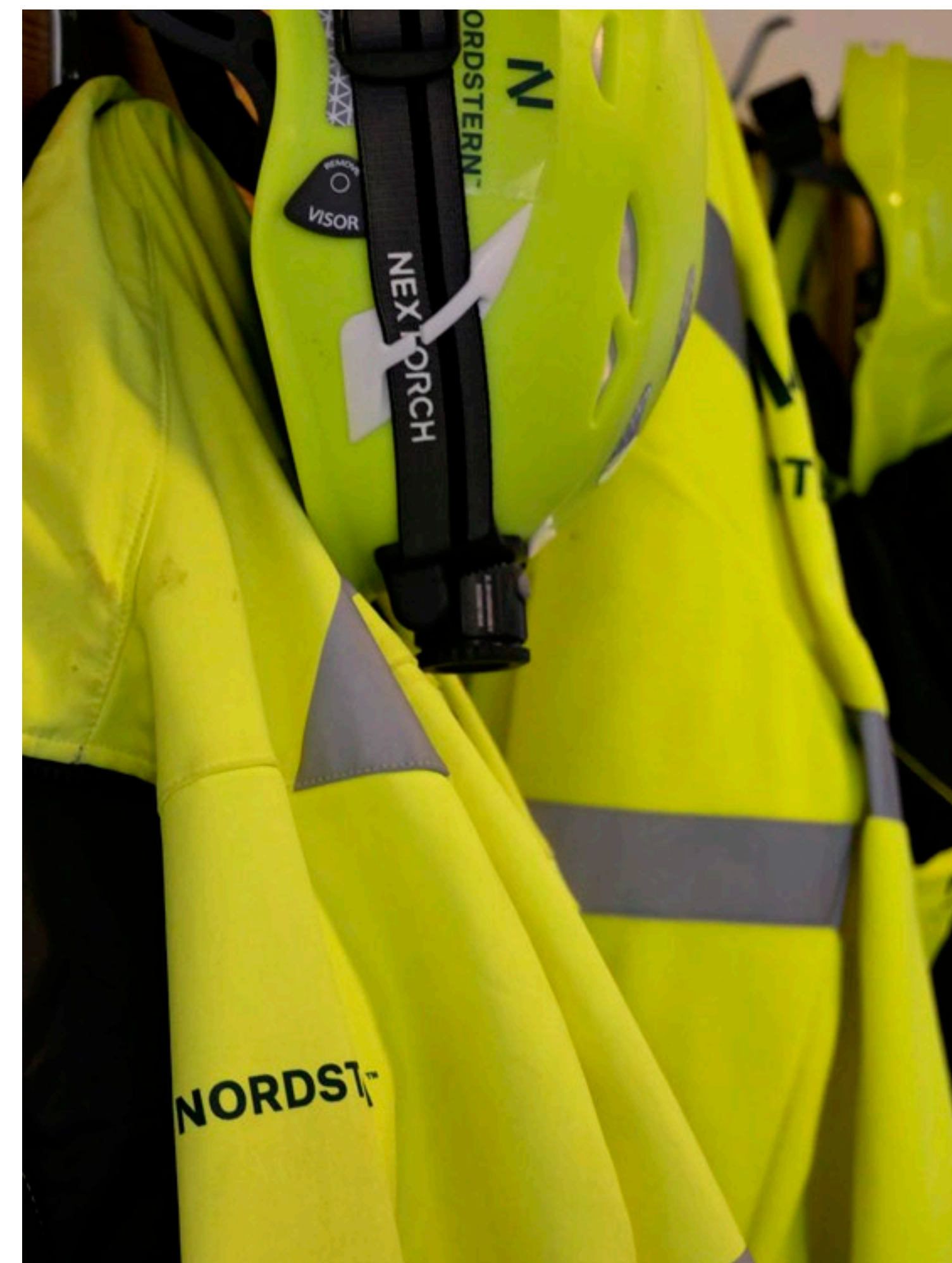
Contracts involving variable payments, such as index linked payments, are recognized at the probable value of the payment. Revenue is only recognized when it is probable that changes to the estimated variable payments will not subsequently result in the reversal of a significant portion of the payment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

The proportionate share of profit or loss after tax of subsidiaries and joint ventures is recognized in the income statement. As income from the development, performance, and sale of construction projects of subsidiaries 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

Other operating income includes items of a secondary nature in relation to the activities of the Company, including gains 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 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.

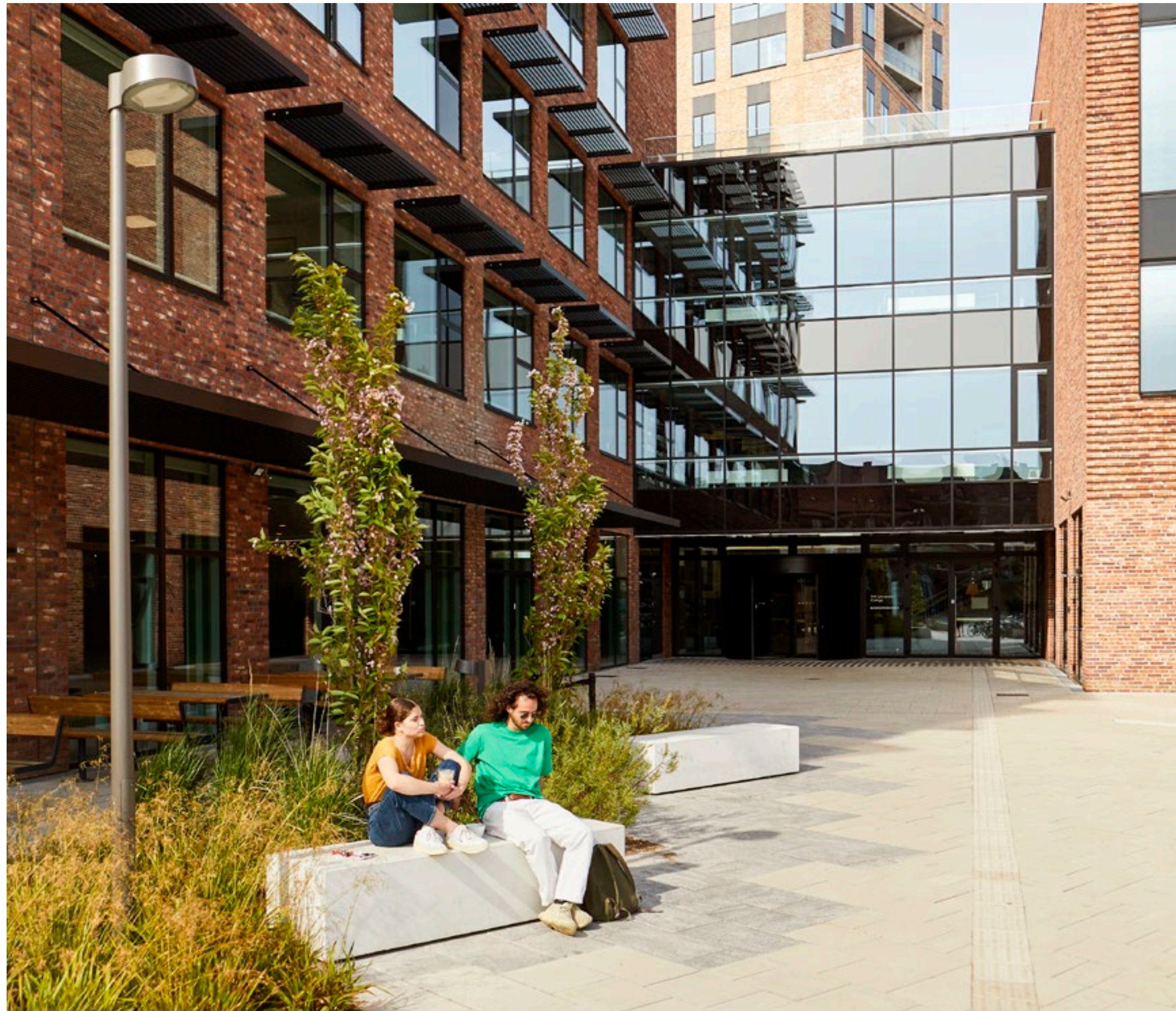
A subsequent adjustment of the lease liability is recognized as an adjustment of the right of use asset. However, if the value of the right of use asset is DKK 0, a negative reassessment of the right of use asset is recognized in the income statement.

### 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 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 performed. 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 pro-

gress, 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

Leasing liabilities 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.

## 2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The determination of the carrying amounts of certain assets and liabilities requires assessments, estimates and assumptions of future events. The estimates and assumptions made are based on previous experience and other factors that Management deems to be justifiable in the circumstances, but which in their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. As a result of the risks and uncertainties facing the Company, the actual results may deviate from the estimates made. It may be necessary to change previous estimates due to changes in the circumstances on which the previous estimates were based or due to new information or subsequent events.

### Construction contract

Estimates that are of particular significance to the financial reporting are primarily those related to the recognition of construction contracts and the risks relating to the performance of the contract work. This includes the measurement of the sales value of work in progress, costs to complete, percentage of completion, the determination of warranty commitments, and the assessment of the outcome of disputes. In addition, the assessment of the indication of goodwill impairment is associated with significant accounting estimates.

Construction contracts, including estimated recognition and measurement of revenue and contribution margin.

The DKK 6,038 million of work in progress as included in note 3 is measured based on an assessment of the stage of completion of the individual projects and the anticipated remaining payments to subcontractors under the individual contracts, including the outcome of any disagreements. The assessment of the stage of completion and the financing of the projects, including disagreements, is made for each individual project by the project management and is presented to the Executive Board. 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.

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.

This means that the actual results may deviate significantly from the expected results.

### Disputes, legal and arbitration proceedings, and contingent assets and liabilities

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.

### Provisions for warranty commitments

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. Additional information is available in note 16.

<b>3 REVENUE FROM CONTRACTS WITH CUSTOMERS</b> DKK '000	<b>2022</b>	<b>2021</b>
Completed construction contracts, new build	662,765	3,220,342
Work in progress primo, new build	-2,646,949	-3,503,901
Work in progress ultimo, new build	4,904,503	2,646,949
Completed construction contracts, renovation	536,046	440,061
Work in progress primo, renovation	-774,897	-565,711
Work in progress ultimo, renovation	1,133,240	774,897
Other	371	400
Administration	38	140
<b>Revenue</b>	<b>3,815,117</b>	<b>3,013,177</b>
Denmark	3,815,117	3,013,177
<b>Revenue</b>	<b>3,815,117</b>	<b>3,013,177</b>

As at 31 December 2022, the transaction price allocated to outstanding supply obligations for contract work in progress totaled DKK 4,382 million (2021: DKK 4,329 million), DKK 3,803 million (2021: DKK 4,043 million) 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 (AB92) and the General conditions for turnkey projects (ABT 93).

<b>4 STAFF COSTS</b> DKK '000	<b>2022</b>	<b>2021</b>
Wages and salaries	217,062	198,865
Pension contributions	13,408	11,816
Share-based payments	2,002	0
Other social security costs	2,898	2,251
Other staff costs	21,935	11,998
	<b>257,305</b>	<b>224,930</b>
Nordstern's share of remuneration for Executive Board and Board of Directors paid via management fee		
<b>Executive Management:</b>		
Salaries and remuneration	10,124	13,608
Pension contributions	913	933
Share-based payments	2,687	0
	<b>13,724</b>	<b>14,541</b>
Average number of executive officers	3	2
<b>Board of Directors:</b>		
Fees and remuneration	0	305
Pension contributions	0	0
	<b>0</b>	<b>305</b>
Average number of employees	319	253

**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 DKK 0.01 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 having 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 proceeds, 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 2022 is DKK 10.1 million, reflecting the most-likely type of exit, and is recognised as a cost over the expected

vesting period. In 2022, DKK 2.0 million 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 2022 is estimated by means of Monte Carlo simulations. The value is calculated under the following assumptions:

DKK '000	2022
Market value at the time of establishment	1,025,000
Expected volatility	36.55%
Expected life of share options	4.43 years
Risk-free interest rate	-0.32%

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, all under the same conditions.

NUMBER OF WARRANTS DKK '000	Number of warrants	Weighted average fair value per warrant (determined on grant date)
1 January 2022	0	0
Granted during the year	156,599	67
Forfeited during the year	6,355	67
<b>31 December 2022</b>	<b>150,244</b>	<b>67</b>

<b>5 DEPRECIATION</b> <b>DKK '000</b>	<b>2022</b>	<b>2021</b>
Depreciation of tangible assets	10,344	9,525
	<b>10,344</b>	<b>9,525</b>
Split as follows:		
Right-of-use assets	8,941	8,052
Property, plant, and equipment	1,403	1,473
	<b>10,344</b>	<b>9,525</b>

<b>6 FINANCIAL INCOME</b> <b>DKK '000</b>	<b>2022</b>	<b>2021</b>
Interest revenue from parent companies	0	183
Interest revenue from subsidiaries	8,165	9,009
Interest, financing of construction projects	251	1,189
Other financial income	605	0
<b>Interest on financial assets measured at amortized cost</b>	<b>9,021</b>	<b>10,381</b>

<b>7 FINANCIAL EXPENSES</b> <b>DKK '000</b>	<b>2022</b>	<b>2021</b>
Financial costs parent company	0	137
Other financial expenses	7,765	6,567
<b>Other financial expenses</b>	<b>7,765</b>	<b>6,704</b>

<b>8 TAX ON PROFIT OR LOSS FOR THE YEAR</b> <b>DKK '000</b>	<b>2022</b>	<b>2021</b>
Current tax for the year	20,572	50,121
Deferred tax for the year	-10,390	-5,028
Adjustment of tax relating to previous years	1,543	330
Deferred tax adjustments, previous years	-1,210	0
	<b>10,515</b>	<b>45,423</b>
Tax on profit or loss for the year was as follows:		
Calculated 22% tax on profit or loss for the year before tax	19,379	58,652
Tax effect of:		
Expenses not deductible for tax purposes and non-taxable income from subsidiaries and joint ventures	-9,838	-13,359
Other expenses not deductible for tax purposes and non-taxable income	563	-200
Adjustment of tax relating to previous years	333	330
Other adjustments	78	0
	<b>10,515</b>	<b>45,423</b>
Effective tax rate	11.9	17.1

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

9 INTANGIBLE ASSETS DKK '000	Goodwill
Cost at 1 January 2022	299,675
Cost at 31 December 2022	299,675
<b>Carrying amount at 31 December 2022</b>	<b>299,675</b>
Cost at 1 January 2021	299,675
Cost at 31 December 2021	299,675
<b>Carrying amount at 31 December 2021</b>	<b>299,675</b>

**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 for the coming 5 years most recently approved by the Board of Directors. For the fiscal years following the budget 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 budget 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 -11% to +7% is used. The growth factor used in the terminal period is based on the expected long-term inflation in Denmark of 2.6%. 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 and in line with Nordstern's 2023 strategy as described in the Management commentary.

The discount rate is based on a risk-free interest rate of 2.4% 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 DKK 2,366 million (2021: DKK 6,575 million).

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
2022	4.40%	2,60%	9.75%
2021	8.80%	1.50 %	7.50%

10 TANGIBLE ASSETS DKK '000	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
<b>Carrying amount at 31 December 2022</b>	<b>6,665</b>	<b>37,375</b>
<b>Amounts recognized in profit or loss</b>		
Costs related to leases with low value	953	
Costs related to short-term leases	405	

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.

DKK '000	Property, plant and equipment	Right-of-use assets
Cost at 1 January 2021	12,845	65,554
Additions during the year	1,345	9,611
Disposals during the year	-529	-1,235
Cost at 31 December 2021	13,661	73,930
Depreciation and impairment at 1 January 2021	5,443	14,192
Depreciation for the year	1,473	8,052
Reversed depreciations on divested assets	-529	-657
Depreciation and impairment at 31 December 2021	6,387	21,587
<b>Carrying amount at 31 December 2021</b>	<b>7,274</b>	<b>52,343</b>
<b>Amounts recognized in profit or loss</b>		
Costs related to leases with low value	457	
Costs related to short-term leases	208	
	665	



**11 EQUITY INVESTMENTS IN SUBSIDIARIES**  
DKK '000

	2022	2021
Cost at 1 January	1,000	1,000
Cost at 31 December	1,000	1,000
Value adjustments at 1 January	68,253	44,197
Net profit or loss for the year	44,537	61,056
Dividends received	0	-37,000
Value adjustments at 31 December	112,790	68,253
<b>Carrying amount at 31 December</b>	<b>113,790</b>	<b>69,253</b>

Equity investments in subsidiaries are as follows:

Name	Registered office	Share capital	Equity interest
Nordstern Projekt ApS	Horsens	1000	100%

**12 EQUITY INVESTMENTS IN JOINT VENTURES**  
DKK '000

	2022	2021
Cost at 1 January	250	250
Cost at 31 December	250	250
Value adjustments at 1 January	42,068	42,401
Net profit or loss for the year	182	-333
Value adjustments at 31 December 2022	42,250	42,068
<b>Carrying amount at 31 December</b>	<b>42,500</b>	<b>42,318</b>

Equity investments in joint ventures are as follows:

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

Nordstern holds 50% of the voting rights in Trianglen Aarhus ApS. According to the shareholders' agreement, no party exercises control.

The entity is measured under the equity method.

DKK '000	2022	2021
Equity interest	50%	50%
Statement of comprehensive income		
Financial income	227	0
Financial expenses	-232	-334
Tax on profit or loss for the year	85	113
Comprehensive income	170	-95
<b>Balance sheet</b>		
Non-current assets	37,700	37,077
Current assets	20,719	21,051
Cash and cash equivalents	52,345	53,310
Current liabilities	10,000	10,000
Current liabilities exclusive of trade payables and provisions	14,172	14,053
Equity	85,592	85,228
Reconciliation of carrying amount at 31 December:		
Equity interest in material joint ventures	42,796	42,614
<b>Total carrying amount of equity interests in joint ventures at 31 December</b>	<b>42,500</b>	<b>42,318</b>

**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 2022, 6.5% (2021: 7.6%) of payments of total trade receivables were overdue. Payments received at the beginning of 2023 reduced those overdue trade receivables to 1.4% (2021: 2.4%).

Collateral received is included in the review for impairment due to expected credit losses. The collateral consists of client's payment guarantee and amounts

to DKK 10.9 million 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 2021, but not yet impaired, were as follows:

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

DKK '000	Credit loss rate	Account receivable	Expected loss	Total
<b>2022</b>				
Not yet due	0%	355,170	0	0
Due in 1-30 days	0%	28,700	0	0
Due in 31-60 days	0%	843	0	0
Due in 61-90 days	0%	1,447	0	0
Due in more than 90 days	0%	1,960	0	0
		<b>388,120</b>	<b>0</b>	<b>0</b>
<b>2021</b>				
Not yet due	0%	294,866	0	0
Due in 1-30 days	0%	21,307	0	0
Due in 31-60 days	0%	130	0	0
Due in 61-90 days	0%	2,478	0	0
Due in more than 90 days	0%	274	0	0
		<b>319,055</b>	<b>0</b>	<b>0</b>

**14 EQUITY**

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

No changes have been made to equity in the past five years.

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 Compa-

ny is funded through equity with an equity ratio of 25.9% (2021: 26.7%), 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. DKK 513.1 million. 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 Com-

pany is assessed to have sufficient cash resources to maintain a high future activity level.

In 2022, dividend per share was DKK 14 thousand (2021: DKK 70 thousand).

<b>15 LEASE LIABILITIES</b> DKK '000	<b>Long term debt</b>	<b>Short term debt</b>	<b>Total</b>
<b>2022</b>			
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
	<b>33,597</b>	<b>7,197</b>	<b>40,794</b>

<b>2021</b>	<b>Long term debt</b>	<b>Short term debt</b>	<b>Total</b>
Lease liabilities at 1 January 2021	47,412	6,520	53,932
Repayment of lease liabilities	0	-7,097	-7,097
Annulment of leasing contracts	0	-589	-589
Reclassification	-6,177	6,177	0
Commencement of leases (non cash transactions)	7,013	2,598	9,611
	<b>48,248</b>	<b>7,609</b>	<b>55,857</b>

In 2022, total cash flows relating to leases amounted to DKK 9.261 million (2021: DKK 8.271 million), and which interest payments related to recognized lease liabilities amounted to DKK 1.055 million (2021: DKK 1.174 million) and repayments DKK 8.206 million (2021: 7.097 million).

<b>Financial expenses</b> DKK '000	<b>2022</b>	<b>2021</b>
Interest component, undiscounted lease liabilities	1,055	1,174
<b>Repayment of lease liabilities</b>		
Lease payments falling due:		
0-1 year	8,312	8,557
1-5 years	19,401	22,571
More than 5 years	18,738	28,165
<b>Total undiscounted lease liabilities</b>	<b>46,451</b>	<b>59,293</b>

<b>16 DEFERRED TAX LIABILITIES</b> DKK '000	<b>2022</b>	<b>2021</b>
Provisions for deferred tax at 1 January	74,478	78,776
Provisions used during the year	-11,600	-4,298
<b>Provisions for deferred tax at 31 December</b>	<b>62,878</b>	<b>74,478</b>
Tangible assets	814	932
Contract work in progress	65,052	-77,379
Lease liabilities	-752	773
Provisions	-2,153	-3,060
Warrants	83	0
<b>Provisions for deferred tax at 1 January</b>	<b>62,878</b>	<b>74,478</b>

<b>17 OTHER PROVISIONS</b> DKK '000	<b>2022</b>	<b>2021</b>
Other provisions include warranty commitments for repair work within the 5 year warranty period.		
Balance at 1 January	42,760	32,337
Provisions during the year	6,615	20,434
Provisions used during the year	-12,763	-10,839
<b>Balance at 31 December</b>	<b>36,612</b>	<b>41,932</b>
Maturities of provisions for liabilities are expected to be:		
Less than 1 year	4,554	5,245
Between 1 and 5 years	32,058	36,687
	<b>36,612</b>	<b>41,932</b>

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

<b>18 LIABILITIES FROM FINANCING ACTIVITIES</b> DKK '000	<b>1 January</b>	<b>Cash flows</b>	<b>Non cash changes</b>	<b>31 December</b>
<b>2022</b>				
Long term lease liability	48,248	-8,206	48,248	48,248
Short term lease liability	7,609	-75,000	7,609	7,609
<b>Total liabilities from financing activities</b>	<b>55,857</b>	<b>-83,206</b>	<b>55,857</b>	<b>55,857</b>
<b>2021</b>				
Long term debt	47,412	42,760	42,760	42,760
Short term debt	6,520	6,615	6,615	6,615
<b>Total liabilities from financing activities</b>	<b>6,520</b>	<b>-12,763</b>	<b>-12,763</b>	<b>-12,763</b>

**19 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 DKK 3.1 million. The total future lease liabilities after 5 years of the non cancellable period are DKK 18.7 million (2021: DKK 31.9 million).

A lease which is irrevocable until 1 February 2024 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 DKK 783 thousand (2021: DKK 562 thousand).

A lease which is irrevocable until 30 September 2024 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 DKK 578 thousand (2021: DKK 562 thousand).

The leases are recognized in the balance sheet in accordance with IFRS 16.

DKK '000	2022	2021
Lease liabilities with an expected term of 12 months or less.		
Total future lease payments:		
Less than one year	251	1,416
	<b>251</b>	<b>1,416</b>
Obligation to acquire leased assets with an expected term of 12 months or less	<b>394</b>	<b>100</b>

**20 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 2022, income tax and withholding tax payable in Nordstern ApS amounted to DKK 21.2 million (2021: DKK 51.3 million). Any subsequent adjust-

ments 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.

**21 CHARGES AND COLLATERAL**

Work and payment guarantees of a total of DKK 1,573.8 million (2021: DKK 1,602.7 million) have been made to suppliers,

customers, etc. through our guarantee providers all of which are established surety and insurance companies.

**22 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 2022 amounted to DKK 154.0 million and DKK 3.3 million, respectively (2021: DKK 289.7 million and DKK 5.9 million) Transactions and balances with subsidiaries are presented in the balance sheet and paid as they fall due. Financial transactions with subsidiaries performed at arm's length and are presented in Note 6. No other transactions were made with related parties.

**23 FEES TO INDEPENDENT AUDITOR**

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

**24 CASH FLOW STATEMENT – ADJUSTMENTS  
DKK '000**

	2022	2021
Financial income	- 9,021	10,381
Financial expenses	7,765	6,704
One off items	10,668	0
Amortization, depreciation and impairment losses incl. gains on sales	10,341	9,515
Income from equity investments in subsidiaries	-44,537	61,056
Income from equity investments in joint ventures	-182	333
Tax on profit or loss for the year	10,515	45,423
Change in other provisions for liabilities	5,321	9,594
Other adjustments	8,617	0
	<b>28,389</b>	<b>132</b>

**25 CASH FLOW STATEMENT – CHANGE IN WORKING CAPITAL  
DKK '000**

	2022	2021
Change in receivables	-213,878	-100,584
Change in trade payables, etc.	159,779	151,287
	<b>-54,099</b>	<b>50,703</b>

**26 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 the investment policy, the financing policy and the credit risk policy relating to financial counterparties. The strategy also includes a description of the approved risk 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 2021.

**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 2022, the Company had no interest-bearing financial loans (2021: DKK 0).

**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 DKK 663.1 million (2021: DKK 764.7 million). The credit facilities have no maturity date and no financial covenants.

The Company’s payables fall due as follows:

DKK '000	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
<b>2022</b>					
<b>Non-derivative financial instruments</b>					
Lease liabilities	40,794	7,197	8,172	8,172	17,253
Trade payables	1,116,325	1,116,325	0	0	0
<b>31 December 2021</b>	<b>1,157,119</b>	<b>1,123,522</b>	<b>8,172</b>	<b>8,172</b>	<b>17,253</b>

DKK '000	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
<b>2021</b>					
<b>Non-derivative financial instruments</b>					
Lease liabilities	55,857	7,609	12,971	8,361	26,916
Trade payables	819,864	819,864	0	0	0
<b>31 December 2021</b>	<b>827,473</b>	<b>827,473</b>	<b>12,971</b>	<b>8,361</b>	<b>26,916</b>

**27 CATEGORIES OF FINANCIAL INSTRUMENTS**  
DKK '000

	2022	2021
Loans, receivables, cash and cash equivalents measured at amortized cost	1,032,245	1,142,505
Financial liabilities measured at amortized cost	-1,126,610	-860,495
Obligation to acquire leased assets with an expected term of 12 months or less	<b>94,365</b>	<b>282,010</b>

The carrying amount and the fair value are the same.

**28 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 2022 or later:

Reference to the Conceptual Framework – Amendments to IFRS 3 (Issued in May 2020 – effective 1 January 2022)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (Issued in May 2020 – effective 1 January 2022)

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 (Issued in May 2020 – effective 1 January 2022)

Annual Improvements to IFRS Standards 2018-2020 (Issued in May 2020 – effective 1 January 2022)

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 (Issued in March 2021 – effective 1 April 2021)

None of the changed standards have had an effect on recognition and measurement in the consolidated accounts for 2022.



# Definitions

**Gross margin**  $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

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

**Equity ratio**  $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$

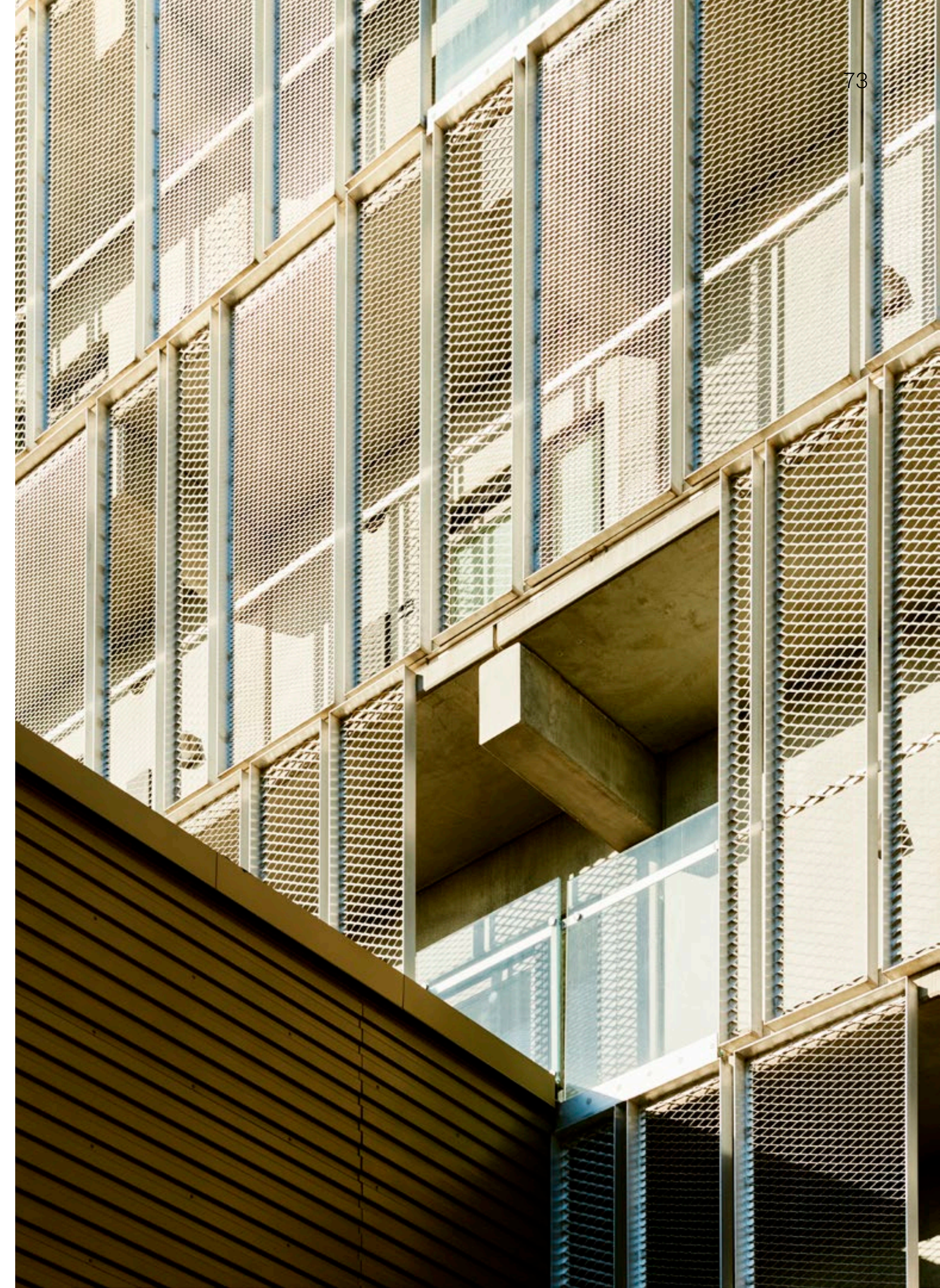
**Return on equity**  $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

**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



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# Statement and auditor's report

# Statement by the Board of Directors and the Executive Management

Copenhagen,  
28 February 2023

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 2022.

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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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.

## Board of Directors

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Johannes Vielberth  
Chairman of the Board

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David Bannerman  
Member of the Board

## Executive Management

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Torben Modvig  
CEO

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Jan Aarestrup  
CFO

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Michael Storgaard  
COO

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Jesper Henkel  
CPO

# Independent auditor's report

To the shareholders  
of Nordstern ApS

## Opinion

We have audited the financial statements of Nordstern ApS for the financial year 1 January–31 December 2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting 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 December 2022 and of the results of its operations and cash flows for the financial year 2022 – in accordance with International Financial Reporting 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

## Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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.

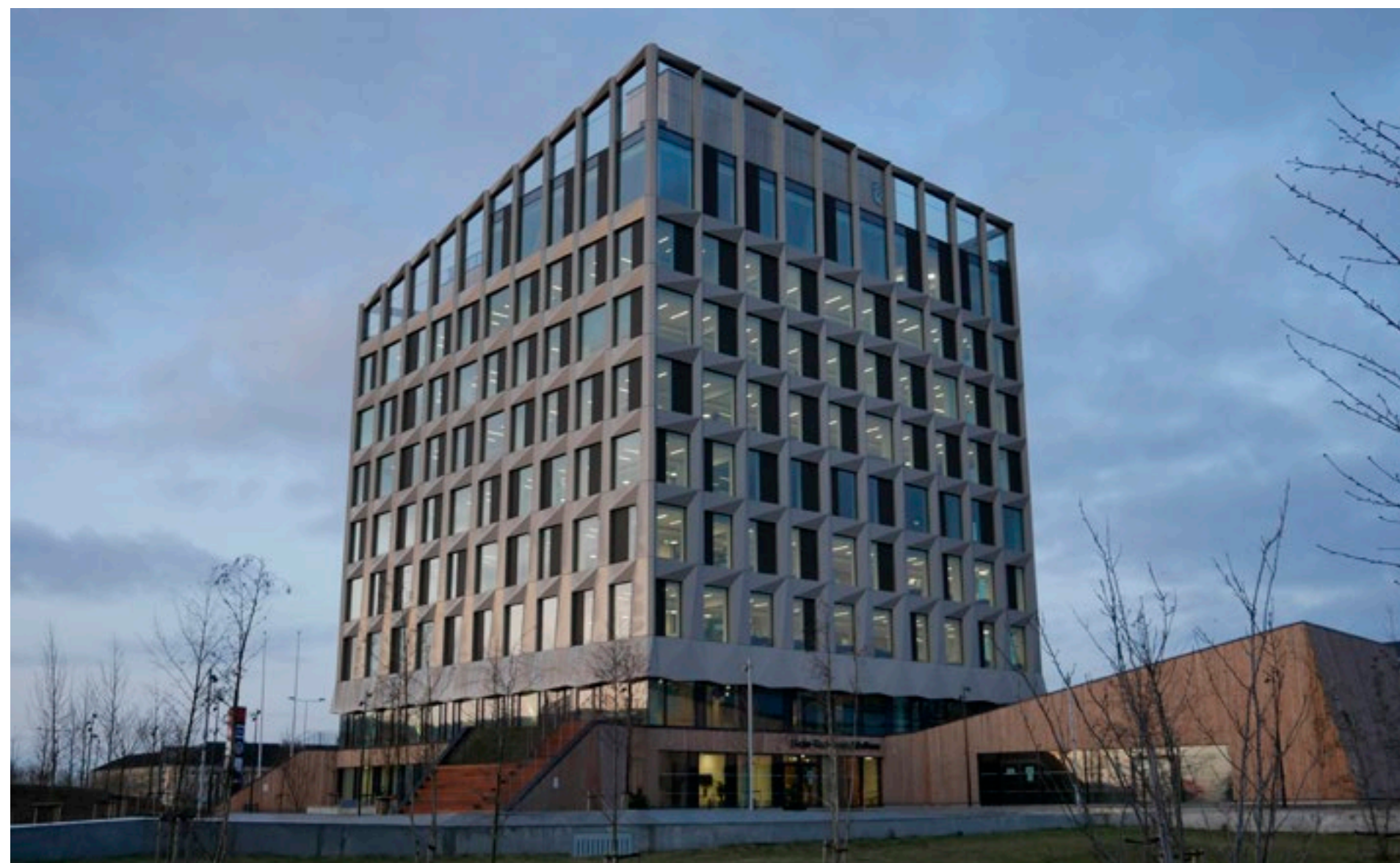
In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management 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.



Aarhus,  
28 February 2023

- 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.

**Deloitte**  
Statsautoriseret  
Revisionspartnerselskab.  
CVR No. 33963556

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Jacob Nørmark  
Statsautoriseret revisor  
MNE nr. 30176

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Jacob Tækker Nørgaard  
Statsautoriseret revisor  
MNE nr. 40049



# Company information

<b>Company</b>	Nordstern ApS  Havnen 5, 8700 Horsens  Vandtårnsvej 62A, 2. sal 2860 Søborg  Phone: +45 7562 7900 Website: nordstern.dk CVR nr.: 29 20 52 72 Financial period: 1 January – 31 December 2022 Founded: 2 December 2005 Financial year: 17th fiscal year Headquarters: Horsens
<b>Board of Directors</b>	Johannes Vielberth, Chairman David Bannerman, Member
<b>Executive Management</b>	Torben Modvig, CEO Jan Aarestrup, CFO Michael Storgaard, COO Jesper Henkel, CPO
<b>Auditor</b>	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2, 18. 8000 Aarhus C



