

Celsa Steel Service A/S

Frodebjergvej 6
3650 Ølstykke
Denmark

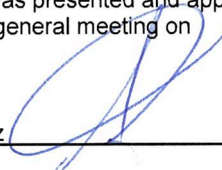
CVR no. 32 98 82 10

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting on

5 May 2020

Carles Rovira Caroz
chairman



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Celsa Steel Service A/S for the financial year 1 January – 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Ølstykke 5 May 2020

Executive Board:



Søren Kilmose

Board of Directors:




Carles Rovira
Chairman



Javier Vieta Bores



Utku Öner



Søren Kilmose



Independent auditor's report

To the shareholder of Celsa Steel Service A/S

Opinion

We have audited the financial statements of Celsa Steel Service A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

Independent auditor's report

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

- identify and assess the risks of material misstatement of the company 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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



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Independent auditor's report

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

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

Copenhagen, 5 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'ME', written over a faint, light-colored signature line.

Martin Eiler
State Authorised
Public Accountant
mne32271

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Management's review

Company details

Celsa Steel Service A/S
Frodebjergvej 6
3650 Ølstykke
Denmark

Telephone: 47 16 00 30
Fax: 47 16 00 40
Website: www.celsa-steelservice.com

CVR no.: 32 98 82 10
Established: 30 September 1964
Financial year: 1 January – 31 December

Board of Directors

Carles Rovira, Chairman
Javier Vieta Bores
Utku Öner
Søren Kilmose

Executive Board

Søren Kilmose

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	238,957	234,606	216,366	234,683	218,274
Gross profit	26,153	26,751	29,941	38,309	37,459
Ordinary operating profit/loss	-7,775	-4,343	1,700	13,993	9,803
Profit/loss from financial income and expenses	-1,671	-1,671	-1,848	-1,663	-1,435
Profit/loss for the year	-9,381	-4,872	-148	10,085	6,339
Total assets					
Equity	75,855	91,505	105,655	91,904	72,342
Investment in property, plant and equipment	50,567	59,946	64,818	64,965	54,880
	3,840	3,270	5,061	3,015	314
Ratios					
Gross margin	10.9%	11.4%	13.8%	16.3%	17.2%
Operating margin	-3.3%	-1.9%	0.8%	6.0%	4.5%
Return on equity	-16.7%	-7.8%	-0.2%	16.8%	13.1%
Solvency ratio	66.7%	65.1%	61.3%	70.7%	75.9%
Average number of full-time employees					
	95	85	78	70	63

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

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

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

Principal activity

The Company reprocesses and sells reinforced steel produced by the group entity in Norway.

Development in activities and financial position

The market in 2019 was characterized by a slightly hesitating approach to initiating new activities, and in particular the fourth quarter did not live up to our expectations. This means that in 2019 we have sales down by 10 percent compared to planned.

A few major customers have seen good progress, but most smaller or medium-sized customers have had a year of reduced sales compared to 2018. We have held 95% of our customer base. As a result, we have not been able to keep our price level as budgeted.

In 2019 the budget was too optimistic, compared with the above, we ended up with minus 2,148 TDDK EBITDA compared to Budget of 11,000 TDDK EBITDA. We have not met our own expectations for 2019.

During 2019, we have made changes in two significant management positions. In mid-2019, we had to say goodbye to our Sales Manager and the Head of Maintenance. Our new people have been active in the second half of 2019. They are now both well into their respective functions.

We have ended 2019 with a great effort to get the 2020 Sales Strategy in place.

Uncertainty regarding measurement

The Company's deferred tax asset amounts to DKK 9.8 million and is recognised by DKK 6.0 million at 31 December 2019. The Company has been loss-making in 2017-2019 and though Management expects to be profit-making going forward, the measurement of the deferred tax asset is associated with risk related to the market development and the expected improvement in sales and margin. Management has decided not to further capitalise the deferred tax asset in 2019.

Events after the balance sheet date

In March 2020 Denmark was hit by the COVID-19, giving the impact that the sales are slightly lower than budgeted, but the changes are not significant negative impact on the Company's financial position after the balance sheet date. The Management are monitoring the situation on a daily basis.

Targets and expectations for the year ahead

COVID-19 will have an impact on the results for 2020 and it is expected not to be as budgeted. However, actions are being taken, so the Company will recover and be in a positive situation ultimo of 2021.

Environmental impact

Environmental considerations are an integrated part of the Company's activities. The Company's environmental goal is to limit the environmental impact as much as possible through a reduction in use of resources, utilization of environmentally sound technology and through disposal/recycling with the least environmental impact.

Research and development activities

The Company does not have any independent research and development activities.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Revenue	2	238,957	234,606
Production costs	3	-212,804	-207,855
Gross profit		26,153	26,751
Distribution costs	3	-23,813	-22,196
Administrative expenses	3	-10,115	-8,898
Operating loss		-7,775	-4,343
Financial income		125	50
Financial expenses	4	-1,731	-1,721
Loss before tax		-9,381	-6,014
Tax on loss for the year	5	0	1,142
Loss for the year	6	-9,381	-4,872

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Intangible assets	7		
Completed development projects		<u>2,322</u>	<u>2,432</u>
Property, plant and equipment	8		
Land and buildings		17,777	18,200
Plant and machinery		<u>9,254</u>	<u>6,406</u>
		<u>27,031</u>	<u>24,606</u>
Total fixed assets		<u>29,353</u>	<u>27,038</u>
Current assets			
Inventories			
Raw materials and consumables		16,116	21,869
Work in progress		1,074	689
Finished goods and goods for resale		<u>13,150</u>	<u>15,730</u>
		<u>30,340</u>	<u>38,288</u>
Receivables			
Trade receivables		4,009	6,853
Receivables from group entities		4,158	11,674
Deferred tax asset		6,045	6,045
Prepayments		<u>1,950</u>	<u>1,607</u>
		<u>16,162</u>	<u>26,179</u>
Total current assets		<u>46,502</u>	<u>64,467</u>
TOTAL ASSETS		<u><u>75,855</u></u>	<u><u>91,505</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	4,300	4,300
Revaluation reserve for land and buildings		5,927	6,198
Reserve for development costs		464	616
Retained earnings		<u>39,876</u>	<u>48,832</u>
Total equity		<u>50,567</u>	<u>59,946</u>
Liabilities			
Non-current liabilities other than provisions			
Other credit institutions	10	<u>1,915</u>	<u>2,219</u>
Current liabilities			
Current portion of non-current liabilities		304	320
Trade payables		8,596	8,939
Payables to group entities		8,204	14,228
Other payables		<u>6,269</u>	<u>5,853</u>
		<u>23,373</u>	<u>29,340</u>
Total liabilities		<u>25,288</u>	<u>31,559</u>
TOTAL EQUITY AND LIABILITIES		<u><u>75,855</u></u>	<u><u>91,505</u></u>
Staff costs and incentive schemes	3		
Contractual obligations, contingencies, etc.	11		
Mortgages and collateral	12		
Related party disclosures	13		

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Statement of changes in equity

DKK'000	Contributed capital	Revaluation reserve for land and buildings	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2019	4,300	6,198	616	48,832	59,946
Transferred over the distribution of loss	0	-271	-152	-8,956	-9,379
Equity at 31 December 2019	4,300	5,927	464	39,876	50,567

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Celsa Steel Service A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Celsa Nordic AS.

Foreign currency translation

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

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

Revenue

Revenue from sale of goods for resale and finished goods is recognised in the income statement provided that transfer of risk to the buyer has taken place before year-end and that the income can be reliably measured and is expected to be received.

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Distribution costs

Distribution costs comprise costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. Also, costs relating to sales staff, advertising, and amortisation are recognised as distribution costs.

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1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses incurred during the year for the management and administration of the Company, including expenses for administrative staff, office premises and office expenses and depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

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

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

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 5 years.

Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation and impairment losses.

Plant and machinery as well as fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated.

Land and buildings are revalued at fair value corresponding to the market's selling price. The revaluation is made based on the carrying amount, and the difference is recognised directly in equity.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprise direct and indirect costs of materials, components, subsuppliers as well as wages and salaries.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	30-50 years
Plant and machinery	5-20 years
Fixtures, fittings, tools and equipment	3-16 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventories

Inventories are measured at cost in accordance with the average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries and maintenance of depreciation of production machinery, buildings and equipment as well as costs for factory administration and management. Borrowing costs are not included in cost.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments and deferred income

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Equity - Revaluation reserve for land and buildings

The reserve for revaluation at fair value relates to net revaluation of the Company's land and buildings with respect to cost.

The reserve cannot be eliminated by way of the Company's losses or be reduced in any other way. The reserve may be dissolved or reduced as the revalued assets are realised or discontinued from the activity or reversed due to changes in accounting estimates. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Equity - Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred net assets are recognised at net realisable value.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Finance lease obligations comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

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2 Revenue

As last year, more than 95% of the Company's revenue is generated from the sale of reinforced steel in Denmark.

DKK'000	<u>2019</u>	<u>2018</u>
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3 Staff costs and incentive schemes

Staff costs

Wages and salaries	39,426	35,221
Pensions	3,851	3,612
Other social security costs	<u>669</u>	<u>528</u>
	<u>43,946</u>	<u>39,361</u>

Average number of full-time employees	<u>95</u>	<u>85</u>
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Staff costs are recognised in the financial statements as:

Production	28,565	25,411
Distribution	11,865	10,700
Administration	<u>3,516</u>	<u>3,250</u>
	<u>43,946</u>	<u>39,361</u>

Remuneration to the Executive Board and the Board of Directors is not disclosed pursuant to section 98b(3)(2) of the Danish Financial Statement Act.

4 Financial expenses

Interest expense to group entities	360	383
Other financial costs	1,301	1,315
Exchange losses	<u>70</u>	<u>23</u>
	<u>1,731</u>	<u>1,721</u>

Financial statements 1 January – 31 December

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DKK'000	<u>2019</u>	<u>2018</u>
5 Tax on loss for the year		
Deferred tax for the year	0	-1,142
	<u>0</u>	<u>-1,142</u>

The Company's deferred tax asset amounts to DKK 9.8 million, of which DKK 6.0 million is recognised. The residual value is not recognised as utilisation is considered uncertain.

6 Proposed distribution of loss		
Reserve for fair value of properties	-271	-250
Reserve for development costs	-152	-55
Retained earnings	<u>-8,958</u>	<u>-4,567</u>
	<u>-9,381</u>	<u>-4,872</u>

7 Intangible assets	Completed development projects
DKK'000	<u> </u>
Additions	798
Cost at 31 December 2019	<u>5,380</u>
Amortisation and impairment losses at 1 January 2019	-2,150
Amortisation for the year	<u>-908</u>
Amortisation and impairment losses at 31 December 2019	<u>-3,058</u>
Carrying amount at 31 December 2019	<u>2,322</u>

Financial statements 1 January – 31 December

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8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Total
Cost at 1 January 2019	17,519	57,749	75,268
Additions for the year	228	3,612	3,840
Cost at 31 December 2019	17,747	61,361	79,108
Revaluations at 1 January 2019	8,677	0	8,677
Revaluations at 31 December 2019	8,677	0	8,677
Depreciation and impairment losses at 1 January 2019	-7,996	-51,343	-59,339
Depreciation for the year	-651	-764	-1,415
Depreciation and impairment losses at 31 December 2019	-8,647	-52,107	-60,754
Carrying amount at 31 December 2019	17,777	9,254	27,031
Assets held under finance leases	0	189	189

9 Equity

The contributed capital consists of:

42 shares of DKK 100,000 each
 9 shares of DKK 10,000 each
 8 shares of DKK 1,000 each
 2 shares of DKK 500 each
 10 shares of DKK 100 each

All shares rank equally.

There have been no changes to the share capital in the previous five years.

Financial statements 1 January – 31 December

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10 Non-current liabilities other than provisions

DKK'000	2019	2018
Lease commitment		
Between 1 and 5 years	1,915	2,219
Within a year	304	320
Total non-current liabilities other than provisions	<u>2,219</u>	<u>2,539</u>

11 Contractual obligations, contingencies, etc.

The Company has entered into operating leases. The total residual lease payment for the leases amounts to DKK 1,301 thousand (2018: DKK 2,316 thousand) and falls due within 5 years.

12 Mortgages and collateral

The Company is a co-guarantor of a syndicated bank loan of EUR 50 million to Celsa Nordic AS. At 31 December 2019, EUR 47,5 million of the syndicated bank loan has been utilised.

The Company has provided collateral in real estate at a value of DKK 2,750 thousand at 31 December 2019.

13 Related party disclosures

Celsa Steel Service A/S' related parties comprise the following:

Control

Celsa Nordic Reinforcing AS holds the majority of the contributed capital in the Company.

Celsa Steel Service A/S is part of the consolidated financial statements of Celsa Nordic Reinforcing AS, Mo i Rana, Norway, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Celsa Nordic Reinforcing AS can be obtained by contacting the Company.

Related party transactions

DKK'000	2019
Purchase of services from group entities	2,619
Purchase of goods from group entities	<u>143,693</u>
	<u>146,312</u>

Intercompany interest is disclosed in note 4 and intercompany outstandings are disclosed in the balance sheet.