

Biosteel A/S
Algade 35, 6971 Spjald

Company reg. no. 34 48 18 14

Annual report
2023

The annual report was submitted and approved by the general meeting on the 5 April 2024.

Poul Erik Nielsen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Biosteel A/S for the financial year 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

We recommend that the annual report be approved at the Annual General Meeting.

Spjald, 5 April 2024

Managing Director

Poul Erik Nielsen

Board of directors

Jesper Iversen Østergaard

Tomasz Henryk Olszewski

Poul Erik Nielsen

The independent practitioner's report

To the Shareholders of Biosteel A/S

Opinion

We have performed an extended review of the financial statements of Biosteel A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

The independent practitioner's report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Ringkøbing, 5 April 2024

Partner Revision

State Authorised Public Accountants
Company reg. no. 15 80 77 76

Henrik Dalgaard

State Authorised Public Accountant
mne34028

Company information

The company	Biosteel A/S Algade 35 6971 Spjald
	Company reg. no. 34 48 18 14 Financial year: 1 January - 31 December
Board of directors	Jesper Iversen Østergaard Tomasz Henryk Olszewski Poul Erik Nielsen
Managing Director	Poul Erik Nielsen
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Birkmosevej 20 A 6950 Ringkøbing
Bankers	Skjern Bank, Banktorvet 3, 6900 Skjern

Accounting policies

The annual report for Biosteel A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, costs of sales, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	2.111.159	2.881.312
3 Staff costs	-1.232.313	-938.340
Depreciation and impairment of property, land, and equipment	-3.618	-3.618
Operating profit	875.228	1.939.354
Other financial income	52.515	10.058
Other financial expenses	-151.345	-164.076
Pre-tax net profit or loss	776.398	1.785.336
4 Tax on net profit or loss for the year	-172.282	-393.864
Net profit or loss for the year	604.116	1.391.472
Proposed distribution of net profit:		
Extraordinary dividend distributed during the financial year	0	747.541
Dividend for the financial year	307.574	0
Transferred to retained earnings	296.542	643.931
Total allocations and transfers	604.116	1.391.472

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
Land and buildings	309.208	312.826
Total property, plant, and equipment	309.208	312.826
Total non-current assets	309.208	312.826
Current assets		
Manufactured goods and goods for resale	691.216	507.046
Prepayments for goods	0	1.698.933
Total inventories	691.216	2.205.979
5 Trade receivables	3.053.786	1.314.773
Receivables from group enterprises	134.679	0
6 Deferred tax assets	12.245	11.915
Tax receivables from group enterprises	0	17.204
7 Other receivables	1.005.750	3.064.557
Total receivables	4.206.460	4.408.449
Cash and cash equivalents	304.305	453.529
Total current assets	5.201.981	7.067.957
Total assets	5.511.189	7.380.783

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		<u>2023</u>	<u>2022</u>
<u>Note</u>			
Equity			
	Contributed capital	500.000	500.000
	Retained earnings	1.688.016	1.391.473
	Proposed dividend for the financial year	307.574	0
	Total equity	<u>2.495.590</u>	<u>1.891.473</u>
Liabilities other than provisions			
	Bank loans	756.662	1.819.593
	Trade payables	704.420	1.639.127
	Payables to group enterprises	0	79.128
	Income tax payable	172.612	23.672
8	Other payables	1.381.905	1.927.790
	Total short term liabilities other than provisions	<u>3.015.599</u>	<u>5.489.310</u>
	Total liabilities other than provisions	<u>3.015.599</u>	<u>5.489.310</u>
	Total equity and liabilities	<u>5.511.189</u>	<u>7.380.783</u>
1	The significant activities of the enterprise		
2	Special items		
9	Charges and security		
10	Contingencies		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500.000	1.391.474	0	1.891.474
Profit or loss for the year brought forward	0	296.542	307.574	604.116
	500.000	1.688.016	307.574	2.495.590

Notes

All amounts in DKK.

1. The significant activities of the enterprise

The company's primary activity is to be a sub-supplier within the steel industry for components and complete solutions for the shipping industry, the district heating sector, power plants, the food industry and for the oil and energy sector.

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities. Special items also include other significant amounts of a nonrecurring nature.

The net profit or loss for the year is affected by factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	<u>2023</u>	<u>2022</u>
Expenses:		
Unforeseen delivery and completion costs	0	800.000
Counterclaim raised against subcontractor	<u>0</u>	<u>-1.205.500</u>
	<u>0</u>	<u>-405.500</u>
Special items are recognised in the following items in the financial statements:		
Gross profit	<u>0</u>	<u>405.500</u>
Profit of special items, net	<u>0</u>	<u>405.500</u>

3. Staff costs

Salaries and wages	1.020.540	774.545
Pension costs	199.420	149.775
Other costs for social security	<u>12.353</u>	<u>14.020</u>
	<u>1.232.313</u>	<u>938.340</u>
Average number of employees	<u>2</u>	<u>1</u>

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
4. Tax on net profit or loss for the year		
Tax of the results for the year	172.612	6.468
Adjustment for the year of deferred tax	<u>-330</u>	<u>387.396</u>
	<u>172.282</u>	<u>393.864</u>

5. Trade receivables

Trade account receivable in the amount of TDKK 172 are due in 2027.

	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Deferred tax assets		
Deferred tax assets 1 January	11.915	399.311
Deferred tax of the results for the year	<u>330</u>	<u>-387.396</u>
	<u>12.245</u>	<u>11.915</u>

7. Other receivables

Other receivables contain claim receivable in the amount of TDKK 1.006.

8. Other payables

Other payables contain loan to former group company, Granly Holding, Grønbjerg ApS in the amount of TDKK 608.

9. Charges and security

For bank credits, the company has provided security in company assets representing a nominal value of TDKK 3.500. This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	691
Trade receivables	3.054

Notes

All amounts in DKK.

10. Contingencies

Contingent liabilities

Warranty commitments and other contingent liabilities:

Payment guarantee in the amount of TDKK 353 has been issued.

Poul Erik Nielsen

Navnet returneret af dansk MitID var:

Poul Erik Nielsen

Direktør

ID: 26d37aed-602d-437b-9231-3c9e98318515

Tidspunkt for underskrift: 06-04-2024 kl.: 18:18:55

Underskrevet med MitID



Poul Erik Nielsen

Navnet returneret af dansk MitID var:

Poul Erik Nielsen

Bestyrelsesmedlem

ID: 26d37aed-602d-437b-9231-3c9e98318515

Tidspunkt for underskrift: 06-04-2024 kl.: 18:18:55

Underskrevet med MitID



Jesper Iversen Østergaard

Navnet returneret af dansk MitID var:

Jesper Iversen Østergaard

Bestyrelsesmedlem

ID: 37b17bf0-7c3c-40c8-993b-f68dcbaf9413

Tidspunkt for underskrift: 05-04-2024 kl.: 11:09:40

Underskrevet med MitID



Tomasz Henryk Olszewski

Bestyrelsesmedlem

IP-adresse: 188.47.115.61:24459

Tidspunkt for underskrift: 05-04-2024 kl.: 11:48:11

Underskrevet med esignatur EasySign



Henrik Dalgaard

Navnet returneret af dansk MitID var:

Henrik Dalgaard

Revisor

ID: 5666622e-b810-4e85-afe7-45640cb47113

CVR-match med dansk MitID

Tidspunkt for underskrift: 07-04-2024 kl.: 14:25:29

Underskrevet med MitID



Poul Erik Nielsen

Navnet returneret af dansk MitID var:

Poul Erik Nielsen

Dirigent

ID: 26d37aed-602d-437b-9231-3c9e98318515

Tidspunkt for underskrift: 08-04-2024 kl.: 07:03:40

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