

**Biosteel A/S**  
Algade 35, 6971 Spjald

Company reg. no. 34 48 18 14

**Annual report**  
**2022**

The annual report was submitted and approved by the general meeting on the 2 March 2023.

---

**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 %.

## Contents

---

	<u>Page</u>
<b>Reports</b>	
Management's statement	1
Independent auditor's report on extended review	2
<b>Management's review</b>	
Company information	4
Management's review	5
<b>Financial statements 1 January - 31 December 2022</b>	
Accounting policies	6
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes	15

## **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 2022.

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

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

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

Spjald, 2 March 2023

### **Managing Director**

Poul Erik Nielsen

### **Board of directors**

Jesper Iversen Østergaard

Tomasz Henryk Olszewski

Poul Erik Nielsen

## **Independent auditor's report on extended review**

---

### **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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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.

## **Independent auditor's report on extended review**

---

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.

### **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 opinion thereon.

In connection with our extended review 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 extended review, or otherwise appears to be materially misstated.

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

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

Ringkøbing, 2 March 2023

### **Partner Revision**

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

### **Henrik Dalgaard**

State Authorised Public Accountant  
mne34028

## Company information

---

<b>The company</b>	Biosteel A/S Algade 35 6971 Spjald
	Phone 40278099
	Company reg. no. 34 48 18 14
	Financial year: 1 January - 31 December
<b>Board of directors</b>	Jesper Iversen Østergaard Tomasz Henryk Olszewski Poul Erik Nielsen
<b>Managing Director</b>	Poul Erik Nielsen
<b>Auditors</b>	Partner Revision statsautoriseret revisionsaktieselskab Birkmosevej 20 A, 1. 6950 Ringkøbing
<b>Bankers</b>	Skjern Bank, Banktorvet 3, 6900 Skjern

## Management's review

---

### Description of key activities of the company

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.

### Development in activities and financial matters

The gross profit for the year totals TDKK 2.881 against TDKK 344 last year. Net result after tax totals TDKK 1.391 against TDKK -1.395 last year.

Management considers the results for the year to be satisfactory.

The profit before tax for 2022 is positively affected by TDKK 406 related to the final delivery costs of the project, described in the 2021 annual report, and the settlement with the sub-suppliers related to the claim raised. Reference is made to note 1 describing the special items in 2022 and 2021.

As at 30 September 2022, Granly Holding, Grønbjerg ApS transferred ownership to the company to Biosteel Sp. z o.o., Poland. With this change, it is expected that some of the current activities in the Danish company, will be transferred to the parent company in Poland. Therefore, management currently anticipates that the activity in the company will decline going forward compared to the current levels.

### Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 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, cost of sales, and external expenses.

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.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

## Accounting policies

---

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

### Statement of financial position

#### Property, plant, and equipment

Property, plant and equipment is 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.

## **Accounting policies**

---

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

### **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.

## **Accounting policies**

---

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Biosteel A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

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>2022</u>	<u>2021</u>
<b>Gross profit</b>	<b>2.881.312</b>	<b>344.396</b>
2 Staff costs	-938.340	-2.006.300
Depreciation and impairment of property, land, and equipment	-3.618	-11.184
<b>Operating profit</b>	<b>1.939.354</b>	<b>-1.673.088</b>
Other financial income from group enterprises	0	2.999
Other financial income	10.058	6.016
3 Other financial expenses	-164.076	-119.859
<b>Pre-tax net profit or loss</b>	<b>1.785.336</b>	<b>-1.783.932</b>
4 Tax on net profit or loss for the year	-393.864	389.060
<b>Net profit or loss for the year</b>	<b>1.391.472</b>	<b>-1.394.872</b>
<b>Proposed distribution of net profit:</b>		
Extraordinary dividend distributed during the financial year	747.541	0
Transferred to retained earnings	643.931	0
Allocated from retained earnings	0	-1.394.872
<b>Total allocations and transfers</b>	<b>1.391.472</b>	<b>-1.394.872</b>

## Balance sheet at 31 December

---

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Non-current assets</b>		
5 Land and buildings	312.826	316.444
6 Other fixtures, fittings, tools and equipment	0	0
Total property, plant, and equipment	<u>312.826</u>	<u>316.444</u>
<b>Total non-current assets</b>	<b><u>312.826</u></b>	<b><u>316.444</u></b>
<b>Current assets</b>		
Manufactured goods and goods for resale	507.046	573.430
Prepayments for goods	1.698.933	1.893.812
Total inventories	<u>2.205.979</u>	<u>2.467.242</u>
7 Trade receivables	1.314.773	5.372.311
8 Deferred tax assets	11.915	399.311
Tax receivables from group enterprises	17.204	153.000
9 Other receivables	3.064.557	2.823.516
Total receivables	<u>4.408.449</u>	<u>8.748.138</u>
Cash and cash equivalents	<u>453.529</u>	<u>1.564.443</u>
<b>Total current assets</b>	<b><u>7.067.957</u></b>	<b><u>12.779.823</u></b>
<b>Total assets</b>	<b><u>7.380.783</u></b>	<b><u>13.096.267</u></b>

## Balance sheet at 31 December

---

All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Equity</b>		
Contributed capital	500.000	500.000
Retained earnings	1.391.473	747.542
<b>Total equity</b>	<b><u>1.891.473</u></b>	<b><u>1.247.542</u></b>
<b>Liabilities other than provisions</b>		
Bank loans	1.819.593	8.490
Trade payables	1.639.127	5.662.736
Payables to group enterprises	79.128	3.520.280
Income tax payable	23.672	0
10 Other payables	1.927.790	2.657.219
Total short term liabilities other than provisions	<u>5.489.310</u>	<u>11.848.725</u>
<b>Total liabilities other than provisions</b>	<b><u>5.489.310</u></b>	<b><u>11.848.725</u></b>
<b>Total equity and liabilities</b>	<b><u>7.380.783</u></b>	<b><u>13.096.267</u></b>

**1 Special items**

**11 Charges and security**

**12 Contingencies**

## Statement of changes in equity

---

All amounts in DKK.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Proposed dividend for the financial year</b>	<b>Total</b>
Equity 1 January 2021	500.000	2.142.414	3.000.000	5.642.414
Distributed dividend	0	0	-3.000.000	-3.000.000
Profit or loss for the year brought forward	0	-1.394.872	0	-1.394.872
Equity 1 January 2022	500.000	747.542	0	1.247.542
Profit or loss for the year brought forward	0	643.931	0	643.931
Extraordinary dividend adopted during the financial year	0	747.541	0	747.541
Distributed extraordinary dividend adopted during the financial year.	0	-747.541	0	-747.541
	<b>500.000</b>	<b>1.391.473</b>	<b>0</b>	<b>1.891.473</b>



## Notes

---

All amounts in DKK.

### 1. 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.

As mentioned in the management commentary, 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>2022</u>	<u>2021</u>
Income:		
Reversal (credit invoice) regarding invoiced goods	<u>0</u>	<u>-780.000</u>
	<u>0</u>	<u>-780.000</u>
Expenses:		
Unforeseen delivery and completion costs	800.000	3.940.463
Counterclaim raised against subcontractor	<u>-1.205.500</u>	<u>-1.700.000</u>
	<u>-405.500</u>	<u>2.240.463</u>
Special items are recognised in the following items in the financial statements:		
Gross profit	<u>405.500</u>	<u>-3.020.463</u>
<b>Profit of special items, net</b>	<b><u>405.500</u></b>	<b><u>-3.020.463</u></b>

### 2. Staff costs

Salaries and wages	774.545	1.385.972
Pension costs	149.775	594.096
Other costs for social security	<u>14.020</u>	<u>26.232</u>
	<b><u>938.340</u></b>	<b><u>2.006.300</u></b>
Average number of employees	<u>1</u>	<u>3</u>

## Notes

---

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
<b>3. Other financial expenses</b>		
Financial costs, group enterprises	36.141	0
Other financial costs	127.935	119.859
	<u><b>164.076</b></u>	<u><b>119.859</b></u>
<b>4. Tax on net profit or loss for the year</b>		
Tax of the results for the year	6.468	0
Adjustment for the year of deferred tax	387.396	-389.060
	<u><b>393.864</b></u>	<u><b>-389.060</b></u>
	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>5. Land and buildings</b>		
Cost 1 January	330.916	330.916
<b>Cost 31 December</b>	<u><b>330.916</b></u>	<u><b>330.916</b></u>
Depreciation and write-down 1 January	-14.472	-10.854
Depreciation for the year	-3.618	-3.618
<b>Depreciation and write-down 31 December</b>	<u><b>-18.090</b></u>	<u><b>-14.472</b></u>
<b>Carrying amount, 31 December</b>	<u><b>312.826</b></u>	<u><b>316.444</b></u>
<b>6. Other fixtures, fittings, tools and equipment</b>		
Cost 1 January	296.024	296.024
<b>Cost 31 December</b>	<u><b>296.024</b></u>	<u><b>296.024</b></u>
Amortisation and write-down 1 January	-296.024	-288.458
Depreciation for the year	0	-7.566
<b>Amortisation and write-down 31 December</b>	<u><b>-296.024</b></u>	<u><b>-296.024</b></u>
<b>Carrying amount, 31 December</b>	<u><b>0</b></u>	<u><b>0</b></u>

## Notes

---

All amounts in DKK.

### 7. Trade receivables

Trade receivables contain receivables in the amount of TDKK 232 which are due in 2024 and TDKK 172 which are due in 2027.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>8. Deferred tax assets</b>		
Deferred tax assets 1 January	399.311	10.251
Deferred tax of the results for the year	<u>-387.396</u>	<u>389.060</u>
	<b><u>11.915</u></b>	<b><u>399.311</u></b>

### 9. Other receivables

Other receivables contain receivable from Mass Sp. z o.o. in the amount of TDKK 3.065.

### 10. Other payables

Other payables as at 31 December 2022 contain loan to former group company, Granly Holding, Grønbjerg ApS with TDKK 1.706.

### 11. 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	2.206
Trade receivables	1.315

### 12. Contingencies

#### Contingent liabilities

Warranty commitments and other contingent liabilities:

Payment guarantee in the amount of TDKK 447 has been issued.

## Notes

---

All amounts in DKK.

### 12. Contingencies (continued)

#### Joint taxation

With Granly Holding, Grønbjerg ApS, company reg. no 20291532 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The company has withdrawn from the joint taxation with the former administration company Granly Holding, Grønbjerg ApS, CVR-nr. 20291532 as of 30 September 2022 and is liable for any tax claims against the other jointly taxed companies until the time of withdrawal from the joint taxation.