

Steelco Nordic A/S

Herstedøstervej 9, 1., 2600 Glostrup

Company reg. no. 38 17 91 60

Annual report

1 January - 31 December 2025

The annual report was submitted and approved by the general meeting on the 23 March 2026.

John Magnus Martin Hansson
Chairman of the meeting

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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 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Steelco Nordic A/S for the financial year 1 January - 31 December 2025.

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 2025 and of the results of the Company's operations for the financial year 1 January - 31 December 2025.

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.

Glostrup, 23 March 2026

Managing Director

Egill Clausen Ormarsson
Managing Director

Board of directors

John Magnus Martin Hansson
Chairman

Egill Clausen Ormarsson

Filippo Bisogni

To the Shareholder of Steelco Nordic A/S**Opinion**

We have audited the financial statements of Steelco Nordic A/S for the financial year 1 January - 31 December 2025, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2025, and of the results of the Company's operations for the financial year 1 January - 31 December 2025 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' 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.

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 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 judgment and maintain professional skepticism 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 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.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 23 March 2026

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Anders Schelde-Møllerup Funder

State Authorised Public Accountant
mne30220

Company information

The company

Steelco Nordic A/S
Herstedøstervej 9, 1.
2600 Glostrup

Company reg. no. 38 17 91 60
Financial year: 1 January - 31 December

Board of directors

John Magnus Martin Hansson, Chairman
Egill Clausen Ormarsson
Filippo Bisogni

Managing Director

Egill Clausen Ormarsson, Managing Director

Auditors

Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Parent company

Steelco S.p.A.

Subsidiaries

SteelcoBelimed AB, Sweden

Description of key activities of the company

The main activities of the company include sale, installation, validation and service of infection control and infection prevention products within the areas hospitals, research and the pharma industry in Denmark - together with the remaining Northern countries.

Uncertainties connected with recognition or measurement

A deferred tax asset has been recognised. The recognised deferred tax asset relates to tax loss carryforwards in the Norwegian branch and is based on Management's assessment of expected future taxable profits. As the utilisation of these tax losses depends on future earnings and other underlying assumptions that may change over time, there is inherent uncertainty associated with both the recognition and measurement of the deferred tax asset. Management continuously evaluates the basis for this recognition.

Significant changes in the company's activities and financial matters

Except for establishment of a subsidiary in Sweden, there have been no significant changes in activities and financial matters.

The gross profit for the year totals DKK 26.380.831 against DKK 24.330.251 last year. Profit or loss from ordinary activities after tax totals DKK 1.912.126 against DKK -1.651.804 last year. The profit for the year is significantly impacted by the positive operating result in the Norwegian branch. Management considers the net profit or loss for the year satisfactory.

Events occurring after the end of the financial year

After the end of the financial year, the Norwegian branch was carved out into an independent Norwegian company.

Except for the above mentioned, no other events have occurred after the end of the financial year that could significantly upset the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2025</u>	<u>2024</u>
Gross profit	26.380.831	24.330.251
1 Staff costs	-23.363.489	-21.184.198
Depreciation and impairment of property, plant, and equipment	-251.361	-243.259
Operating profit	2.765.981	2.902.794
Result from investment in group enterprise	-649.096	0
Other financial income	746.556	427.039
2 Other financial expenses	-2.036.443	-3.063.894
Pre-tax net profit or loss	826.998	265.939
Tax on net profit or loss for the year	1.085.128	-1.917.743
Net profit or loss for the year	1.912.126	-1.651.804
Proposed distribution of net profit:		
Transferred to retained earnings	1.912.126	0
Allocated from retained earnings	0	-1.651.804
Total allocations and transfers	1.912.126	-1.651.804

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2025</u>	<u>2024</u>
Non-current assets		
3 Other fixtures, fittings, tools and equipment	445.585	672.705
Total property, plant, and equipment	445.585	672.705
4 Investment in group enterprise	17.827	0
5 Deposits	116.786	116.786
Total investments	134.613	116.786
Total non-current assets	580.198	789.491
Current assets		
Manufactured goods and goods for resale	9.638.844	11.977.808
Total inventories	9.638.844	11.977.808
Trade receivables	26.601.802	22.595.446
6 Contract work in progress	27.369.762	17.749.629
Receivables from group enterprises	4.845.008	4.686.096
Deferred tax assets	764.781	303.967
Tax receivables from group enterprises	299.364	0
Other receivables	158.812	270.669
Prepayments	494.721	2.418.448
Total receivables	60.534.250	48.024.255
Cash and cash equivalents	10.542.507	4.666.831
Total current assets	80.715.601	64.668.894
Total assets	81.295.799	65.458.385

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2025</u>	<u>2024</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Retained earnings	<u>3.696.423</u>	<u>1.863.422</u>
Total equity	<u>4.196.423</u>	<u>2.363.422</u>
Provisions		
7 Other provisions	<u>821.309</u>	<u>1.531.019</u>
Total provisions	<u>821.309</u>	<u>1.531.019</u>
Liabilities other than provisions		
Payables to group enterprises	32.987.483	31.547.656
Other payables	<u>780.346</u>	<u>751.490</u>
8 Total long term liabilities other than provisions	<u>33.767.829</u>	<u>32.299.146</u>
8 Current portion of long term liabilities	0	44.613
Prepayments received from customers	112.984	0
Trade payables	5.035.266	2.384.497
Payables to group enterprises	28.285.148	16.399.946
Income tax payable	0	2.216.978
Other payables	<u>9.076.840</u>	<u>8.218.764</u>
Total short term liabilities other than provisions	<u>42.510.238</u>	<u>29.264.798</u>
Total liabilities other than provisions	<u>76.278.067</u>	<u>61.563.944</u>
Total equity and liabilities	<u>81.295.799</u>	<u>65.458.385</u>
9 Charges and security		
10 Contractual obligations and contingencies, etc.		
11 Related parties		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2025	500.000	1.863.422	2.363.422
Retained earnings for the year	0	1.912.126	1.912.126
Exchange rate adjustment	0	-79.125	-79.125
	<u>500.000</u>	<u>3.696.423</u>	<u>4.196.423</u>

All amounts in DKK.

	<u>2025</u>	<u>2024</u>
1. Staff costs		
Salaries and wages	21.129.009	19.297.124
Pension costs	2.164.440	1.827.674
Other costs for social security	<u>70.040</u>	<u>59.400</u>
	<u>23.363.489</u>	<u>21.184.198</u>
 Average number of employees	 <u>27</u>	 <u>24</u>
2. Other financial expenses		
Financial costs, group enterprises	909.802	951.162
Other financial costs	<u>1.126.641</u>	<u>2.112.732</u>
	<u>2.036.443</u>	<u>3.063.894</u>
3. Other fixtures, fittings, tools and equipment		
Cost 1 January 2025	1.920.485	1.570.104
Adjustment to opening balance	-15.984	0
Translation at the exchange rate at the balance sheet date 31 December 2025	1.094	0
Additions during the year	<u>23.180</u>	<u>350.381</u>
Cost 31 December 2025	<u>1.928.775</u>	<u>1.920.485</u>
Depreciation and write-down 1 January 2025	-1.247.780	-996.717
Adjustment to opening balance	16.739	-6.781
Translation at the exchange rate at the balance sheet date 31 December 2025	-788	0
Amortisation and depreciation for the year	<u>-251.361</u>	<u>-244.282</u>
Depreciation and write-down 31 December 2025	<u>-1.483.190</u>	<u>-1.247.780</u>
 Carrying amount, 31 December 2025	 <u>445.585</u>	 <u>672.705</u>

All amounts in DKK.

	<u>31/12 2025</u>	<u>31/12 2024</u>
4. Investment in group enterprise		
Additions during the year	<u>666.923</u>	<u>0</u>
Cost 31 December 2025	<u>666.923</u>	<u>0</u>
Net profit or loss for the year before amortisation of goodwill	<u>-649.096</u>	<u>0</u>
Writedown 31 December 2025	<u>-649.096</u>	<u>0</u>
Carrying amount, 31 December 2025	<u>17.827</u>	<u>0</u>
Group enterprise:		
	Domicile	Equity interest
SteelcoBelimed AB	Sweden	100 %
5. Deposits		
Cost 1 January 2025	116.786	113.938
Additions during the year	<u>0</u>	<u>2.848</u>
Cost 31 December 2025	<u>116.786</u>	<u>116.786</u>
Carrying amount, 31 December 2025	<u>116.786</u>	<u>116.786</u>
6. Contract work in progress		
Selling price of the production for the period	92.341.708	76.911.479
Progress billings	<u>-64.971.946</u>	<u>-59.161.850</u>
Contract work in progress, net	<u>27.369.762</u>	<u>17.749.629</u>
The following is recognised:		
Contract work in progress (current assets)	<u>27.369.762</u>	<u>17.749.629</u>
	<u>27.369.762</u>	<u>17.749.629</u>

All amounts in DKK.

	<u>31/12 2025</u>	<u>31/12 2024</u>
7. Other provisions		
Other provisions 1 January 2025	1.531.019	370.055
Change in other provisions for the year	<u>-709.710</u>	<u>1.160.964</u>
	<u>821.309</u>	<u>1.531.019</u>
Maturity is expected to be:		
0-1 years	615.982	1.407.667
1-5 years	<u>205.327</u>	<u>123.352</u>
	<u>821.309</u>	<u>1.531.019</u>

Other provisions consist of warranty obligations.

8. Long term liabilities other than provisions

	<u>Total payables</u>	<u>Current portion</u>	<u>Long term</u>	<u>Outstanding</u>
	<u>31 Dec 2025</u>	<u>of long</u>	<u>payables</u>	<u>payables after</u>
		<u>term payables</u>	<u>31 Dec 2025</u>	<u>5 years</u>
Payables to group enterprises	32.987.483	0	32.987.483	32.987.483
Other payables	<u>780.346</u>	<u>0</u>	<u>780.346</u>	<u>724.596</u>
	<u>33.767.829</u>	<u>0</u>	<u>33.767.829</u>	<u>33.712.079</u>

9. Charges and security

The company has, via the bank, issued customer related guarantees as of 31 December 2025 for a total of TDKK 8.009.

10. Contractual obligations and contingencies, etc.
Contingent assets

The company has an unrecognized deferred tax asset of TDKK 3.623 thousand in the Norwegian branch.

Contractual obligations and contingent liabilities
Lease liabilities:

The leasing contracts have 1-46 months left to run, and the total remaining leasing payment is 1.503 tdkk.

All amounts in DKK.

10. Contractual obligations and contingencies, etc. (continued)

Contractual obligations and contingent liabilities (continued)

Other contractual obligations:

The company has entered into rent agreements with a residual maturity of 3 - 17 months and a total payment of 486 tdkk.

Joint taxation

With Miele A/S, company reg. no 54057210 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 total tax payable under the joint taxation scheme are shown in the administration company's annual report.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Steelco S.p.A. The consolidated annual report can be obtained at following address: Via Balegante, 27, 31039 Riese Pio X (TV), Italy.

The annual report for Steelco Nordic 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.

Some reclassifications have been made in the comparative figures.

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.

Recognition of Steelco Norway (branch)

Steelco Norway (branch) is recognized line by line based in the income statements for 2025 and balance sheet at 31.12.2025.

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.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments including branches are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Income statement

Gross profit

Gross profit comprises the revenue, 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.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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.

Results from investment in group enterprise

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the entity is recognised in the income statement as a proportional share of the entity' post-tax profit or loss.

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.

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 are measured at cost less accrued depreciation and write-down for impairment.

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.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in group enterprise

Investments in group enterprise is recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprise is recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in group enterprise with a negative equity value is measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investment in group enterprise transferred to the reserve under equity for net revaluation according to the equity method. Dividend from group enterprise expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprise.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise 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.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value 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.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on 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.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

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.

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.

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 "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Steelco Nordic 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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

Provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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