

NLMK DANSTEEL A/S

Havnevej 33

3300 Frederiksværk

CVR no. 10092922

Annual report

1 January 2024 – 31 December 2024

The Annual Report was submitted and approved by the general meeting on the
26 June 2025

Alexei Fomenko
Chairman of the meeting

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Company information

Company

NLMK DANSTEEL A/S
Havnevej 33
3300 Frederiksværk

Municipality of domicile: Halsnæs
CVR no.: 10092922
Financial year: 1 January 2024 – 31 December 2024

Board of Directors

Barend Jacobus de Vos
Horacio Esteban Malfatto
Sébastien Désiré N Durieux
Sarah Krins
Giovanni Borinelli
Gunnar Fonseca Larsen
Donni Petersen

Board of Executives

Christian Willumsen

Auditor

Dansk Revision Søborg
Statsautoriseret revisionsaktieselskab, Independent member of GGI Global Alliance AG
Generatorvej 8D
2860 Søborg

Statement by Board of Directors and Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of NLMK DANSTEEL A/S for the financial year 1 January 2024 – 31 December 2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of its operations and cash flows for the financial year 1 January 2024 – 31 December 2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Frederiksværk 26 June 2025

Board of Executives:

Christian Willumsen

Board of Directors:

Barend Jacobus de Vos
Chairman

Horacio Esteban Malfatto

Sébastien Désiré N Durieux

Sarah Krins

Giovanni Borinelli

Gunnar Fonseca Larsen

Donni Petersen

Independent auditor's report

To the Shareholders of NLMK DANSTEEL A/S

Opinion

We have audited the financial statements of NLMK Dansteel A/S for the financial year 1 January 2024 - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flow 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 financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January 2024 - 31 December 2024 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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

Independent auditor's report

the basis of the 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 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 note 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 commentary

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.

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 our work, 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 Statement Act. We did not identify any material misstatement in the Management's review.

Søborg, 26 June 2025

Dansk Revision Søborg

Statsautoriseret revisionsaktieselskab, CVR-no. 14649905

Independent member of GGI Global Alliance AG

Thomas Ennstein
State-authorised public accountant
mne32161

Ali Saadi Ali Al-Badri
State-authorised public accountant
mne51488

Management's review

Principal activities

The principal activities comprise production and sales of steel plates, utilizing the wide production capabilities of the steel mill and its logistic advantages.

The plates are primarily sold in Europe, with some exports outside Europe.

Development in the financial year and results for the year 2024

In 2024, NLMK DanSteel delivered a strong production and sales performance during the first half of the year. However, the second half was marked by a significant decline in market demand across Europe, driven by economic uncertainty, geopolitical factors, and high level 3rd country imports. These market dynamics in the second part of 2024, were the primary drivers of the year's financial results.

Based on the market conditions, it is the management's assessment that the result for the year is at an expected level. The result for 2024 is below the level anticipated in the annual report for 2023, primarily due to weaker market demand in the second half of the year

NLMK DanSteel will continue its strategic shift from a production-focused approach to a more profit-oriented model. Greater collaboration between sales and production will remain a priority to ensure better alignment with customer needs and to further strengthen value creation and profitability.

In the past years, NLMK DanSteel has made substantial investments in production equipment, supporting the shift toward more customized and specialized steel plate products. In 2024, the company targeted investments were predominantly towards improve equipment availability, with the aim of increasing the overall working rate to a stable high level at 90% year-on-year.

The production and sales volumes in 2024 were lower than in 2023 due to weaker market conditions. However, the volume of higher-value products (HVA) remained strong and continues to be an important part of DanSteel strategic focus.

It has been decided not to pay dividends for 2024.

Events after the end of the financial year

No significant events have occurred after the end of the financial year.

Special risks

The EU sanctions on the purchase of raw steel from Russia have been postponed, with the effective date extended from October 2024 to October 2028. NLMK DanSteel continues to align its sourcing strategy with customer requirements. The company sources external slabs primarily from Chinese and European suppliers.

In 2024, 17% of slab purchases were made from non-Russian sources, mainly targeting the shipbuilding industry, wind industry and the UK market, which remains the key segments and markets for external slab demand.

Management's review

Foreign exchange risks

The majority of the company's foreign exchange transactions are in EUR, which significantly reduces its exchange risks.

Interest risks

NLMK Dansteel previous loans have been fully repaid during the year. A new loan agreement 2024 has been entered into to support working capital, with final repayment scheduled for 19 December 2025. The loan carries a fixed interest rate of 3.50%. The new loan replaces prior facilities and reflects the company's continued focus on securing stable and predictable financing.

Future prospects 2025

In 2025, NLMK DanSteel target further improvement in our operations, with a special focus on equipment uptime (WR), improving our inventories of slab and plate, and further enhancing our key customer satisfaction parameters, such as delivery performance (OTIF) and the continued improvement of our product quality.

Additionally, we continue to work on Cost improvements to enhance our competitive position. This is a key focus area for all departments at NLMK DanSteel.

The plate Market outlook remains uncertain for 2025, in part due to economic uncertainties but also the geopolitical situation, but we expect improvement in marked demand during the year 2025, up from the low level we experienced in the second half of 2024.

Report on Corporate Social Responsibility

Introduction

NLMK DanSteel has earlier worked with sustainability as part of a multinational group, but in connection with the new ownership at the end of 2022, NLMK DanSteel has started on a more independent journey in the work with sustainability including preparing its own sustainability plan as part of a larger plan that is being prepared for 2024–2026 by NLMK Belgium Holdings SA ("NBH" in the following called "NLMK Europe"). NBH is subject to the CSRD, which obliges the company to publish a mandatory sustainability report in 2026, covering the activities of 2025. NLMK DanSteel will be included in the future consolidated report.

NBH is aware of its responsibility towards society, nature, and future generations. The Company adheres to the principles of sustainable development. It is committed to protecting the employees' health and wellbeing, nurturing talent, treating the environment responsibly, observing high ethical business standards, developing, supporting and respecting the interests of local communities, as well as maintaining transparency and a high quality of disclosure.

Sustainability management is integrated into the NBH corporate governance. Sustainability is part of NBH value proposition consistently feature high on the agenda of NBH leadership. The Board of Directors and Board committees determine strategic growth priorities and ensure overall sustainability management.

NLMK DanSteel has for many years worked with continuous improvements for occupational health and safety,

Management's review

environment, and energy efficiency and has established an Integrated QHSE Management System. The QHSE Management System includes quality (ISO 9001), environmental protection (ISO 14001), energy efficiency (ISO 50001), and occupational health and safety (ISO 45001).

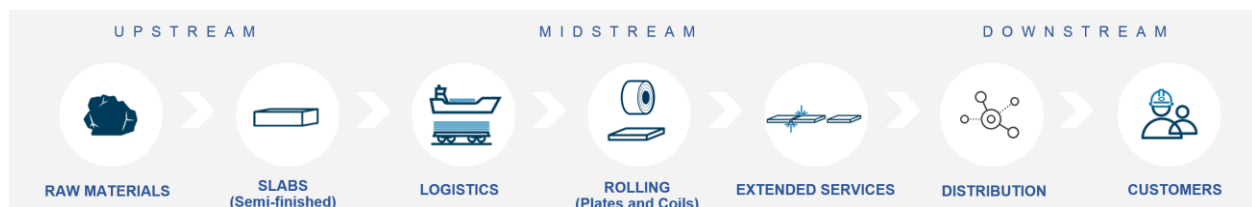
Four committees have been set up, all chaired by the CEO of NLMK DanSteel with management representation from different relevant functions and the site's QHSE managers. The committees ensure that the framework is in place for maintenance, operation, and further development of the QHSE Management System in accordance with ISO 9001, ISO 14001, ISO 45001 and ISO 50001.

NLMK DanSteel's mission is recognized as a responsible steel producer. This can be achieved through the Company's sustainable development seeking an optimum balance between the environment, economy, and social commitment.

Through its management systems for quality, environment, energy, occupational health and safety, NLMK DanSteel demonstrates that the Company is a responsible steel producer who wishes to play an active role in society and participate actively in quality, environment, energy efficiency, occupational health and safety improvements. Thus, NLMK DanSteel has been working in many areas of sustainability.

Business Model

NBH is a midstream steel producer that operates with full integration of an efficient upstream and flexible downstream. NBH has 5 production facilities in Europe, producing plates and coils (Rolling) and extended services.



NLMK DanSteel is a 100% production-on-order plate mill, which produces steel plates in thicknesses from 5–254 mm in widths and lengths up to 4,0 and 26 meters respectively.

The plates, are used in a wide range of applications in several different industries, of which shipbuilding and wind turbines being the largest.

NLMK DanSteel aims to make products that meet the requirements of its customers whilst constantly improving its processes, ensuring safe working conditions, reducing its environmental impact, rationally using resources, and adhering to generally recognized social responsibility practices. The Company assumes responsibility for maintaining a favourable environment for the community of Frederiksværk (Halsnæs) by improving the efficiency of resource use and utilizing environmentally friendly and safe production technologies.

NLMK DanSteel believes that the above principles are key to sustainable economic and social development in the long term. NLMK DanSteel strategy outlines the following key focus areas:

- People – Positioning NLMK DanSteel as a hub for attracting and retaining top talent

Management's review

- Safety – Becoming an industry leader in OHS with a strong safety-first approach
- Sustainability – Driving sustainability efforts through high equipment uptime and continuous process improvement
- Profitability – An always improving mindset, identifying efficiencies and cost improvements etc.

Risks and Due Diligence

In connection with the activities of NLMK, DanSteel is exposed to a number of risks, which include general risks as well as risks specific to the steel industry. Management considers effective risk management to be an integral part of the Company's activities and is constantly working to minimize risks and uncertainties. This includes regular assessment of risks and whether existing risk controls are sufficient and up-to-date.

Risk assessment serves as the basis for decision-making in the development of a risk management strategy.

In 2024, the Company once again assessed its risks and opportunities based on the Company context and stakeholders' opinion. Main requirements and conditions were analysed and the most significant risks and opportunities were identified for making the right decisions within the strategic direction of the business, as well as in developing activities aimed at achieving the intended results and goals.

Based on this analysis, the following were assessed as the main risks in the field of sustainable development:

- Use of fossil fuels
- High energy consumption with associated negative climate impacts
- High risk of serious accidents at work due to the production process with heavy and hot products and powerful equipment.

In order to reduce energy consumption and the negative effect on climate, NLMK DanSteel keeps close control of energy consumption, and seeks to reduce it by continually improving energy efficiency and investing in the best available technologies. Options for replacing natural gas for other more sustainable forms of energy are being investigated and monitored on an ongoing basis.

To further reduce the impact on climate, the Company uses on occasion, energy sources with a low CO2 footprint, such as electricity from wind turbines (confirmed by specified certificates) and energy from recovered heat.

This systemic activity is framed around ISO certifications on environment and energy (ISO 14001 and ISO 50001). In 2024, a new OHS strategic plan for 2025-2027 was elaborated and adopted as part of the main strategic focus areas defined as following: People, Profitability, Safety and Sustainability.

In order to minimize the risks of occupational injuries and accidents NLMK DanSteel has been maintaining occupational health and safety management system, which is certified for compliance with ISO 45001. The Company regularly passes recertification audits of the system. For more details see the "Occupational Health and Safety" section below.

Sustainability

This is the third report prepared by NLMK DanSteel on ESG data. Key ESG metrics have been added to the financial review to show that the Company's values uphold the sustainability cause. Calculation and determination

Management's review

methods are in accordance with the ESG Key Indicators in the Annual Report¹. Additional ESG data will be published as part of the consolidated sustainability report for 2025. NLMK DanSteel's reported environmental ESG data is disclosed in line with cf. Section 99 (a) of the Danish Financial Statements Act on Environment and Climate.

The Company reports on energy consumption and CO₂ emission (Scopes 1 and 2). In addition, the Company provides metrics on water consumption. Tracking these ESG metrics provides a good overview of the impact the Company has on the environment and allows to identify the most relevant areas for improvement, which is also supported by ISO 14001 and ISO 50001 certification. Besides the ISO 14001 certification NLMK DanSteel also obtained a 3rd party verified EPD (Environmental Product Declaration) according to ISO 14025 & EN 15804 as well as five 3rd party verified PCFs (Product Carbon Footprint Certificates) in accordance with ISO 14067 & ISO 1425. The intended use of these documents is to communicate scientifically based environmental information over the evaluated products. The goal is to be able to assess the climate performance of a product. In terms of social data reporting, NLMK DanSteel provides metrics on gender diversity in general and at the management level, which is a relevant issue for the industry, since it is traditionally male dominated. In continuation of this, NLMK DanSteel deems it important to track the Gender Pay Ratio. The Company also discloses Sickness Absence Days as it is an important indicator of employee well-being. Also, the Employee Turnover Ratio is an important indicator and area of action. It is calculated both for voluntary and involuntary leavers.

With regard to governance data, NLMK DanSteel reports on gender diversity on the Board level as well as Board meeting attendance rate, which demonstrates the commitment of the Board members.

ESG data		2024	2023	2022
Environmental data				
CO ₂ e, scope 1	Tonnes	88.591 ¹	97.087 ¹	94.221 ¹
CO ₂ e, scope 2	Tonnes	10.562 ¹	11.519 ¹	20.949 ¹
Energy Consumption GJ	GJ	1.780.371	1.949.229	1.921.048
Renewable Energy Share %	%	64%	54%	
Water Consumption	m ³	777.606 ²	882.490 ²	711.939 ²
Social data				
Full-Time Workforce	FTE ³	512 ³	510 ³	481 ³
Gender Diversity %	%	17/83 ⁴	18/82 ⁴	18/82 ⁴
Gender Diversity, Management %	%	20/80 ⁴	13/87 ⁴	4,4/95,6 ⁴
Employee Turnover Ratio	%	11,1	11,3	18,7
Sickness Absence Days per FTE	Days per FTE	16,8 ³	15,5 ³	15 ³
Governance data				
Gender Diversity, Board %	%	20%	14%	20%
Board Meeting Attendance Rate %	%	100%	100%	100%

Table: ESG figures for 2022, 2023 & 2024

Notes to the table:

¹ The calculations for the ongoing reporting are carried out in accordance with the authorities' requirements to CO₂e, scope 1&2 format. Efforts are being made to begin reporting in line with, or rather in anticipation of, the upcoming changes in legislation. NLMK DanSteel is awaiting NBH decision on the organization of the process. In order to be able to report in the new format, preliminary measures

Management's review

must be taken to prepare a relevant structure. Therefore, during 2024, a new adapted system for data registration and control must be established as a basis for the corresponding reporting. This will make the Company ready for the full non-financial reporting incl. ESG key figures in 2026 for the reporting year 2025.

² Water consumption in 2022-2023-2024 consists of surface and municipal waters, excluding water delivered to ships

³ FTE - full time equivalent (100 % FTE = full time one man). The calculation differs from the source. 'Average headcount' is used.

⁴ The calculation differs from the source. 'End year headcount' is used.

Climate and Environment

One of NBH value propositions is to align the portfolio with Climate Goals:

"We have a unique position to leverage sustainability practices – i.e., a circularity model of supply with existing customer to bring to market true low-emission steel. Currently, > 65% of electricity coming from renewable electricity, and 50% of the portfolio is oriented towards green applications."

NLMK DanSteel is fully committed to climate change action and takes meaningful steps towards reducing greenhouse gas emissions, progressively reducing the carbon footprint of its products. NLMK DanSteel runs one of the world's most energy-efficient steel mills in Denmark and is playing its part in the green transition directly contributing to the government's ambitious plan to reduce CO2 emissions by 70% by 2030.

Even though NLMK DanSteel is an energy-intensive, it is also an energy-efficient company which takes measures to reduce its impacts.

NLMK DanSteel has adopted an Energy Policy and a Climate Policy. Together these documents form the foundation for NLMK DanSteel's commitment to improve energy-efficiency and reduce CO2 emissions.

In line with this commitment, the Company carries out activities to reduce its CO2 emissions through optimising its operations and implementing energy-efficiency improvement measures. This systemic work is supported by energy-saving projects.

During the past few years, the Company has been working to establishing a collaboration with its neighbour – Halsnæs Forsyning (Halsnæs Power) – on a joint **Public-Private Partnership** project involving the use of waste heat from NLMK DanSteel, for utilization by Halsnæs Forsyning supply heating to the local community.

The full funding of the project will be done by Halsnæs Forsyning (Halsnæs Power).

By involving NLMK DanSteel in this joint Public-Private Partnership, NLMK DanSteel gets the opportunity to make a solid contribution to the green transition by using the waste heat to reduce Halsnæs Forsyning's CO2 emissions significantly. NLMK DanSteel has ample opportunity for waste-heat recovery, but the primary scope is Furnace No 3.

Subject to all technical, legal and commercial aspects being concluded to NLMK DanSteel and Halsnæs Forsyning (Halsnæs Power) satisfaction, the project will be initiated in the 2nd half of 2025.

NLMK DanSteel also has an Environmental Policy. The policies stipulate the Company's efforts to take good care of the environment by minimising the negative impacts of its activities.

The Company takes meaningful steps to avoid the negative consequences of environmental impact, Raw materials and waste are handled and stored in such a way that there is no risk of pollution of the fjord or groundwater. Wastewater is discharged into the harbour basin after being treated.

Management's review

Environmental achievements and targets

The company does not exceed established limits on air emissions and wastewater. There is a minor excess of noise levels, for which an action plan has been developed to implement measures to reduce the noise level to a level not exceeding the regulatory indicators. In addition, approx. 89% of the cooling water and 99% of the waste is recycled.

Constant work is underway to reduce the impact on the environment, including by increasing production efficiency and implementing energy-saving measures. In 2024 alone, annual energy savings stood at more than 10.000 MWh. Among the many small and large projects implemented to achieve these results the following can be noted:

- Reduction of flow to runway cooling / Reduction of standby on ACC
- Adjustment of pressure in the Normalization Furnace V5
- Recycle water from new scale pit for gutter flushing
- Modernization of heat models for Reheating Furnaces 2 & 3
- Decreasing maximum possible zones temperatures for Reheating Furnace 2 (for different slab thicknesses)
- Adjustment of burners for Normalizing Furnace 1
- Sealing the insert side of the Slab Furnace 2

NLMK DanSteel continues its investments in green energy. The Company bought specified certificates from the Overgaard Wind Farm corresponding to 50% of the electricity consumption in 2023 and 2024.

Social and Staff Matters

NLMK DanSteel has a Personnel Policy in place, which aims to create a motivating and result-oriented working environment in the Company.

The Company offers additional training and development opportunities to enable the employees to perform current and future tasks. It is the responsibility of the management to ensure that employees have the necessary qualifications to perform their tasks effectively and with attention to quality and safety.

In 2024, the company began implementing a new Human Resources Information System (HRIS) to enhance digital HR processes and provide accurate data for informed decision-making. At the same time, it will equip employees with tools, resources, and insights to support their growth and empower them to shape their careers and future. This initiative reflects the company's commitment to being a modern and inclusive workplace, prioritizing employee experience and effective communication.

In 2022, the turnover rate reached its highest level at 18.7%, but it dropped to 11.3% in 2023 thanks to proactive engagement with employees. In 2024, the company managed to maintain the 2023 level, likely due to the initiatives implemented in 2023, which included tracking the reasons for employee's departures and introduction a new hiring process.

The Company promotes the freedom of associations and the right of collective bargaining: DanSteel does not discourage employees from establishing associations to promote their interests if they wish to do so. The Company sets remunerations in accordance with the applicable statutory provisions on remuneration, in particular

Management's review

those that establish the minimum wage, acceptable working hours and compensation for overtime.

NLMK DanSteel is also focused on improving health and well-being of its employees. "Stop Smoking" courses as well as other rehabilitation activities are included in the health insurance provided to employees. Furthermore, during the year the Company carries out campaigns and events aimed at improving physical and mental health, as well as holds the annual day-out at the DHL Relay in Copenhagen.

For many years NLMK DanSteel has been the main sponsor for the local football club, Frederiksværk Fodbold Klub (FFK) Football Club)). The yearly sponsorship is in the region of DKK 150.000 and helps FFK to provide leisure pursuits for girls and boys from the age of 4 and adult teams of 40+ years of age. As of 2024, the club has more than 500 members, playing on more than 40 teams, and our sponsorship will continue in 2025 as well.

NLMK DanSteel deems it important to be part of the future education and training of new apprentices. They will be trained by expert electricians, blacksmiths and various types of technicians.

By increasing the intake of apprentices, the Company strives to create more opportunities for the young people of the Halsnæs Kommune (Halsnæs Municipality) and the surrounding areas as well, while securing the right talent with the expected set of skills.

Occupational Health and Safety

Due to the nature of the Company's operation the risk of serious work-related accidents is high, therefore occupational health safety is a top priority for NLMK DanSteel. Striving for a zero-injury rate ("Vision Zero") at all its operations, the Company is continuously improving its OHS management system.

NLMK DanSteel has adopted an Occupational Health and Safety Policy. The policy addresses the Company's efforts to ensure a healthy and safe working environment for all its employees. A safe working environment is not only about preventing accidents, but also about preventing long-term consequences such as professional illnesses.

In 2024, NLMK DanSteel developed a new OHS strategic plan for the 2025-2027 period.

Following a thorough self-assessment and OHS system review, key gaps were identified across four categories:

- Risk Management
- Safety Culture and Leadership
- Incident Management
- OHS System Development

To address these gaps and strengthen workplace safety, a comprehensive safety focus for the 2025-2027 strategic cycle has been established. Goals and KPIs were set for each category to enhance existing systems and processes. In alignment with these objectives, five targeted programs were developed, each with dedicated projects, allocated resources, and a structured roadmap to drive improvements and ensure continuous progress in OHS performance.

Management's review

Operational health and safety achievements and targets

The Health and Safety groups are working on implementing detailed action plans for all 29 departments based on the workplace assessment finalized in 2023. This supports the continuation of the annual overall mapping of occupational health and safety risks at NLMK DanSteel.

There is still a strong focus on reporting near misses, and these are still being reported to a great extent.

Risk management has played a significant role in preventing accidents for many years. Company employees identify risks, plan and implement preventive measures before planned or unplanned operations. The company is still in the process of developing detailed risk identification and assessment for hazardous operations and maintenance tasks, and corresponding action plans are being developed. The planned mitigations of the identified activities are part of the overall OHS action plan of the company. In regards to confined spaces, there was a special focus on implementation of barriers and quality controls in 2024. Training for work in confined spaces took also place in Q2/Q3 2024 and will be repeated in 2025.

An improvement process for the onboarding programme launched in 2022 started at the end of 2024. The updated programme will be launched at the beginning of 2025. The training programme still consists of video modules, classroom-based teaching and sidekick training, and takes 5 days to complete. These are designed to create and promote a strong safety culture, where conscious behaviour is a natural part of every work task.

Promoting Gender Diversity and Equality

The Company is working on increasing the number of female managers and has therefore set-up specific goals for the share of the less represented gender within the Board of Directors.

The gender equality targets include:

- Equal gender distribution among the shareholder elected Board members;
- Providing access to both male and female candidates during the recruitment phase in internal and external job postings.

Human Rights

NLMK DanSteel is part of the sustainability work at NBH. This includes devising a Human Rights Policy as part of the implementation of the CSRD.

The Company will not tolerate any form or manifestation of human rights violations in its operations, financial or other activities, including interaction with stakeholders; make sure that employees are free from any form of harassment and unlawful discrimination, irrespective of their race, colour, religion, ethnicity, gender, age, family status, or any other status protected by the legislation.

Human rights achievements and targets

As part of NBH, the company is developing a plan to identify focus areas within various sustainability disciplines, including human rights, and to develop corresponding policies and goals.

Management's review

Ethics

NLMK DanSteel is governed by the NLMK Europe Code of Business Conduct and Ethics, Conflicts of Interest Policy and Whistle-blower Policy.

The Company will strive to foster an honest and open relationship with its staff, partners, regulating bodies and with society as a whole, encourage fair competition, deem any form of corruption to be unacceptable, including bribery, collusion, corrupt payments, abuse of position, facilitation payments, etc.

Achievements and Targets

In line with legal obligations, DanSteel implemented a new whistleblowing procedure in 2022. This project is part of the recently updated NLMK Europe Code of Business Conduct and Ethics. In addition to the Code and the whistleblowing procedure, the Anti-Bribery and Conflict of Interest policies have also been updated. No breaches of the Code of Conduct were identified in 2024.

The procedure encourages the Company employees to act, and explains how, if they in their professional lives, may witness behaviours, actions or situations that make them uncomfortable, that challenge them and/or that seem to contradict Company values, ethics and/or the laws & rules of our European companies.

NLMK Europe has a reporting tool "ETHICSPPOINT platform" that offers safe and secure features (including non-traceability of whistle-blowers' identities). It allows the employees to submit a report at any time, from anywhere, from different devices.

	2024	2023	2022	2021	2020
Key figures and financial ratios	MEUR	MEUR	MEUR	MEUR	MEUR
Income statement					
Revenue	504	595	728	482	314
Gross profit/loss	54	76	114	36	24
Profit/loss on primary activities	-17	3	46	-52	-43
Operating profit/loss	-14	6	49	-16	-19
Financial income and expenses	-2	-3	0	-3	-1
Profit/loss for the year before tax	-16	4	50	-20	-20
Profit/loss for the year	-16	4	50	-20	-20
EBITDA	1	19	60	-6	-5
EBIT	-13	6	49	-17	-18
EBT	-16	4	50	-20	-20
Balance sheet					
Investments in tangible fixed assets	27	19	32	23	30
Balance sheet total	406	471	461	425	306
Equity	133	155	151	101	59
Key figures as %					
Gross margin	10.7	12.8	15.7	7.5	7.8
Profit margin	-2.9	1.1	6.7	-3.3	-6.0
Rate of return	-3.1	1.4	11.1	-4.4	-6.1
Rate of turnover receivables	5.8	6.7	8.5	7.4	6.0
Equity ratio (solvency ratio)	32.7	32.9	32.8	23.9	19.4
Return on equity	-12.2	3.3	32.8	-19.4	-34.1
Average number of employees	523	512	481	450	427
Net revenue per employee in EUR '000	964	1,162	1,514	1,072	731

The financial ratios are calculated in accordance with Finansforeningen's recommendations.

		2024	2023
Note	Statement of profit or loss	1,000 EUR	1,000 EUR
For the period 1 January - 31 December			
1	Revenue	503,972	595,115
	Cost of sales	-450,182	-518,802
	Gross profit	53,790	76,313
	Selling expenses	-41,495	-43,285
	General and administrative expenses	-29,668	-29,835
	Other operating income	2,965	3,225
	Tax, other than income tax	-32	-32
	Operating profit	-14,440	6,386
	Share in net result of subsidiary accounted for using the equity method	947	1,744
	Financial income	627	618
	Financial expenses	-3,356	-5,144
	Profit before income tax	-16,221	3,604
2	Income tax (expense)	0	0
	Profit of the year	-16,221	3,604
Proposal for distribution of net income:			
	Reserve for net revaluation according to the equity method	947	1,744
	Retained earnings	-17,169	1,860
	Total distribution of net income	-16,221	3,604
3	Staff costs		

Note	Assets	2024 1,000 EUR	2023 1,000 EUR
	Assets as at 31 December		
4	Land and buildings	62,828	64,505
5	Machinery and equipment	129,668	122,990
6	Construction in progress	16,805	17,016
	Tangible fixed assets	209,301	204,512
7	Investments in group enterprises	6,513	5,606
	Financial assets investments	6,513	5,606
	Total non-current assets	215,814	210,118
	Raw materials	61,976	69,728
	Work in process	35,193	47,214
	Finished goods	7,848	6,649
8	Inventories	105,017	123,591
	Trade receivables	64,899	89,955
	Receivables from group enterprises	0	25,993
9	Deferred tax assets	0	0
	Other account receivables	4,970	7,505
10	Prepayments	1,493	1,609
	Receivables	71,362	125,061
	Cash and cash equivalents	13,342	12,382
	Total current assets	189,722	261,074
	Total assets	405,536	471,152

Note	Equity and liabilities	2024 1,000 EUR	2023 1,000 EUR
Equity and liabilities as at 31 December			
11	Common stock	12,475	12,475
	Reserve for net revaluation according to equity method	6,523	5,576
	Retained earnings	113,567	137,134
	Total equity	132,565	155,184
	Other provisions	883	10
	Provisions	882	10
	Credit institutions	2,111	2,992
12	Total non-current payables	2,111	2,992
13	Credit institutions	1,101	96,897
	Advances received	139	1,474
	Trade payables	225,117	196,858
	Payables to group enterprises	30,037	0
	Other payables	13,584	17,736
	Total current payables	269,978	312,965
	Total liabilities and provisions	272,972	315,967
	Total equity and liabilities	405,536	471,152
14	Important matters		
15	Contingents liabilities		
16	Charges and securities		
17	Related Party transactions		

	2024	2023
Statement of changes in equity	1,000 EUR	1,000 EUR
Statement of changes in equity 1 January – 31 December		
Common stock 1 January	12,475	12,475
Common stock 31 December	12,475	12,475
Reserve for net revaluation 1 January	5,576	3,832
Allocation for the year to reserve	947	1,744
Reserve for net revaluation 31 December	6,523	5,576
Retained earnings 1 January	137,135	134,661
Retained earnings for the year	-17,169	1,860
Other corrections	-6,399	614
Retained earnings 31 December	113,567	137,135
Equity 31 December	132,565	155,184

Note	Statement of cash flows	2024 1,000 EUR	2023 1,000 EUR
	Net income or loss for the year	-16,221	3,604
	Depreciation and amortization of non-current assets	14,389	12,846
	Financial income	-627	-618
	Financial expenses	3,356	5,144
	Paid taxes	0	-2,011
	Other adjustments	948	-905
	Adjustments	18,066	14,457
	Change in inventories	18,574	26,587
	Change in receivables	53,699	-26,392
	Change in current payables	-42,987	102,160
	Change in working capital	29,286	102,355
	Interests received etc.	627	618
	Interests paid etc.	-3,356	-5,144
	Interest payments etc.	-2,729	-4,527
	Corporate tax paid	0	2,011
	Cash flow from operating activities	28,402	117,901
	Acquisition of property, plant and equipment	-26,561	-18,821
	Cash flow from investing activities	-26,561	-18,821
	Change in non-current payables	-881	-95,658
	Cash flow from financing activities	-881	-95,658
	Change in cash and cash equivalents	960	3,421
	Cash and cash equivalents 1 January	12,382	8,960
	Cash and cash equivalents 31 December	13,342	12,382
	Change in cash and cash equivalents	960	3,421

Notes		2024	2023
		1,000 EUR	1,000 EUR
1	Revenue		
	(a) Revenue by product		
	Flat products	453,966	539,536
	Scrap	23,818	27,930
	Other products	890	30
	Total revenue from sale of goods	478,674	567,496
	Revenue from transportation services	25,298	27,619
		503,972	595,115
	(b) Revenue by geographical area		
	Denmark	144,261	129,875
	Germany	113,692	109,047
	Poland	37,308	75,241
	Spain	41,559	57,239
	Finland	16,841	36,003
	United Kingdom	17,055	31,394
	Sweden	25,915	35,764
	European Union, other	84,268	95,354
	Other European countries	15,029	11,643
	Other regions	8,045	13,555
		503,972	595,115
2	Income tax		
	Tax of the year	0	0
	Adjustment of deffered tax	0	0
	Income tax	0	0

Notes	2024 1,000 EUR	2023 1,000 EUR
3 Staff costs		
Pay and remuneration	42,936	40,397
Pensions	4,365	3,692
Social security contributions and staff costs	41	59
Staff costs	47,342	44,148
<p>Average number of employees are 523. Remuneration for the executive board is summarized in staff costs, because the executive board only consists of one member, and the board of executives is not remunerated.</p>		
4 Land and buildings		
Cost 1 January	84,484	83,223
Additions during the year	1,349	1,261
Cost 31 December	85,833	84,484
Depreciation, amortisation and impairment 1 January	-19,979	-17,010
Depreciation and amortisation for the year	-3,027	-2,969
Depreciation and amortisation 31 December	-23,006	-19,979
Land and buildings	62,828	64,506
Of this, financially leased assets constitute	843	843
5 Machinery and equipment		
Cost 1 January	292,912	281,499
Additions during the year	18,546	11,648
Disposals during the year	-506	-234
Cost 31 December	310,952	292,912
Depreciation, amortisation and impairment 1 January	-169,922	-160,045
Depreciation and amortisation for the year	-11,362	-9,877
Depreciation and amortisation 31 December	-181,284	-169,922
Machinery and equipment	129,668	122,990
Of this, financially leased assets constitute	5,904	7,411

Notes	2024 1,000 EUR	2023 1,000 EUR
6 Construction in progress		
Cost 1 January	17,016	11,301
Additions during the year	6,936	5,912
Disposals during the year	-7,147	-197
Cost 31 December	<u>16,805</u>	<u>17,016</u>
Construction in progress	<u>16,805</u>	<u>17,016</u>
7 Investments in group enterprises		
Cost 1 January	<u>30</u>	<u>30</u>
Cost 31 December	<u>30</u>	<u>30</u>
Revaluations 1 January	5,576	3,832
Net profit from group enterprises investments	947	1,744
Other changes in equity	-40	0
Revaluations 31 December	<u>6,483</u>	<u>5,576</u>
Investments in group enterprises	<u>6,513</u>	<u>5,606</u>
Name	Registered in	Ownership share
NLMK Plate Baltic SIA	Latvia	100 %
8 Inventories		
Raw materials	61,976	69,728
Work in process	35,193	47,214
Finished goods	7,848	6,649
Inventories	<u>105,017</u>	<u>123,591</u>

Raw materials include spare parts of a value of EUR 25,118K (31 December 2023: EUR 16,064K).

Notes	2024	2023
	1,000 EUR	1,000 EUR
9		
Deferred tax assets		
Deferred tax assets 1 January	0	0
Deferred tax assets 31 December	0	0
<p>The company has a not recognised deferred tax assets with a value of EUR 44M (31 December 2023: EUR 40M).</p>		
10		
Prepayments		
Insurance	1,413	1,585
Other	80	24
Prepayments	1,493	1,609
11		
Common stock		
Common stock 1 January	12,475	12,475
Common stock 31 December	12,475	12,475
<p>As at 31 December 2024, the company's common stock consists of EUR 12,475K issued common shares with a value of 134 EUR each.</p>		
12		
Non-current payables		
1-2 years	820	885
2-5 years	1,011	1,834
Over 5 years	1,161	273
Total	2,992	2,992

Of this, leasing constitutes EUR 3M.

	2024	2023
Notes	1,000 EUR	1,000 EUR
13 Credit institutions (short term)		
Credit institutions	1,101	96,897
Total	1,101	96,897

Of this, leasing constitutes EUR 1M.

14 Important matters

NLMK DanSteel's main supplier of raw steel (slabs) is based in Russia.

The EU has introduced sanctions against the purchase of raw steel (slabs) in Russia. The EU sanctions against the purchase of raw steel were changed in December 2023 so that it is now possible to purchase raw steel from Russia until the beginning of October 2028. The previous EU sanction against the purchase of raw steel from Russia would have come into force from October 2024. NLMK DanSteel already buys raw steel from alternative suppliers (17% in 2024) and enters into close cooperation with the company's majority shareholder NLMK Belgium Holding to find new suppliers so that production at NLMK DanSteel can be maintained.

NLMK DanSteel's management, together with the company's main shareholder NLMK Belgium Holding, is positive about the company's future operations and the annual report has been prepared on a going concern basis.

15 Contingents liabilities

Floating Charge

The Company's assets are extensively pledged as security for its debt obligations and credit facilities. A registered floating charge with a principal amount of EUR 95 million has been granted in favor of Deutsche Bank AG, covering inventories of raw materials, work in progress, and finished goods with a carrying amount of EUR 105 million, as well as trade receivables amounting to EUR 65 million.

Moreover, the Company has granted a floating charge of approximately EUR 2.7 million covering intangible assets, including goodwill, domain names, patents, trademarks, and operating equipment and machinery.

A prohibition on pledging has also been registered with respect to the aforementioned inventories and receivables in favor of Deutsche Bank AG.

	2024	2023
Notes	1,000 EUR	1,000 EUR

As of December 31, 2024, the Company does not have any outstanding debt to Deutsche Bank AG.

Mortgages

Additionally, a registered mortgage deed totaling approximately EUR 134 million (DKK 1 billion) secures the Company's real estate assets located at Frederiksværk, which are recognized in the balance sheet at a carrying amount of EUR 63 million.

Furthermore, there is no debt secured by the mortgages on the real estate assets; however, the registered mortgages have not been cancelled and may be reactivated for future financing purposes.

16 Charges and securities

As security for commitment with the company's bank connection a registered business security of EUR 95M is registered. The company security includes inventories (raw materials, work in process and finished goods) and receivables from sales and services which per 31 December 2024 has a total accounting value of EUR 170M.

The company has issued guarantees amounting to USD 20,000 and EUR 333K for Deutsche Bank's account and risk in favour of third parties.

17 Related party transactions

NLMK Dansteel A/S related parties with controlling influence include the following:

NLMK Belgium Holding SA, La Louvière, Belgium, holding 100% of the share capital.

(a) Sales

NLMK North America Plates	720	4,797
NLMK Plate Baltic SIA	18,653	13,771
NLMK South Africa	1,661	3,194
NLMK Belgium Holdings S.A.	1778	1,580
Total sales	22,812	23,342

(b) Purchases

NLMK Trading S.A.	286,346	341,687
STEELENA DMCC	16,480	9,502
NLMK Belgium Holdings S.A.	5,291	5,690
Other related parties	1,762	273
Total purchases	309,879	357,152

Notes	2024	2023
	1,000 EUR	1,000 EUR
(c) Interest expenses		
NLMK Trading S.A.	0	242
NLMK Belgium Holdings S.A.	35	0
Total interest income	35	242
(d) Interest income		
NLMK Sales Europe S.A.	585	532
Tubes de Haren et Nimy S.A.	0	80
Total interest income	585	612
(e) Accounts receivable and advances given		
NLMK North America Plates	4,4	1,674
NLMK Plate Sales S.A.	2,412	0
NLMK South Africa	2,163	3,041
NLMK Plate Baltic SIA	3,537	6,026
NLMK Belgium Holdings S.A.	74	48
Other related parties	0,4	0
Total accounts receivable and advances given	8,190	10,790
(f) Accounts payable		
NLMK Trading S.A.	209,810	184,210
NLMK PJSC	0	95
NLMK CGF	79	
NLMK Belgium Holdings S.A.	276	1,745
Total accounts payable	210,165	186,050
(g) Loans given		
Tubes de Haren et Nimy S.A.	0	0
NLMK Sales Europe S.A.	0	25,993
Total loans given	0	25,993
(h) Interests on loans		
LLC NLMK Overseas Holdings	0	0
Total interests on loans	0	0

Accounting policies

General

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C large enterprises.

The financial statements were prepared using the same accounting policies as last year.

The Financial Statements for 2024 are presented in EURO.

Consolidated financial statements

In accordance with section 112 of the Danish Financial Statement Act, consolidated financial statements were not prepared, as the group is itself a subsidiary of a higher-ranking parent company (NLMK Belgium Holding SA).

General principles for recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective interest rate to maturity. Amortised cost is determined as original cost less any repayments and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

In recognition and measurement, foreseeable losses and risks are taken into consideration when arising before the annual report is prepared and proving or disproving matters existing on the balance sheet date.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Also recognized are expenses incurred to generate the earnings for the year, including depreciation, amortization, impairment losses and provisions, as well as reversals resulting from changes in accounting estimates of amounts previously recognized in the income statement.

Foreign currency translation

During the year, foreign currency transactions are translated at the exchange rates prevailing on the transaction date. Foreign currency receivables, payables and other items that have not been settled on the balance sheet date are translated at the exchange rates prevailing on the balance sheet date.

Realized and unrealized foreign currency translation adjustments are recognized in the income statement under net financials.

Accounting policies

Financial instruments are not used to hedge the value expressed in Danish currency of balance sheet items in foreign currencies and future foreign currency transactions.

Accounting policies

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement if the delivery and passing of risk to the buyer have taken place before the end of the financial year and if the amount of revenue can be determined reliably and is expected to be received. Revenue is recognized exclusive of VAT and less sales discounts.

Cost of sales

Production costs include cost, including depreciation and wages, incurred to achieve the net revenue. Trading companies recognize cost of sales and the producing companies corresponding to the net revenue. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing as well as depreciation on machinery and equipment.

Selling expenses

Distribution costs include costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year etc. This includes costs for sales staff, advertising and exhibition costs as well as depreciation.

General and administrative expenses

Administrative expenses include expenses incurred for the management and administration of the company, including expenses for the administrative staff, office premises and office expenses as well as depreciation.

Other operating income

Other operating income contains accounting items of a secondary nature in relation to the company's main activity.

Other operating expenses

Other operating expenses include items of a nature secondary to the company's activities, including loss at sales of intangible and tangible non-current assets.

Leases

Lease payments under contracts that are not finance leases or other rental agreements are recognized in the income statement over the term of the contracts. The company's total liabilities relating to leases and rental agreements are stated under rental and lease obligations.

Staff costs

Staff costs are allocated to the relevant functions in the Statement of Profit or Loss.

Accounting policies

Financial income and expenses

Net financials include interest income and expenses, financial expenses relating to finance leases, realized and unrealized capital gains and losses from foreign currency securities, payables and transactions, amortization of mortgage loans and surcharges and allowances under the tax prepayment scheme etc.

Results from group enterprises

Results from group enterprises are recognized in the income statement with the proportional share of the companies' results after adjusting for internal profit or loss.

Tax on net income or loss for the year

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

Accounting policies

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight-line basis, based on an estimate of the useful life and residual value of each asset.

The basis of depreciation is cost less estimated residual value at the end of the useful life. Cost includes the cost of acquisition and expenses directly related to the acquisition until the asset is ready for use. Land is not depreciated.

The depreciation period and residual value are determined at the time of acquisition and will be reassessed on an annual basis. If the residual value of the asset exceeds its book value, depreciation will be discontinued. When there is a change in the depreciation period or residual value, the effect on depreciation will be recognized on a forward-looking basis as a change in the accounting estimate.

Estimated useful lives are included as follows:	Depreciation period	Residual value
Buildings	25 years	20 %
Machinery and equipment	5 - 30 years	0-20 %

Profit or loss on the disposal of property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the time of sale. Profit or loss is recognized in the income statement under other operating income or other operating expenses.

Property, plant and equipment under leases and meeting the conditions for finance leases are treated under the same guidelines as those applying to owned assets.

Tangible fixed assets under construction are measured to accumulated payments until the asset is done and can be transferred to the correct category of assets.

Impairment losses on non-current assets

The carrying amount of intangible assets and property, plant and equipment is assessed every year to determine whether there are indications of any impairment of value beyond what is expressed in the amortization and depreciation charges.

If there are indications of impairment, an impairment test must be carried out for each individual asset or group of assets, respectively. An impairment charge is taken against the recoverable amount of the assets if that is lower than the carrying amount.

The higher of the net selling price and the value in use is used as the recoverable amount. The value in use is determined as the present value of the estimated net income from the use of the asset or asset group.

Accounting policies

Financial assets investments

Investments in group enterprises are recognized according to the intrinsic value method. The share of the year's profit is recognized in the income statement. In the balance sheet, the proportional ownership share is measured by the accounting net asset value calculated according to the parent company's accounting practices, corrected for unrealized intra-group profits or losses.

Group enterprises and associates with a negative equity value are recognized at DKK 0, and any receivables from these enterprises are written down by the parent company's share of the negative equity value to the extent that the receivable is deemed uncollectible. If the negative equity value exceeds receivables, the remaining amount of the negative equity value is recognized under provisions to the extent that the parent company has a legal or constructive obligation to cover the negative balances of these enterprises.

Total net revaluation of investments in group enterprises and associates is transferred via distribution of net income to 'Reserve for net revaluation according to the equity method' under equity. The reserve is reduced by dividend distributions to the parent company and adjusted by other changes in equity in group enterprises and associates.

Inventories

Inventories are measured at cost using the FIFO method or net realizable value where this is lower. Any write-downs of inventories to net realizable value are recognized in the income statement.

The net realizable value of inventories is calculated as the selling price less the costs of completion and expenses incurred to produce sales and is determined with a view to marketability, obsolescence and developments in expected selling price.

The cost of goods for resale as well as raw materials and consumables used includes the cost of acquisition plus delivery costs.

The cost of manufactured finished goods and work in progress includes all direct expenses, including materials and wages with addition of production overheads.

Receivables

Receivables are measured in the balance sheet at amortized cost, usually equivalent to nominal value. The values reduced by write-downs for expected losses following an assessment of each receivable.

Prepayments (recognized as assets)

Prepayments recognized as assets include expenses incurred in respect of subsequent financial years.

Cash

Includes cash and easily realizable securities which are subject to insignificant risk of changes in value.

Accounting policies

Reserve for net revaluation according to the equity value method

Reserve for net revaluation according to equity value includes net revaluation of capital shares in subsidiaries and associated companies in relation to cost price. The reserve can be eliminated by losses, realization of capital shares or changes in accounting estimates. The reserve cannot be recognized with a negative amount.

Other provisions

Provisions include expected costs of warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognized when, as a result of a past event, the company has a legal or constructive obligation, and it is probable that settlement of the obligation will result in drawing on the company's financial resources.

Provisions are measured at net realizable value or fair value if settlement of the obligation is expected to be far into the future.

Warranty commitments include obligations to remedy works within the warranty period of 1-5 years. Provisions are measured at net realizable value and recognized based on experience with warranty work.

When it is probable that total expenses will exceed total revenue from contract work in progress, provisions are made for the total expected loss amount on the contract. These provisions are recognized as expenses under production costs.

Payables

Payables are measured at cost, equivalent to nominal value.

Tax payable and deferred tax

Current tax liabilities and tax receivable are measured in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable for previous years and tax prepaid.

Deferred tax on temporary differences between the tax base of assets and liabilities and their carrying amounts is measured under the balance sheet liability method. Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallize as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

Cash flow statement

The cash flow statement is prepared according to the indirect method and shows the net cash flows broken down according to operating, investing and financing activities and the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and changes in working capital.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of property, plant and equipment and dividends.

Cash flows from financing activities comprise raising of loans and repayment of interest bearing debt.

Cash and cash equivalents comprise cash, short term securities which are readily convertible into cash, and which are subject only to insignificant risks of changes in value, with deduction of current payables to credit institutions.