Damstahl a/s

Danmarksvej 28, 8660 Skanderborg

CVR no. 23 25 61 18

Annual report 2022

Approved at the Company's annual general meeting on 22 May 2023

Chairman:

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Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Damstahl a/s for the financial year 1 January – 31 December 2022.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2022.

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

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

Skanderborg, 22 May 2023
Executive Board

Michael Lund Rauff Finnerup	Claus Bang Christiansen

Board of Directors:

Wolf Ehrenberg Chairman	Harry Ehrenberg Vice chairman	Mrs Ilona Senderowicz Vice chairman
Marc Ehrenberg	Ori Ehrenberg	

Independent auditors' report

To the shareholders of Damstahl a/s

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Damstahl a/s for the financial year 1 January –31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January –31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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 the financial statements.

Independent auditors' report

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

- Identify and assess the risks of material misstatement of the 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. 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 the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditors' report

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

Aarhus, 22 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised
Public Accountant
mne24820

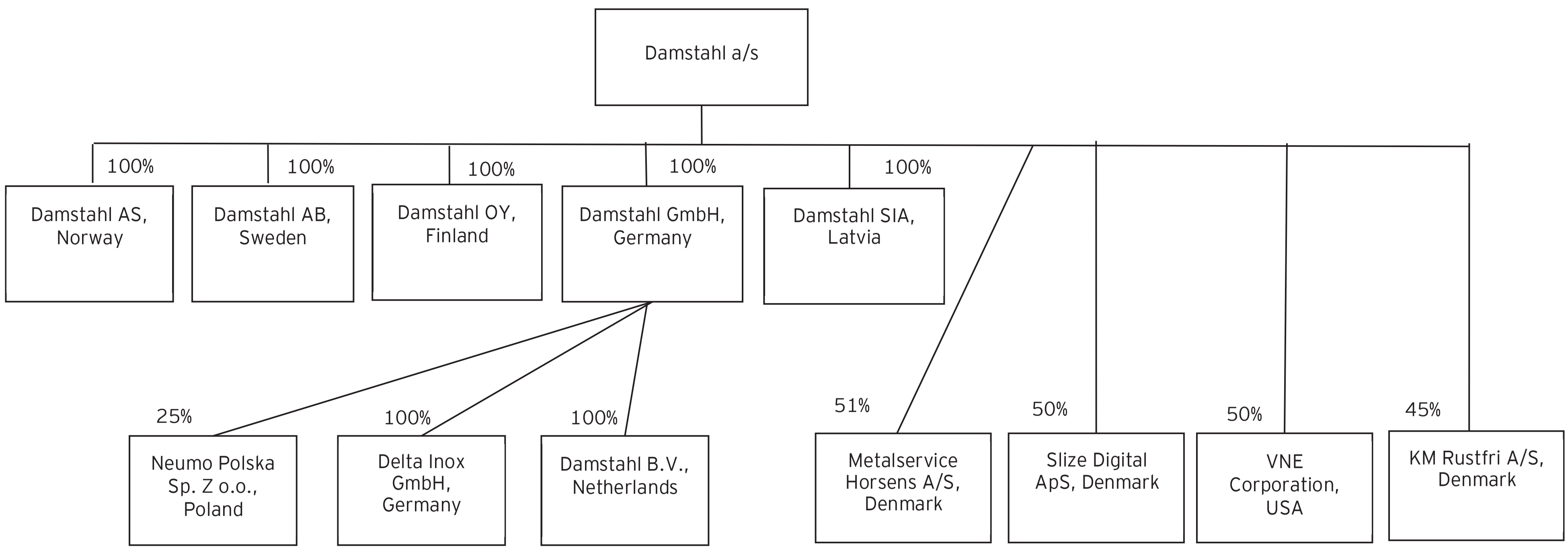
Management's review

Company details

Name	Damstahl a/s
Address, zip code, city	Danmarksvej 28, DK-8660 Skanderborg
CVR No.	23 25 61 18
Established	8 December 1969
Registered office	Skanderborg
Financial year	1 January – 31 December
Website	www.damstahl.com
E-mail	damstahl@damstahl.com
Telephone	+45 87 94 40 00
Board of Directors	Wolf Ehrenberg, CEO and Chairman
	Harry Ehrenberg, CEO and Vice Chairman
	Mrs Ilona Senderowicz, Vice Chairman
	Marc Ehrenberg
	Ori Ehrenberg
Executive Board	Michael Lund Rauff Finnerup, CEO
	Claus Bang Christiansen, CFO
Auditors	EY Godkendt Revisionspartnerselskab
	Værkmestergade 25, DK-8000 Aarhus C

Management's review

Group chart



Management's *review*

Financial highlights

EURm	2022	2021	2020	2019	2018
Key figures					
Revenue	434,5	296,2	252,4	275,9	259,9
Operating profit/loss	15,5	26,0	0,9	2,9	6,8
Profit/loss from financial income and expenses and other operating income	2,9	3,6	2,2	2,1	2,6
Profit/loss for the year	**13,9**	**23,2**	**2,5**	**3,7**	**7,1**
Non-current assets	54,4	46,9	44,0	36,6	31,8
Current assets	219,0	163,6	122,7	125,9	113,8
Total assets	**273,4**	**210,5**	**166,7**	**162,6**	**145,6**
Share capital	13,4	13,4	13,4	13,4	13,4
Equity	**122,4**	**115,0**	**93,1**	**91,7**	**89,7**
Non-controlling interests	2,9	0	0	0	0
Provisions	3,4	3,6	1,9	2,0	1,9
Non-current liabilities other than provisions	4,1	4,3	5,2	2,5	2,3
Current liabilities other than provisions	140,6	87,6	66,5	66,3	51,7
Cash flows from operating activities	-19,2	-11,8	10,9	-11,0	-12,0
Cash flows from investing activities	-10,7	-2,1	-8,8	-5,6	-4,2
Portion relating to investment in property, plant and equipment	-5,6	-0,5	-6,4	-1,4	-2,7
Cash flows from financing activities	33,3	8,7	2,8	-1,3	-1,5
Total cash flows	**3,4**	**-5,2**	**4,9**	**-17,8**	**-17,7**

Ratios	2022	2021	2020	2019	2018
Financial ratios					
Operating margin	3,5	8,8	0,4	1,0	2,6
Return on invested capital	6,2	13,5	0,6	1,9	5,1
Gross margin	16,3	24,9	16,7	17,0	18,1
Current ratio	155,8	186,8	184,5	189,9	220,1
Solvency ratio	44,8	54,6	55,8	56,4	61,6
Return on equity	11,7	22,3	2,7	4,1	8,1
Average number of full-time employees	352	316	305	313	280

For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

The company is a stockholder and distributor of stainless steel and related products.

Financial review

Profit/loss for the year

2022 was a year effected by gigantic price fluctuations. The outbreak of the Russian war against Ukraine caused the prices to explode late in February and the market conditions during the year were characterized by increasing prices during especially the first half year both as a consequence of the suddenly increase in Nickel end Q1, high energy prices and then uncertainty about the general availability of goods in the market. Towards the second half of the year, concerns about the economic development in the world began to increase based on real macroeconomic key figures. The whole industry as such was influenced by that with a declining demand and booming stocks both at the mills and stockholders throughout Europe. This resulted in prices dropping drastically and the prices of stainless steel were thereby back to the starting point of 2022.

Total volumes on the European market fell by 5% during 2022. The apparent demand, however, dropped even further due to restocking in the last half of 2022, and the global crude steel output fell by 11,5%. During most of the year, there was also a general oversupply into the market, this except for long products where the European market was highly influenced by the tragic accident at Ugitech France – a long term partner of Damstahl since 1989.

Overall, the Group increased their market shares in vital segments and markets. During the year, the Group expanded its physical presence in Eastern Europe by opening a new entity including a warehouse in Latvia. Further, the Group expanded its presence in Switzerland by opening a warehouse to serve BtB customers. Delta Inox grew fast based on a group of skilled people being onboarded in Q3. Finally, the group's +60 years of focusing solely on stainless changed by the acquisition of Metalservice Horsens A/S now adding aluminium and red metals to the product portfolio.

The actions around the green agenda, with a vision of creating transparency for our customers, increased throughout 2022. The focus on digitalization continued with great success as the digital penetration on Group level ended up at 65% and brought the Group a revenue of app. 130 MEUR.

Income statement

Consolidated revenue increased to KEUR 434.538 in 2022 from KEUR 296.186 in 2021. 25% of the growth in revenue derived from an increase in sales activities where the remaining 75% was price driven.

Despite the turbulent market situation, the Group's margin ended up being KEUR 70.791 compared to KEUR in 73.776 in 2021.

The Group's operating costs and staff costs increased from KEUR 45.669 to KEUR 52.266 in 2021. The increasing operation costs are like last year influenced by the ongoing focus in development of Group's e-commerce and ERP solution, all with the aim to optimize the business and increase the customer experience and generate substantial customer value. Beyond that, the operating costs are also influenced by the general higher prices during 2022 for i.e. freight, transportation and packaging material. And then the market expansions as well as the preparations for the new high racking systems in both Skanderborg and Langenfeld in Germany have also had an effect on the operational costs this year.

The Group realized a profit after tax of KEUR 13.926. The Group as such made the profit in first half year, whereas second half year was characterised by losses as consequences of the drop in prices. Beyond that, the year is impacted by a stock write down of KEUR 5.239 due to the price development. The final result is considered satisfying, however not extraordinary.

Balance sheet

The consolidated balance sheet totalled KEUR 273.368 against KEUR 210.464 in 2021. The Group's inventory increased by KEUR 43.403 during 2022, both as a consequence of the Group strategy on expanding its product offering, but also as a consequence of the increasing prices.

Self-financing continues to be high, and equity arrived at KEUR 125.257, corresponding to a solvency ratio of 45%.

Corporate social responsibility

The Group's corporate social responsibility report is accessible at the Company's webpage https://www.damstahl.dk/om-damstahl/csr/

Reporting on goals and policies regarding gender quotation on the Management Board

The Group's reporting on the gender quotation on the Board of Directors and policies for the gender quotation at other managerial levels are accessible at the Company's webpage https://www.damstahl.dk/om-damstahl/csr/.

Data ethics

We are following the guiding principles of EU GDPR related to the processing of personal data:

- Lawfulness, fairness, and transparency (when processing data)
- Purpose limitation (*collected for specified, explicit and legitimate purposes)*
- Data minimization ("need to have" focus)
- Accuracy (*kept up to date)*
- Storage limitation (*no longer than it is necessary)*
- Integrity and confidentiality (*appropriate security)*
- Accountability (*compliance)*

We are as a wholesaler (BtB) furthermore processing data concerning customers, suppliers, and products to be able to fulfill our purpose. We are also buying market information to support our internal decision making. We are following the same guiding principles within all data categories.

Like other business considerations, data ethics are considered in major strategic business decisions and underpin our business model, values, and vision. Our work with data ethics is anchored in our Business Support department. Decisions on the use of data and new technology are also anchored in the Executive Management, which continuously evaluates data ethics together with the other management levels and with the involvement of relevant employees. We are prioritizing that our employees are well informed about data ethics, data security and handling of personal data, among other things through continuous training and education.

Particular risks

General risks

Damstahl a/s is not subject to any risks other than normal business risks relating to the Company's business area.

The unstable macro environment exposes a risk for a slowdown in the global economy. If the current slowdown leads to a general recession, then stainless steel consumption will be effected and potentially will also the prices. Beyond that, there are still a large number of constrains in the value chain based on a number of antidumping cases and safeguard measures.

Management's review

Operating review

Financial risks

The Group conducts effective credit control and credit insurance to minimize the credit risks on its trade receivables.

The interest rate risk relating to interest-bearing current and non-current liabilities is assessed and controlled by Management on a regular basis. Operating credit lines are normally established by using variable interest rates, whereas loans regarding the financing of non-current assets to some extent, are made by using a fixed rate.

Risks in foreign currencies are monitored and controlled by Management in order to minimize foreign exchange risks. Transactions with subsidiaries are not hedged, nor are investments in foreign subsidiaries.

Risks related to underlying commodities in stainless steel such as nickel, chromium and molybdenum are monitored and controlled by Management on a continuous basis. During the year the Group started conducting hedging in the underlying commodities.

Outlook

In the beginning of 2023, we have experienced increasing nickel prices, but towards the end of Q1 prices are back on a more normal level.

In 2022, the Group started up two large construction projects, one in Langenfeld Germany and one in Skanderborg Denmark. The two central warehouses will be equipped with highly efficient and modern high bay technology and the internal logistic flow will be renewed. Both constructions will be finalized in Q2/Q3 2024, whilst a second construction in Langenfeld will be finalized in Q2 2025.

Further, the Group will continue developing the Group’s digital sales and especially the Commerce platform. The Damstahl Group is co-owner of the IT-company Slize Digital, a company which focusses on digital business development. Based on the co-work with Slize Digital, Damstahl will during 2023 launch further digital solutions for our customers such as new internal value sales enablement tools.

The first months of 2023 are on budget level, and throughout the year, the Group will continue its active growth strategy in cooperation with its customers and suppliers.

The results of operations for 2023 are far from predictable, but given the current market circumstances, a result on the range of KEUR 10.000 is expected, this however with a slimmed balance sheet further strengthening the solvency ratio of the Group.

Events after the balance sheet date

No events have occurred after the balance sheet date which materially affect the Company's financial position.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Income statement

		Consolidated		Parent company	
Note	EUR'000	2022	2021	2022	2021
3	**Revenue**	434.538	296.186	151.773	116.396
	Cost of sales	-363.769	-222.414	-137.946	-90.258
	Other operating income	22	4	0	0
	Gross profit	70.791	73.776	13.827	26.138
4	External operating costs	-27.514	-20.710	-6.440	-5.182
5	Staff costs	-25.152	-24.959	-7.258	-8.231
	Profit before depreciation/amortisation (EBITDA)	18.125	28.107	129	12.725
	Depreciation	-2.619	-2.140	-1.464	-1.122
	Operating profit/loss (EBIT)	15.506	25.967	-1.335	11.603
	Profit/loss from ordinary activities in subsidiaries	0	0	13.003	11.607
	Profit from ordinary activities in equity interests	2.338	2.718	1.425	1.923
6	Financial income	3.189	2.240	1.642	1.184
	Financial expenses	-2.668	-1.356	-955	-355
	Profit/loss from ordinary activities before tax (EBT)	18.365	29.569	13.780	25.962
7	Tax on profit/loss from ordinary activities	-4.439	-6.352	89	-2.745
	Profit/loss for the year	13.926	23.217	13.869	23.217
	The consolidated result can be specified as:				
	Shareholders in Damstahl a/s	13.869	23.217		
	Non-controlling interest's share	57	0		
		13.926	23.217		

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	EUR'000	Consolidated 2022	Consolidated 2021	Parent company 2022	Parent company 2021
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	IT software	6.777	7.391	6.777	7.391
	Goodwill	1.904	221	0	0
		8.681	7.612	6.777	7.391
9	**Property, plant and equipment**				
	Land and buildings	20.365	20.911	5.754	5.719
	Fixtures and fittings, tools and equipment	2.988	2.662	607	621
	Current projects	4.322	264	1.631	0
		27.675	23.837	7.992	6.340
	Investments				
10	Investments in subsidiaries	0	0	85.212	70.297
11	Investments in equity interests	17.956	15.445	14.005	12.118
	Deposits	59	0	0	0
		18.015	15.445	99.217	82.415
	Total non-current assets	54.371	46.894	113.986	96.146
	Current assets				
	Inventories				
	Goods for resale	149.427	106.024	45.699	36.368
	Prepayments for goods	359	566	0	0
		149.786	106.590	45.699	36.368
	Receivables				
	Trade receivables	55.319	46.838	21.771	20.989
12	Amounts owed by subsidiaries	0	0	27.106	3.334
	Amounts owed by equity interests	1.533	356	1.522	0
	Amounts owed by group entities	462	1.039	44	356
	Corporation tax refund	513	1.706	336	1.706
13	Deferred tax asset	305	366	0	0
	Other receivables	2.626	2.950	513	298
14	Prepayments	996	1.003	706	629
		61.754	54.258	51.998	27.312
	Securities				
	Cash at bank and in hand	7.457	2.722	1.156	37
	Total current assets	218.997	163.570	98.853	63.717
	TOTAL ASSETS	273.368	210.464	212.839	159.863

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Consolidated		Parent company	
Note	EUR'000	2022	2021	2022	2021
	EQUITY AND LIABILITIES				
15	**Equity**				
	Share capital	13.447	13.447	13.447	13.447
	Reserve for net revaluation according to the equity method	0	0	81.992	58.586
	Reserve for development costs	5.286	5.760	5.286	5.760
	Retained earnings	99.831	90.017	17.839	31.431
	Proposed dividends	3.800	5.820	3.800	5.820
	Damstahl a/s shareholders' share of equity	122.364	115.044	122.364	115.044
	Non-controlling interests	2.893	0	0	0
	Total equity	125.257	115.044	122.364	115.044
	Provisions				
13	Deferred tax	2.787	3.038	1.965	2.075
	Other provisions	600	606	0	0
	Total provisions	3.387	3.644	1.965	2.075
	Liabilities other than provisions				
16	**Non-current liabilities other than provisions**				
	Mortgage debt	4.093	4.322	4.093	4.322
		4.093	4.322	4.093	4.322
	Current liabilities other than provisions				
16	Current portion of non-current liabilities other than provisions	229	226	229	226
	Bank loans	99.229	60.467	74.656	31.045
	Trade payables	24.733	13.487	5.835	4.041
	Amounts owed to group entities	0	0	1.606	0
	Amounts owed to equity interests	0	75	0	23
	Amounts owed to other group entities	1.929	122	166	52
	Joint taxation contribution payable	0	74	0	74
	Corporation tax	6.922	3.885	0	0
	Other payables	7.589	9.118	1.925	2.961
		140.631	87.454	84.417	38.422
	Total liabilities other than provisions	144.724	91.776	88.510	42.744
	TOTAL EQUITY AND LIABILITIES	273.368	210.464	212.839	159.863

2 Events after the balance sheet date
17 Contingent liabilities and collateral
18 Related party disclosures
19 Proposed profit appropriation

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

EUR'000	Consolidated Share capital	Retained earnings	Reserve for development costs	Dividend proposed for the year	i alt/ Total equity
Equity at 1 January 2022	13.447	90.017	5.760	5.820	115.044
Foreign exchange adjustments	0	-859	0	0	-859
Equity transactions	0	130	0	0	130
Dividend distribution	0	0	0	-5.820	-5.820
Transfer, see "Appropriation of profit/loss"	0	10.543	-474	3.800	13.869
Equity at 31 December 2022	13.447	99.831	5.286	3.800	122.364

Note	EUR'000	Parent company Share capital	Net revaluation acc. to the equity method	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2022	13.447	58.586	5.760	31.431	5.820	115.044
	Foreign exchange adjustments	0	-859	0	0	0	-859
	Equity transactions	0	130	0	0	0	130
	Dividend distribution	0	0	0	0	-5.820	-5.820
17	Transfer, see "Appropriation of profit/loss"	0	24.135	-474	-13.592	3.800	13.869
	Equity at 31 December 2022	13.447	81.992	5.286	17.839	3.800	122.364

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Consolidated cash flow statement

EUR'000	2022	2021
Operating profit/loss	15.506	25.967
Adjustment for non-cash operating items:		
Depreciation/amortisation, etc.	2.619	2.140
Other adjustments	-1.168	-75
	16.957	28.032
Changes in working capital:		
Changes in inventories, trade receivables, etc.	-44.340	-44.790
Changes in trade payables, incl. group entities and other liabilities from operations	8.339	6.481
Cash flows from operating activities	-19.044	-10.277
Financing income	3.189	2.240
Financing expenses	-2.668	-1.356
Corporation tax paid, net	-683	-2.406
Cash flows from operating activities	-19.206	-11.799
Investments, etc.		
Acquisition of current and non-current assets, net	-10.692	-2.052
Cash flows from investing activities	-10.692	-2.052
Financing		
Dividends paid	-5.820	-1.750
Dividends distributed from equity interests	618	218
Non-current liabilities	-226	-223
Other cash flows from financing activities	38.763	10.424
Cash flows from financing activities	33.335	8.669
Cash flows for the year	3.437	-5.182
can be specified as follows:		
Cash and cash equivalents at 1 January	2.722	7.904
Cash flows from acquisitions during the year	1.298	0
Cash flows for the year	3.437	-5.182
Cash and cash equivalents at 31 December	7.457	2.722

The cash flow statement cannot be derived directly from the balance sheet and income statement.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Damstahl a/s for 2022 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the parent company, Damstahl a/s, and subsidiaries in which Damstahl a/s directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered equity interests.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' value of net assets or liabilities.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Foreign currency translation

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

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in receivables or payables and in equity. Income and expenses related to such hedges are transferred from equity by realisation of the hedged item and recognised in the same financial statement item as the hedged item.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020. Where goods sold are supplied on an

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

ongoing basis and integrated with the purchaser's property, the income is recognised in revenue as the goods are supplied, meaning that revenue corresponds to the selling price of work performed during the year.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other operating income

Other operating income comprise items secondary in relation to the primary activities of the Company, including, compensation, government grants, refund of wages and salaries, gains on the disposal of property, plant and equipment, etc.

External operating costs

External operating costs comprise costs of distribution, sale and advertising, administration, costs of premises and operating leases, etc.

Financial income and expenses

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

Tax on profit/loss from ordinary activities

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

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

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Amortisation is made over the estimated economic life without the determination of a residual value.

IT software

Capitalised IT software is measured at costs less accumulated amortisation and impairment losses.

Assets are amortised over 3-9 years.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount and due to reasons not considered temporary.

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 15 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

The carrying amount of goodwill is assessed regularly and amortised to the recoverable amount in the income statement if the impairment loss is not considered temporary.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

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

Buildings	10-50 years
Fixtures and fittings, tools and equipment	3-20 years

The depreciation period and the residual value are determined at the acquisition date and are reassessed on a yearly basis. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Fixtures and fittings, tools and equipment with a cost of less than EUR 3 thousand in the parent company are expensed in the year of acquisition.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount and due to reasons not considered temporary.

Gain and losses on the disposal of property, plant and equipment are recognised in the income statement as depreciation.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Investments in subsidiaries and equity interests

Income statement

The proportionate share of the individual subsidiaries' profits/losses is recognised in the income statement after full elimination of internal profit/loss and less amortised goodwill.

The proportionate share of the individual equity interests' profits/losses is recognised in the income statement after proportionate elimination of internal profit/loss.

Balance sheet

Investments in subsidiaries and equity interests are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and plus goodwill determined in accordance with the purchase method.

Investments in subsidiaries and equity interests with negative net asset values are measured at EUR 0 (nil), and any amounts owed by such entities are written down in so far as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and equity interests is recognised in the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Inventories

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

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and equity interests relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the Group.

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

Other provisions

Provisions comprise pension liabilities to employees in foreign subsidiaries. The liability is measured based on actuarial calculations. Adjustments in the provision for the year are recognised in the income statement as staff costs.

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

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

Financial liabilities also include the capitalised residual lease commitment in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Segment information

Information is provided on geographical markets only, as the Group has only one business segment.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Ordinary operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Ordinary operating profit x 100}}{\text{Average invested capital}}$
Invested capital incl. goodwill	Net-working capital, property, plant and equipment and intangible assets less other provisions and other non-current operating liabilities.
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

2 **Events after the balance sheet date**

No events have occurred after the balance sheet date which materially affect the Company's financial position.

3 **Segment information**

The Group's revenue is broken down by geographical segments as follows:

EUR'000	2022	2021
Denmark	108.837	76.830
Rest of the World	325.701	219.356
	434.538	296.186

4 **External operating costs**

Fees to the parent company auditors appointed at the annual general meeting are included in the item:

	Consolidated		Parent company	
EUR'000	2022	2021	2022	2021
Audit services	49	46	49	46
Tax services	35	1	35	1
Non-audit services	89	21	89	21
	173	68	173	68

5 **Staff costs**

	Consolidated		Parent company	
EUR'000	2022	2021	2022	2021
Wages and salaries	20.348	20.612	6.178	7.196
Pensions	1.318	1.279	635	672
Other social security costs	2.578	2.545	81	81
Staff costs	908	523	364	282
	25.152	24.959	7.258	8.231
Average number of employees	351	316	97	98

Remuneration to members of Management:				
Executive Board and Board of Directors	827	753	827	753

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

EUR'000	Consolidated 2022	Consolidated 2021	Parent company 2022	Parent company 2021
6 Financial income				
Interest income, etc. from subsidiaries	0	0	89	67
Other financial income	3.189	2.240	1.553	1.117
	3.189	2.240	1.642	1.184

EUR'000	Consolidated 2022	Consolidated 2021	Parent company 2022	Parent company 2021
7 Tax on profit/loss from ordinary activities				
Current tax	4.902	4.298	0	1.026
Joint taxation	0	74	0	74
Adjustment of deferred tax	-134	2.009	-111	1.645
Adjustments regarding previous years	-349	-29	2	0
Non-refundable dividend tax	20	0	20	0
	4.439	6.352	-89	2.745

8 **Intangible assets**

	Consolidated			
EUR'000	IT software	Goodwill	Development projects in progress	Total
Cost at 1 January 2022	8.529	1.395	0	9.924
Foreign exchange rate adjustments	-3	-72	0	-75
Additions regarding acquisitions	0	1.890	0	1.890
Additions	432	0	0	432
Disposals	-61	0	0	-61
Transfer	0	0	0	0
Cost at 31 December 2022	8.897	3.213	0	12.110
Amortisation and impairment losses at 1 January 2022	1.138	1.174		2.312
Foreign exchange rate adjustments	3	-3		0
Amortisation	1.040	138		1.178
Disposals	-61	0		-61
Amortisation and impairment losses at 31 December 2022	2.120	1.309		3.429
Carrying amount at 31 December 2022	6.777	1.904	0	8.681
Amortised over	3-9 years	10-15 years		

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

8 Intangible assets (continued)

	Parent company		
EUR'000	IT software	Development projects in progress	Total
Cost at 1 January 2022	8.344	0	8.344
Foreign exchange rate adjustments	0	0	0
Additions	432	0	432
Disposals	-61	0	-61
Transfer	0	0	0
Cost at 31 December 2022	8.715	0	8.715
Amortisation and impairment losses at 1 January 2022	953		953
Foreign exchange rate adjustments	0		0
Amortisation	1.040		1.040
Disposals	-55		-55
Amortisation and impairment losses at 31 December 2022	1.938		1.938
Carrying amount at 31 December 2022	6.777	0	6.777
Amortised over	3-9 years		

9 Property, plant and equipment

	Consolidated			
EUR'000	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	34.905	10.511	264	45.680
Foreign exchange rate adjustments	-652	-151	0	- 803
Additions regarding acquisitions	0	298	0	298
Additions	624	875	4.058	5.557
Disposals	0	-283	0	-283
Cost at 31 December 2022	34.877	11.250	4.322	50.449
Depreciation and impairment losses at 1 January 2022	13.994	7.849		21.843
Foreign exchange rate adjustments	-225	-132		-357
Depreciation	743	628		1371
Disposals	0	-83		-83
Depreciation and impairment losses at 31 December 2022	14.512	8.262		22.774
Carrying amount at 31 December 2022	20.365	2.988	4.322	27.675
Depreciated over	10-50 years	3-20 years		

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

9 Property, plant and equipment (continued)

	Parent company			
EUR'000	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	12.817	4.481	0	17.298
Additions	294	202	1.631	2.127
Disposals	0	-128	0	- 128
Cost at 31 December 2022	13.111	4.555	1.631	19.297
Depreciation and impairment losses at 1 January 2022	7.098	3.860		10.958
Depreciation	259	171		430
Disposals	0	-83		- 83
Depreciation and impairment losses at 31 December 2022	7.357	3.948		11.305
Carrying amount at 31 December 2022	5.754	607	1.631	7.992
Depreciated over	10-50 years	3-20 years		

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

10 Investments in subsidiaries

	Parent company	
EUR'000	2022	2021
Carrying amount at 1 January	70.297	58.212
Foreign exchange rate adjustment	-1.631	-523
Profit/loss for the year	13.003	11.607
Other adjustments	3.543	1.001
Carrying amount at 31 December	85.212	70.297

Other adjustments include acquisition of goodwill EUR 1.890 thousand.

Rationale for choice of goodwill amortisation periods

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 15 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

Goodwill is amortised on a straight-line basis over a amortisation period of 10-15 years.

Name and registered office	Ownership
Damstahl AS, Bergen, Norway	100 %
Damstahl AB, Malmø, Sweden	100 %
Damstahl OY, Hämeenlinna, Finland	100 %
Damstahl GmbH, Langenfeld, Germany	100 %
Damstahl SIA, Grobina, Latvia	100 %
Metalservice Horsens A/S, Horsens, Denmark	51 %

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

11 Investments in equity interests

	Consolidated		Parent company	
EUR'000	2022	2021	2022	2021
Carrying amount at 1 January	15.445	12.514	12.118	9.541
Distributed dividends	-618	-218	-405	0
Equity transactions	130	0	130	0
Profit/loss for the year	2.338	2.718	1.425	1.923
Other adjustments	661	431	737	654
Carrying amount at 31 December	17.956	15.445	14.005	12.118

Goodwill is amortised on a straight-line basis over a amortisation period of 15 years.

Name and registered office	Consolidated Ownership	Parent Ownership
Equity interests		
Slize Digital ApS, Skanderborg, Denmark	50 %	50 %
KM Rustfri A/S, Skive, Denmark	45 %	45 %
VNE Corporation, Janesville, USA	50 %	50 %
Neumo Polska Sp. Z o.o., Strobów, Poland	25 %	0%

12 Amounts owed by subsidiaries

The Damstahl Group has a cash pool arrangement agreement with Nordea, where Damstahl a/s is the account holder and the Company's subsidiaries are the sub-account holder. The agreed terms of the cash pool arrangement give Nordea the right to settle withdrawals and deposits with each other, whereby only the net balance of the total cash pool accounts constitutes Damstahl a/s' balance with Nordea. The subsidiaries' accounts in the cash pool arrangement, which are included under amounts owed by subsidiaries, is on 31 December 2022 a debt of KEUR 17.673.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

13 Deferred tax

EUR'000	Consolidated 2022	Consolidated 2021	Parent company 2022	Parent company 2021
Carrying amount at 1 January	2.672	686	2.075	441
Foreign exchange rate adjustment	-56	-12	0	0
Adjustments regarding previous years	0	-11	1	-11
Adjustment of deferred tax	-134	2.009	-111	1.645
Carrying amount at 31 December	2.482	2.672	1.965	2.075
Deferred tax asset	-305	-366	0	0
Deferred tax	2.787	3.038	1.965	2.075
	2.482	2.672	1.965	2.075

14 Prepayments

Prepayments consist of prepaid costs.

15 Share capital

The share capital consists of 1 share of DKK 100 million (EUR 13,4 million).

The share capital has not been subject to changes for the past five years.

16 Amounts owed to mortgage credit institutions and banks

Liabilities are broken down as follows:

EUR'000	Consolidated 2022	Consolidated 2021	Parent company 2022	Parent company 2021
Mortgage credit institutions				
Non-current	4.093	4.322	4.093	4.322
Current	229	226	229	226
Total liabilities	4.322	4.548	4.322	4.548
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	3.152	3.391	3.152	3.391

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

17 Contingent liabilities and collateral

Contingent liabilities

	Consolidated		Parent company	
EUR'000	2022	2021	2022	2021
Lease obligations (operating leases) falling due within 5 years	3.801	3.171	777	862
Damstahl a/s guarantees for all existing liabilities in the subsidiary Damstahl GmbH	0	0	42.788	24.625
Guarantees for bank loans in other subsidiaries	0	0	16.624	17.128
Guarantees for equity interests	4.068	4.100	4.068	4.100
Guarantees for affiliated companies	7	472	7	472
Guarantee for rent in affiliated companies	0	34	0	34

** Damstahl GmbH has made use of the preparation and disclosure facilitations under section 264 (3) of The German Commercial Code*

Collateral

	Consolidated		Parent company	
EUR'000	2022	2021	2022	2021
The following assets have been provided as collateral for mortgages:				
Land and buildings with a carrying amount of	3.941	4.118	3.941	4.118

18 Related party disclosures

Damstahl a/s' related parties comprise the following:

Parties exercising control

Snel AG, Switzerland, owns the entire share capital in the Company.

Other related parties

The Company's related parties comprise the Board of Directors, the Executive Board and subsidiaries. Related parties also comprise group entities in the Ehrenberg Group.

Related party transactions

Group

EUR'000	2022	2021
Sales to group entities incl. equity interests	11.079	8.998
Bought from group entities incl. equity interests	3.206	2.444
Financial income from group entities incl. equity interests	34	13
Amounts owed by equity interests (asset)	1.533	0
Amounts owed by group entities (asset)	462	356
Amounts owed to equity interests (debt)	161	1.039
Amounts owed to group entities (debt)	1.929	122

Transactions with related parties consist of not consolidated group entities of the parent company Snel AG.

Consolidated financial statement and parent company financial statements for the period 1 January – 31 December

Notes

18 Related party disclosures (continued)

Parent company

EUR'000	2022	2021
Sales to subsidiaries, equity interests and group entities	42.565	34.443
Bought from subsidiaries, equity interests and group entities	9.754	5.095
Financial income from subsidiaries, equity interests and group entities	124	80
Amounts owed by subsidiaries	27.106	3.334
Amounts owed by equity interests	1.522	356
Amounts owed to group entities	1.650	0
Amounts owed to equity interests	166	75

Apart from distribution of dividend, no other transactions were carried out with shareholders during the year.

Remuneration of the Parent Company's Executive Board and the Board of Directors is disclosed in note 5.

19 Proposed profit appropriation

	Parent company	
EUR'000	2022	2021
Proposed dividends	3.800	5.820
Reserve for net revaluation according to the equity method	24.135	13.530
Reserve for development costs	-474	838
Retained earnings	-13.592	3.029
	13.869	23.217

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Claus Bang Christiansen
Chairman of the Meeting
Serial number: c3fa6e75-7253-4566-9198-746ff9095c70
IP: 194.182.xxx.xxx
2023-05-23 14:51:07 UTC

Claus Bang Christiansen
CFO
On behalf of: Executive Board
Serial number: c3fa6e75-7253-4566-9198-746ff9095c70
IP: 194.182.xxx.xxx
2023-05-23 14:52:16 UTC

Michael Lund Rauff Finnerup
CEO
On behalf of: Executive Board
Serial number: 2fd0779a-7f96-43fa-97fd-c7065dec3c12
IP: 194.182.xxx.xxx
2023-05-24 11:46:09 UTC

Ilona Senderowicz
Vice Chairman of the Board
Serial number: ilonasender@gmail.com
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Ilona Senderowicz

Wolf Ehrenberg
Chairman of the Board
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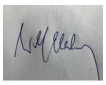

Marc Ehrenberg
Board Member
Serial number: marcehrenberg@gmx.de
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2023-05-26 12:27:50 UTC

Marc Ehrenberg

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