

Damstahl a/s

Danmarksvej 28, 8660 Skanderborg

CVR no. 23 25 61 18

Annual report 2023

Approved at the Company's annual general meeting on 31 May 2024

Chairman:

A handwritten signature in blue ink, appearing to read "Claus B.", is written over a horizontal dotted line.



Contents

Statement by Management on the annual report	2
Independent auditors' report	3
Management's review	6
Company details	6
Group chart	7
Financial highlights	8
Operating review	10
Consolidated financial statement and parent company financial statements for the period 1 January - 31 December	13
Income statement	13
Balance sheet	14
Statement of changes in equity	16
Consolidated cash flow statement	17
Notes	18



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 2023.

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 2023 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 2023.

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, 16 May 2024
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 2023, 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 2023 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 2023 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, 16 May 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised
Public Accountant
mne24820



Management's review

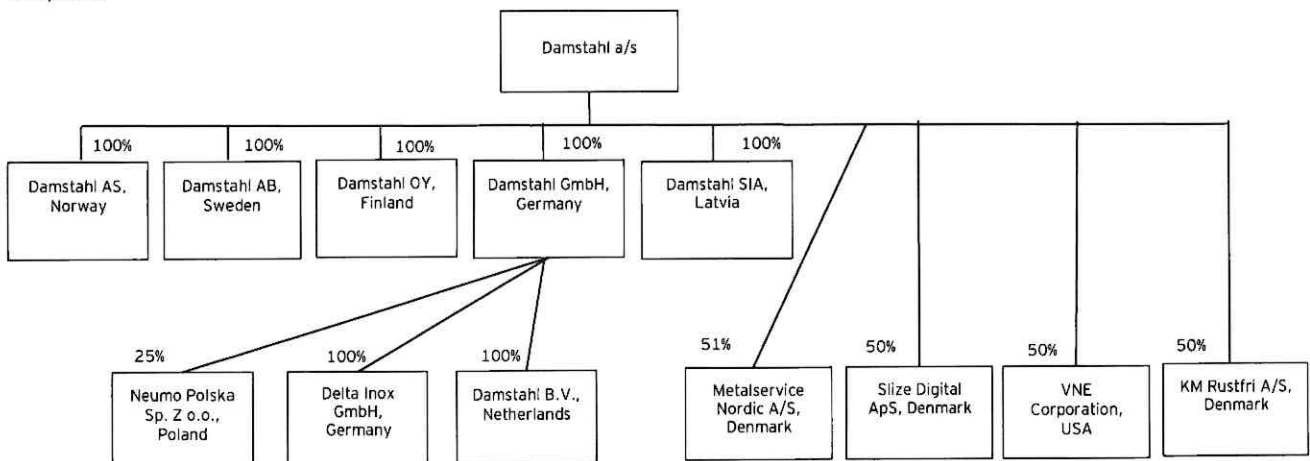
Company details

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	2023	2022	2021	2020	2019
Key figures					
Revenue	397,0	434,5	296,2	252,4	275,9
Operating profit/loss	-13,1	15,5	26,0	0,9	2,9
Profit/loss from financial income and expenses and other operating income	-2,9	2,9	3,6	2,2	2,1
Profit/loss for the year	-12,2	13,9	23,2	2,5	3,7
Non-current assets	53,4	54,4	46,9	44,0	36,6
Current assets	193,8	219,0	163,6	122,7	125,9
Total assets	247,2	273,4	210,5	166,7	162,6
Share capital	13,4	13,4	13,4	13,4	13,4
Equity	105,7	122,4	115,0	93,1	91,7
Non-controlling interests	2,8	2,9	0	0	0
Provisions	1,5	3,4	3,6	1,9	2,0
Non-current liabilities other than provisions	14,4	4,1	4,3	5,2	2,5
Current liabilities other than provisions	122,8	140,6	87,6	66,5	66,3
Cash flows from operating activities	13,6	-19,2	-11,8	10,9	-11,0
Cash flows from investing activities	2,0	-10,7	-2,1	-8,8	-5,6
Portion relating to investment in property, plant and equipment	-6,6	-5,6	-0,5	-6,4	-1,4
Cash flows from financing activities	0,6	33,3	8,7	2,8	-1,3
Total cash flows	16,2	3,4	-5,2	4,9	-17,8
Ratios					
Financial ratios					
Operating margin	-3,3	3,5	8,8	0,4	1,0
Return on invested capital	-6,4	6,2	13,5	0,6	1,9
Gross margin	10,5	16,3	24,9	16,7	17,0
Current ratio	157,8	155,8	186,8	184,5	189,9
Solvency ratio	42,8	44,8	54,6	55,8	56,4
Return on equity	-11,1	11,7	22,3	2,7	4,1
Average number of full-time employees	362	352	316	305	313

For terms and definitions, please see the accounting policies.

Management's review

Financial highlights (continued)

	2023	2022	2021	2020	2019
Gender composition of management					
<i>Supreme governing body¹:</i>					
Total number of members	5	-	-	-	-
Underrepresented gender in percent	20%	-	-	-	-
Target gender in percent	30%	-	-	-	-
Target year	2028	-	-	-	-
<i>Management²:</i>					
Total number of members	10	-	-	-	-
Underrepresented gender in percent	20%	-	-	-	-
Target gender in percent	40%	-	-	-	-
Target year	2028	-	-	-	-

¹ In compliance with §99b of the Danish Financial Statements Act, our company is committed to promoting gender diversity within our governance structures. Currently, the Supreme Governing Body (the Board) of our company is composed solely of family members and consists of 5 members, where 20% are of the underrepresented gender. This unique structure significantly influences the selection process and composition of our board. Recognizing the importance of gender diversity, we are setting a prospective target, aiming for at least 30% representation of the underrepresented gender on our Board by 2028. This target is ambitious given our familial governance framework and depends on suitable circumstances within the family structure allowing for such representation. We will regularly review and adapt our approach to this target in line with evolving family participation in the business and the potential introduction of non-family members to our Board if needed to achieve our diversity goals. In 2023, we proactively addressed the inclusion of the underrepresented gender in our strategic considerations for the preparation of generational changes within the owner family. By inviting diverse perspectives, we ensure that our transition plans are equitable and reflective of our commitment to gender inclusivity. There have not been any replacements or additions to the Board this year.

² We have set a goal to achieve at least 40% representation of the underrepresented gender among our management team by 2028. The management level includes the Executive Board and all persons with managerial responsibility, who refer directly to the first level of management. Currently, women comprise 20% of our management team, corresponding to 2 out of 10 managers. To effectively move towards our target, we are implementing a robust hiring and promotion strategy.

We understand the importance of ambitious targets in driving organizational change. Thus, for every new hiring opportunity or promotional advancement, we will ensure that candidates of both genders are presented. This approach is designed to eliminate any potential biases in our selection process and to open opportunities for all talented individuals within our organization. It is essential to emphasize that while we strive to enhance gender diversity, our selection criteria will remain rooted in qualifications, skills, and the overall contribution to our company's goals. Our commitment to diversity does not compromise our standards of excellence; rather, it enhances our ability to tap into a wide range of talents and perspectives.

Additionally, we have established an internal policy in 2023 that mandates the presentation of both genders for any vacancies. This policy not only supports our diversity targets but also reinforces our dedication to fairness and equal opportunity in our employment practices. No changes to the managerial composition occurred in the current financial year. The existing members of management, selected based on experience, expertise, and competencies relevant to the roles, remained un-changed.

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

Based on global macroeconomic uncertainties, 2023 was highly affected by constant price decreases. The continued drop in nickel prices caused material damage to the value of stainless steel and thereby to the result of the Group. Nor was there any comforting development in the European PMI. The industry as such was influenced by a declining demand and high stocks both at the mills and stockholders throughout Europe. Focus on reducing stocks was present already from beginning of the year, but increased significantly in Q3.

Real demand in the European market fell by 10-15% during 2023, this according to SMR - Steel & Metals Market Research GmbH makes 2023 "one of its most challenging years". The most effected product area was long products where price drops and a weak market turned into a dangerous cocktail.

The Damstahl Group's overall volume remained on the exact same tonnage level as in 2022. The strategic focus area, Fittings & Flanges even exceeded expectations with a total revenue growth of 25% and thereby reaching the strategic goal set in 2019. Given the fact that real demand dropped, the Group thereby ended up taking market shares in vital market segments and countries.

The actions around the green agenda, with a vision of creating transparency for our customers, increased throughout 2023 with the introduction of our Climate Calculator, insuring support to our customers on their future CSRD reporting. The focus on digitalization continued with great success as the digital penetration on Group level ended up at 75% and brought the Group a revenue of approx. 165 MEUR, being an increase of 35 MEUR despite the dropping prices. Based on these many accomplishments within the digital field, Damstahl took 3 digital awards including the gold medal; this for sure motivates us to continue our rapid digital transformation where AI and RPA will play an increasing part of our strategy, all with mission of creating more value for our customers as well as other stakeholders.

Income statement

Consolidated revenue decreased from KEUR 434.538 in 2022 to KEUR 396.975 in 2023. The prices of stainless steel dropped by app. 25% in the period with only few fluctuations during the year. This turbulent market situation effected the Group's margin, which ended up being KEUR 41.588 compared to KEUR 70.791 in 2022. The effect of the negative price development caused a negative windfall effect of KEUR 21.096 and is the primary reason for not fulfilling the expectations as stipulated in the outlook in the annual report for 2022. Further to the negative windfall effect, the year is also impacted by a stock write down of KEUR 5.402 due to the price development.

The Group's operating costs and staff costs increased from KEUR 52.266 to KEUR 57.164 in 2023. The increasing operation costs are affected by external factors such as inflation and transportation costs. Additionally, the cost base was also influenced by a continuous improvement of the ERP-system and by project related costs to preparing for the 3 new high bays currently under construction, wherefrom the first in Langenfeld, Germany and Skanderborg, Denmark will be ready in the summer of 2024.

The increasing market interest rates also influenced the Group's result, and the interest costs ended up by KEUR 5.694. On the other hand, the Group realized an extraordinary income from selling of assets with a value of KEUR 5.175.

The Group realized a profit after tax of KEUR -12.260 against a 2022 result of KEUR +13.926. The financial result does not meet expectations, and thus the result is considered unsatisfying.

Management's review

Balance sheet

The consolidated balance sheet totalled KEUR 247.161 against KEUR 273.368 in 2022. The Group's inventory decreased by KEUR 34.387 during 2023, this as a combination of lower average cost prices and a result of our improvements in disciplined inventory management. Beyond that, the Group increased its work with strategic financing during the year all with the aim of slimming the balance.

Self-financing continues to be high, and equity arrived at KEUR 108.457, corresponding to a solvency ratio of 42,8%.

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 still exposes a risk for a further slowdown in the global economy. 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

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 or using interest swaps.

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 conducted limited hedging in the underlying commodities.

Outlook

In the beginning of 2024, we have experienced further decreasing nickel prices, but towards the end of Q1 prices are back on a more normal level which means that small price increases in Q2 2024 are expected.

The first months of 2024 are on budget level; however, by the end of Q1 into Q2 general demand in the market is somehow surging. Despite the prevailing uncertainties, the Group will continue its active growth strategy in cooperation with its customers and suppliers. The further development of our focus on sustainability and knowledge within stainless steel will continue to positively differentiate the Damstahl Group.

Around summer, the Group will be ready for operation with the two first high bays out of three. One in Skanderborg in Denmark and one in Langenfeld in Germany. They will be equipped with highly efficient and modern high bay technology and the internal logistic flow will be renewed. The third high bay in Langenfeld will be finalized in Q3 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, the Group will during 2024 launch further digital solutions for our customers such as new pricing tool.

The results of operations for 2024 are far from predictable, but given the current market circumstances, a positive result in the range of 5-10 MEUR is expected, and focus will also be on 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

Note	EUR'000	Consolidated		Parent company	
		2023	2022	2023	2022
4	Revenue	396.975	434.538	141.287	151.773
	Cost of sales	-355.387	-363.769	-129.813	-137.946
	Other operating income	0	22	0	0
	Gross profit	41.588	70.791	11.474	13.827
5	External operating costs	-30.054	-27.514	-7.555	-6.440
6	Staff costs	-27.110	-25.152	-6.973	-7.258
	Profit before depreciation/amortisation (EBITDA)	-15.576	18.125	-3.054	129
	Depreciation	2.482	-2.619	-1.502	-1.464
	Operating profit/loss (EBIT)	-13.094	15.506	-4.556	-1.335
	Profit/loss from ordinary activities in subsidiaries	0	0	-7.871	13.003
	Profit from ordinary activities in equity interests	790	2.338	182	1.425
7	Financial income	2.001	3.189	1.967	1.642
	Financial expenses	-5.694	-2.668	-2.995	-955
	Profit/loss from ordinary activities before tax (EBT)	-15.997	18.365	-13.273	13.780
8	Tax on profit/loss from ordinary activities	3.737	-4.439	1.126	89
	Profit/loss for the year	-12.260	13.926	-12.147	13.869
	The consolidated result can be specified as:				
	Shareholders in Damstahl a/s	-12.147	13.869		
	Non-controlling interest's share	-113	57		
		-12.260	13.926		

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

Balance sheet

Note	EUR'000	Consolidated		Parent company	
		2023	2022	2023	2022
		EQUITY AND LIABILITIES			
16	Equity				
	Share capital	13.418	13.447	13.418	13.447
	Reserve for net revaluation according to the equity method	0	0	69.553	81.992
	Reserve for development costs	4.685	5.286	4.685	5.286
	Retained earnings	87.580	99.831	18.027	17.839
	Proposed dividends	0	3.800	0	3.800
	Damstahl a/s shareholders' share of equity	105.683	122.364	105.683	122.364
	Non-controlling interests	2.774	2.893	0	0
	Total equity	108.457	125.257	105.683	122.364
	Provisions				
14	Deferred tax	910	2.787	665	1.965
	Other provisions	577	600	0	0
	Total provisions	1.487	3.387	665	1.965
	Liabilities other than provisions				
17	Non-current liabilities other than provisions				
	Mortgage debt	8.252	4.093	8.252	4.093
	Bank loans	6.032	0	0	0
	Other non-current liabilities	133	0	133	0
		14.417	4.093	8.385	4.093
	Current liabilities other than provisions				
17	Current portion of non-current liabilities other than provisions				
		400	229	400	229
	Bank loans	91.042	99.229	81.125	74.656
	Trade payables	18.755	24.733	4.795	5.835
	Amounts owed to group entities	0	0	1.120	1.606
	Amounts owed to equity interests	0	0	0	0
	Amounts owed to other group entities	1.275	1.929	234	166
	Joint taxation contribution payable	0	0	0	0
	Corporation tax	3.819	6.922	0	0
	Other payables	7.509	7.589	2.220	1.925
		122.800	140.631	89.894	84.417
	Total liabilities other than provisions	137.217	144.724	98.279	88.510
	TOTAL EQUITY AND LIABILITIES	247.161	273.368	204.627	212.839

- 1 Accounting policies
- 2 Events after the balance sheet date
- 3 Special items
- 18 Derivative financial instruments
- 19 Contingent liabilities and collateral
- 20 Related party disclosures
- 21 Proposed profit appropriation



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

Statement of changes in equity

Note	EUR'000	Consolidated				
		Share capital	Retained earnings	Reserve for development costs	Dividend proposed for the year	Total equity
		13.447	99.831	5.286	3.800	122.364
		-29	-395	-12	-8	-444
		0	-382	0	0	-382
		0	84	0	0	84
		0	0	0	-3.792	-3.792
		0	-11.558	-589	0	-12.147
		13.418	87.580	4.685	0	105.683

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
		13.447	81.992	5.286	17.839	3.800	122.364
		-29	-356	-12	-39	-8	-444
		0	0	0	-382	0	-382
		0	0	0	84	0	84
		0	0	0	0	-3.792	-3.792
21		0	-12.083	-589	525	0	-12.147
		13.418	69.553	4.685	18.027	0	105.683

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

Consolidated cash flow statement

EUR'000	2023	2022
Operating profit/loss	-13.094	15.506
Adjustment for non-cash operating items:		
Depreciation/amortisation, etc.	-2.482	2.619
Other adjustments	-653	-1.168
	-16.229	16.957
Changes in working capital:		
Changes in inventories, trade receivables, etc.	42.637	-44.340
Changes in trade payables, incl. group entities and other liabilities from operations	-6.712	8.339
Cash flows from operating activities	19.696	-19.044
Financing income	2.001	3.189
Financing expenses	-5.694	-2.668
Corporation tax paid, net	-2.357	-683
Cash flows from operating activities	13.646	-19.206
Investments, etc.		
Acquisition and disposal of intangible assets, net	-676	-432
Acquisition and disposal of tangible assets, net	3.958	-5.357
Acquisition and disposal of other non-current assets, net	-1.312	-4.903
Cash flows from investing activities	1.970	-10.692
Financing		
Dividends paid	-3.792	-5.820
Dividends distributed from equity interests	2.080	618
Non-current liabilities	-282	-226
Proceeds from incurring mortgage debt and non-current bankloans	10.777	0
Other cash flows from financing activities	-8.187	38.763
Cash flows from financing activities	596	33.335
Cash flows for the year	16.212	3.437
can be specified as follows:		
Cash and cash equivalents at 1 January	7.457	2.722
Cash flows from acquisitions during the year	0	1.298
Cash flows for the year	16.212	3.437
Cash and cash equivalents at 31 December	23.669	7.457

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 2023 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.

Cash, bank loans and cashpool arrangements

Given the nature of the Group's cash-pool arrangement, cash pool balances are not considered cash or bank loans, but are recognized under "Amounts owed by subsidiaries".

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.

Hedging reserve

The hedging reserve comprises the cumulative net change after tax in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

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

Notes

1 Accounting policies (continued)

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.

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.

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

Notes

1 Accounting policies (continued)

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.

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	$\frac{\text{Ordinary operating profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Ordinary operating profit} \times 100}{\text{Average invested capital}}$
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	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

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 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's and the Group's revenue-generating operating activities. Special items may comprise expenses incurred for extensive restructuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Group's primary operating activities and that are deemed not to be recurring.

As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.

Profit/loss from special items comprise of KEUR 5.175 thousand regarding sale of assets. The amount is recognised in the line item Depreciations.

4 Segment information

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

EUR'000	2023	2022
Denmark	103.107	108.176
Rest of Nordic	112.695	131.347
Rest of the world	181.173	195.015
	<u>396.975</u>	<u>434.538</u>

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

Notes

5 External operating costs

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

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Audit services	50	49	50	49
Tax services	5	35	5	35
Non-audit services	41	89	41	89
	<u>96</u>	<u>173</u>	<u>96</u>	<u>173</u>

6 Staff costs

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Wages and salaries	22.199	20.348	5.835	6.178
Pensions	1.429	1.318	687	635
Other social security costs	2.797	2.578	80	81
Staff costs	685	908	371	364
	<u>27.110</u>	<u>25.152</u>	<u>6.973</u>	<u>7.258</u>
Average number of employees	<u>362</u>	<u>352</u>	<u>105</u>	<u>97</u>
Remuneration to members of Management:				
Executive Board and Board of Directors	<u>695</u>	<u>827</u>	<u>695</u>	<u>827</u>

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

Notes

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
7 Financial income				
Interest income, etc. from subsidiaries	0	0	676	89
Other financial income	2.001	3.189	1.291	1.553
	<u>2.001</u>	<u>3.189</u>	<u>1.967</u>	<u>1.642</u>

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
8 Tax on profit/loss from ordinary activities				
Current tax	21	4.902	0	0
Joint taxation	0	0	0	0
Adjustment of deferred tax	-2.981	-134	-1.300	-111
Tax on equity transactions	84	0	84	0
Adjustments regarding previous years	-951	-349	0	2
Non-refundable dividend tax	90	20	90	20
	<u>-3.737</u>	<u>4.439</u>	<u>-1.126</u>	<u>-89</u>

9 Intangible assets

EUR'000	Consolidated			
	IT software	Goodwill	Development projects in progress	Total
Cost at 1 January 2023	8.897	3.213	0	12.110
Foreign exchange rate adjustments	-19	-90	0	-109
Additions	413	0	263	676
Disposals	-269	0	0	-269
Transfer	0	0	0	0
Cost at 31 December 2023	<u>9.022</u>	<u>3.123</u>	<u>263</u>	<u>12.408</u>
Amortisation and impairment losses at 1 January 2023	2.120	1.309		3.429
Foreign exchange rate adjustments	-4	-80		-84
Amortisation	1.080	197		1.277
Disposals	-269	0		-269
Amortisation and impairment losses at 31 December 2023	<u>2.927</u>	<u>1.426</u>		<u>4.353</u>
Carrying amount at 31 December 2023	<u>6.095</u>	<u>1.697</u>	<u>263</u>	<u>8.055</u>
Amortised over	<u>3-9 years</u>	<u>10-15 years</u>		

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

Notes

9 Intangible assets (continued)

EUR'000	Parent company		Total
	IT software	Development projects in progress	
Cost at 1 January 2023	8.715	0	8.715
Foreign exchange rate adjustments	-20	0	-20
Additions	311	263	574
Disposals	-269	0	-269
Cost at 31 December 2023	8.737	263	9.000
Amortisation and impairment losses at 1 January 2023	1.938		1.938
Foreign exchange rate adjustments	-5		- 5
Amortisation	1.066		1.066
Disposals	-269		-269
Amortisation and impairment losses at 31 December 2023	2.730		2.730
Carrying amount at 31 December 2023	6.007	263	6.270
Amortised over	3-9 years		

Completed development projects - IT software

Completed development projects include development of a new ERP system for the Group. Furthermore, IT software include new website and e-commerce platform.

Management has not identified any indication of impairment in relation to the carrying amount of the system.

Development projects in progress

Development projects in progress include development of a new functionality in the e-commerce platform.

The carrying amount totalled EUR 263 thousand at 31 December 2023. The development of the system functionalities is expected to be finalized in 2024.

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

Notes

10 Property, plant and equipment

EUR'000	Consolidated			Total
	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
Cost at 1 January 2023	34.877	11.250	4.322	50.449
Foreign exchange rate adjustments	-141	-20	-23	-184
Additions	764	406	5.458	6.628
Disposals	-5.477	-958	0	-6.435
Cost at 31 December 2023	30.023	10.678	9.757	50.458
Depreciation and impairment losses at 1 January 2023	14.512	8.262		22.774
Foreign exchange rate adjustments	-63	-70		-133
Depreciation	778	666		1.444
Disposals	-152	-872		-1.024
Depreciation and impairment losses at 31 December 2023	15.075	7.986		23.061
Carrying amount at 31 December 2023	14.948	2.692	9.757	27.397
Assets held under finance leases with a carrying amount totalling	0	146	-	146
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 Property, plant and equipment (continued)

EUR'000	Parent company			Total
	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
Cost at 1 January 2023	13.111	4.555	1.631	19.297
Foreign exchange rate adjustments	-29	-10	-4	-43
Additions	105	149	2.042	2.296
Disposals	0	-755	0	- 755
Cost at 31 December 2023	13.187	3.939	3.669	20.795
Depreciation and impairment losses at 1 January 2023	7.357	3.948		11.305
Foreign exchange rate adjustments	-18	-8		-26
Depreciation	287	149		436
Disposals	0	-755		- 755
Depreciation and impairment losses at 31 December 2023	7.626	3.334		10.960
Carrying amount at 31 December 2023	5.561	605	3.669	9.835
Assets held under finance leases with a carrying amount totalling	0	146	-	146
Depreciated over	10-50 years	3-20 years		

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

Notes

11 Investments in subsidiaries

EUR'000	Parent company
Cost at 1 January 2023	17.573
Foreign exchange rate adjustment	-19
Cost at 31 December 2023	17.554
Value adjustments at 1 January 2023	67.639
Foreign exchange rate adjustment	67
Profit/loss for the year	-7.871
Value adjustments at 31 December 2023	59.835
Carrying amount at 31 December	77.389

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.

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

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

Notes

12 Investments in equity interests

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Cost at 1 January 2023	2.763	2.763	2.640	2.640
Foreign exchange adjustment	-25	0	-20	0
Additions	1.312	0	1.312	0
Cost at 31 December 2023	4.050	2.763	3.932	2.640
Value adjustments at 1 January 2023	15.193	12.682	11.365	9.478
Foreign exchange adjustment	-89	661	-420	737
Distributed dividends	-2.080	-618	-1.797	-405
Equity transactions	0	130	0	130
Profit/loss for the year	790	2.338	182	1.425
Value adjustments at 31 December 2023	13.814	15.193	9.330	11.365
Carrying amount at 31 December	17.864	17.956	13.262	14.005

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

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

13 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 2023 a debt of KEUR 29.778 (2022: KEUR 17.673).

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

Notes

14 Deferred tax

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Carrying amount at 1 January	2.482	2.672	1.965	2.075
Foreign exchange rate adjustment	-15	-56	-4	0
Adjustments regarding previous years	4	0	4	1
Adjustment of deferred tax	-2.897	-134	-1.216	-111
Adjustment of deferred tax - equity	-84	0	-84	0
Carrying amount at 31 December	-510	2.482	665	1.965
Deferred tax asset	-1.420	-305	0	0
Deferred tax	910	2.787	665	1.965
	-510	2.482	665	1.965

Deferred tax relates to accelerated tax depreciation of software, buildings, and operating equipment, etc. and non-utilised tax losses. Management assess that non-utilised tax losses can be utilised within 1-3 years.

15 Prepayments

Prepayments consist of prepaid costs.

16 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.

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

Notes

17 Amounts owed to mortgage credit institutions and banks

Liabilities are broken down as follows:

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Mortgage credit institutions				
Non-current	8.252	4.093	8.252	4.093
Current	387	229	387	229
	<u>8.639</u>	<u>4.322</u>	<u>8.639</u>	<u>4.322</u>
Bank loans				
Non-current	6.032	0	0	0
Current	0	0	0	0
	<u>6.032</u>	<u>0</u>	<u>0</u>	<u>0</u>
Financial leasing debt				
Non-current	133	0	133	0
Current	13	0	13	0
	<u>146</u>	<u>0</u>	<u>146</u>	<u>0</u>
Total liabilities	<u>14.817</u>	<u>4.322</u>	<u>8.785</u>	<u>4.322</u>
Total				
Non-current	14.417	4.093	8.385	4.093
Current	400	229	400	229
	<u>14.817</u>	<u>4.322</u>	<u>8.785</u>	<u>4.322</u>
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	6.441	3.152	6.441	3.152

18 Derivative financial instruments

The Group and the Parent Company use hedging instruments such as forward exchange contracts and interest and currency swaps with the Group's bank as counterparty to hedge recognised and non-recognised transactions.

Forecast transactions

The Group and the Parent Company use interest rate swaps relating to purchase of tangible assets in the coming year.

EUR'000	Period	Contractual value		Gains and losses recognised in equity	
		2023	2022	2023	2022
Interest rate swaps	10 years	<u>9.875</u>	<u>0</u>	<u>382</u>	<u>0</u>

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

Notes

19 Contingent liabilities and collateral

Contingent liabilities

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
Lease obligations (operating leases) falling due within 5 years	4.119	3.801	941	777
Lease obligations (finance leases) falling due within 5 years	6.050	0	6.050	0
Other obligations	1.338	0	0	0
Damstahl a/s guarantees for all existing liabilities in the subsidiary Damstahl GmbH	0	0	43.159	42.788
Guarantees for bank loans in other subsidiaries	0	0	13.448	16.624
Guarantees for equity interests	3.695	4.068	3.695	4.068
Guarantees for affiliated companies	87	7	87	7

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

Collateral

EUR'000	Consolidated		Parent company	
	2023	2022	2023	2022
The following assets have been provided as collateral for mortgages:				
Land and buildings with a carrying amount of	3.789	3.941	3.789	3.941

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

Notes

20 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	2023	2022
Sales to group entities incl. equity interests	10.580	11.079
Bought from group entities incl. equity interests	6.577	3.206
Financial income from group entities incl. equity interests	80	34
Amounts owed by equity interests (asset)	213	1.533
Amounts owed by group entities (asset)	394	462
Amounts owed to equity interests (debt)	0	161
Amounts owed to group entities (debt)	1.275	1.929

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

Parent company

EUR'000	2023	2022
Sales to subsidiaries, equity interests and group entities	46.244	42.565
Bought from subsidiaries, equity interests and group entities	13.337	9.754
Financial income from subsidiaries, equity interests and group entities	758	124
Amounts owed by subsidiaries	32.850	27.106
Amounts owed by equity interests	74	1.522
Amounts owed by group entities	1.120	1.650
Amounts owed to group entities	234	166

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.

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

Notes

21 Proposed profit appropriation

EUR'000	Parent company	
	2023	2022
Proposed dividends	0	3.800
Reserve for net revaluation according to the equity method	-12.083	24.135
Reserve for development costs	-589	-474
Retained earnings	525	-13.592
	<u>-12.147</u>	<u>13.869</u>

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CEO

On behalf of: Executive Board

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Claus Bang Christiansen
CFO

On behalf of: Executive Board

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