Damstahl a/s

Danmarksvej 28, 8660 Skanderborg

CVR no. 23 25 61 18

Annual report 2021

Approved at the Company's annual general meeting on 11 May 2022

Chairman:

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Building a better working world

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 2021.

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 2021 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 2021.

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, 11 May 2022
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 2021, 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 2021 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 2021 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, 11 May 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised Public Accountant
mne24820

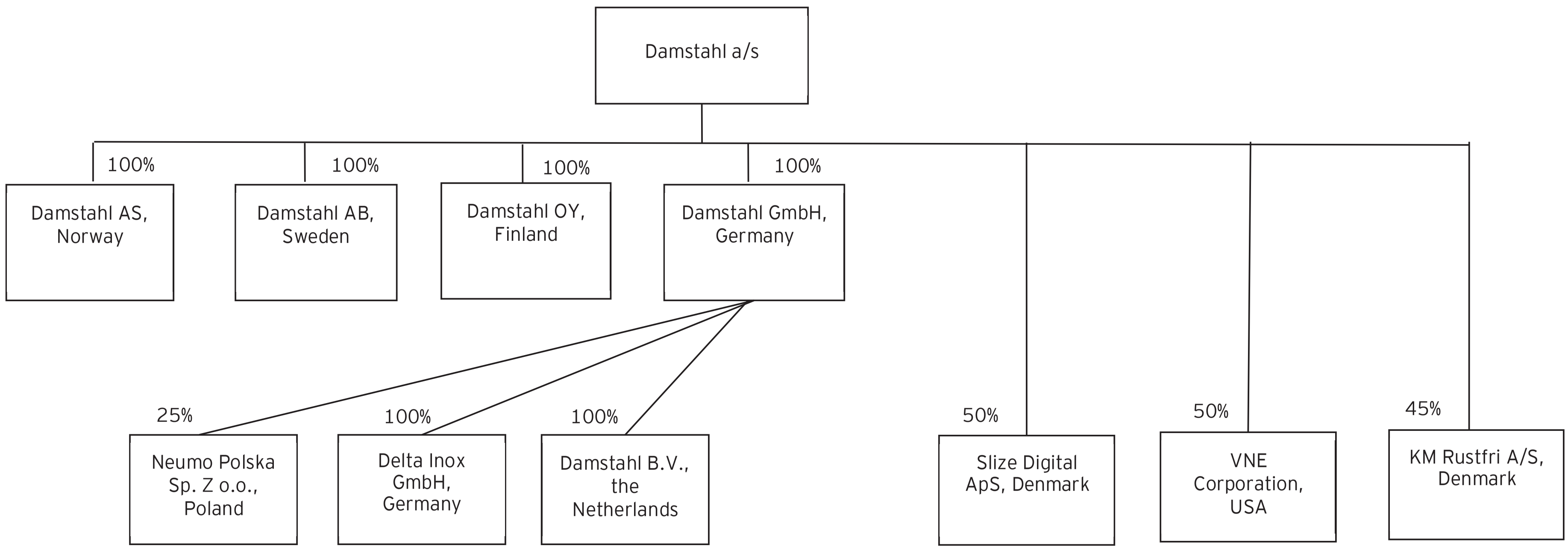
Management's review

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	2021	2020	2019	2018	2017
Key figures					
Revenue	296,2	252,4	275,9	259,9	252,8
Operating profit/loss	26,0	0,9	2,9	6,8	7,5
Profit/loss from financial income and expenses and other operating income	3,6	2,2	2,1	2,6	2,5
Profit/loss for the year	**23,2**	**2,5**	**3,7**	**7,1**	**7,5**
Non-current assets	46,9	44,0	36,6	31,8	28,1
Current assets	163,6	122,7	125,9	113,8	98,3
Total assets	**210,5**	**166,7**	**162,6**	**145,6**	**126,5**
Share capital	13,4	13,4	13,4	13,4	13,4
Equity	**115,0**	**93,1**	**91,7**	**89,7**	**84,9**
Provisions	3,6	1,9	2,0	1,9	2,1
Non-current liabilities other than provisions	4,3	5,2	2,5	2,3	2,3
Current liabilities other than provisions	87,6	66,5	66,3	51,7	37,2
Cash flows from operating activities	-11,8	10,9	-11,0	-12,0	-1,7
Cash flows from investing activities	-2,1	-8,8	-5,6	-4,2	-1,3
Cash flows from financing activities	-1,7	2,8	-1,3	-1,5	-0,7
Total cash flows	**-15,6**	**4,9**	**-17,8**	**-17,7**	**-3,7**

Financial highlights

%	2021	2020	2019	2018	2017
Financial ratios					
Operating margin	8,8	0,4	1,0	2,6	3,0
Return on invested capital	13,5	0,6	1,9	5,1	6,7
Gross margin	24,9	16,7	17,0	18,1	18,4
Current ratio	186,8	184,5	189,9	220,1	264,4
Solvency ratio	54,6	55,8	56,4	61,6	67,2
Return on equity	22,3	2,7	4,1	8,1	9,1
Average number of full-time employees	316	305	313	280	293

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

2021 was indeed a historical year for our industry. Price increases month on month becoming the new normal, however caused by the underlying problems in the global supply chain and EU actions to prevent a suitable import into EU via various protectionism measures. Consequently, the market tightened even more with a lack of capacity by the European mills causing them to implement quotas which also effected Damstahl's ability to supply the demand from our customers.

The stainless steel demand in 2021 was approximate back on 2019 level. A kind of speculation by the end of the year might have affected the real demand, but overall, the healthy condition of the European industry had a positive impact on the demand site. Through the first two quarters, Damstahl Germany and its affiliates as the last companies in the Group also implemented the new ERP-system, Microsoft Dynamics 365FO. The whole Damstahl Group is thereby running on the same ERP-platform which replaces a 30-year-old system and serves as basis for the already started digital development, which is a vital part of the strategy in the Damstahl Group.

2021 also became the year where a full implementation of the Group's new E-commerce platform was released. Thereby, all Group companies are now offering customer orientated solutions with speed and ease of use as the main driver. The digital penetration is in some countries well over 50% and still developing.

Overall, the Group maintained their market share in vital segments and markets, whilst the gross margin was at a rather high level supported by a positive windfall effect. During the year, the Group also expanded its physical presence in Central Europe by opening sales offices in Belgium and Switzerland.

Income statement

Consolidated revenue increased from KEUR 252.387 in 2020 to KEUR 296.186 in 2021.

The market situation during 2021 with continuous increasing prices combined with the Group's increased focus on the product mix, had a huge positive effect on the Group's margin during the year, which ended up being KEUR 73.776 compared to KEUR in 42.360 in 2020.

The Group's operating costs and staff costs increased from KEUR 40.303 to KEUR 45.669 in 2021. The increasing operation costs are explained among other things 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. But also extraordinary non-recuring costs related to staff costs and adjusted duty costs related to previous years are part of the explanations for the increase.

The Group realized a profit after tax of KEUR 23.217, which is very satisfactory.

Balance sheet

The consolidated balance sheet totalled KEUR 210.464 against KEUR 166.736 in 2020. The net working capital increased positively during the year, supporting the growth strategy of the Damstahl Group.

Self-financing continues to be high, and equity arrived at KEUR 115.044, corresponding to a solvency ratio of 55%.

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

The Group 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)*

The Group 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 ongoing trade conflicts between the United States, Europe and China, an undersupplied market, and the impacts and consequences of the covid-19 pandemic are still some of the general risks that the Group has been navigating in during 2021, however EU´s softening of Section 232 towards the United States has caused an increase in exports from Europe to the USA, creating further issues with the availability of goods.

The crisis in Ukraine has also led to additional challenges in the supply and value chain and, as a direct consequence, delivery times for some commodity groups will be longer. A consequence has also been a sharp increase in the nickel price during Q1 2022, which has further increased the market price on stainless steel.

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 rate, 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. However, during 2021 the Group has not conducted any hedging in the underlying commodities.

Outlook

The commodity prices have sharply increased in the beginning of 2022. The concern in the market for availability of goods due to the ongoing war in Ukraine, creates certain challenges for our suppliers and causes a further increase of prices. Prices for nickel exploded in the beginning of March 2022 due to speculation and ended up causing a historical temporary close-down of the LME's trading in nickel.

In 2022, the Group will start 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.

Further, the Group will continue developing the Group's digital sales and especially the new E-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 2022 launch further digital solutions for our customers.

The first months of 2022 exceeded the budget, and throughout the year, the Group will continue its active growth strategy in cooperation with its customers and suppliers. As in 2021, the Group will continue its physical expansion on the European market by founding a new legal entity in Latvia.

The results of operations for 2022 are far from predicable but given the start of the year, a result between 2020 and 2021 is expected.

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	2021	2020	2021	2020
2	**Revenue**	296.186	252.387	116.396	98.511
	Cost of sales	-222.414	-210.190	-90.258	-86.608
	Other operating income	4	163	0	0
	Gross profit	73.776	42.360	26.138	11.903
3	External operating costs	-20.710	-18.573	-5.182	-4.732
4	Staff costs	-24.959	-21.730	-8.231	-6.672
	Profit before depreciation/amortisation (EBITDA)	28.107	2.057	12.725	499
	Depreciation	-2.140	-940	-1.122	-515
	Operating profit/loss (EBIT)	25.967	1.117	11.603	-16
	Profit/loss from ordinary activities after tax in subsidiaries	0	0	11.607	1.292
	Profit from ordinary activities after tax in associates	2.718	1.191	1.923	754
5	Financial income	2.240	2.136	1.184	971
	Financial expenses	-1.356	-1.358	-355	-349
	Profit/loss from ordinary activities before tax (EBT)	29.569	3.086	25.962	2.652
6	Tax on profit/loss from ordinary activities	-6.352	-611	-2.745	-177
	Profit/loss for the year	23.217	2.475	23.217	2.475

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

Balance sheet

		Consolidated		Parent company	
Note	EUR'000	2021	2020	2021	2020
	ASSETS				
	Non-current assets				
7	**Intangible assets**				
	IT software	7.391	97	7.391	77
	Goodwill	221	341	0	0
	Current projects	0	6.358	0	6.358
		7.612	6.796	7.391	6.435
8	**Property, plant and equipment**				
	Land and buildings	20.911	21.630	5.719	5.983
	Fixtures and fittings, tools and equipment	2.662	2.954	621	742
	Current projects	264	164	0	0
		23.837	24.748	6.340	6.725
	Investments				
9	Investments in subsidiaries	0	0	70.297	58.212
10	Investments in associates	15.445	12.514	12.118	9.541
		15.445	12.514	82.415	67.753
	Total non-current assets	46.894	44.058	96.146	80.913
	Current assets				
	Inventories				
	Goods for resale	106.024	78.138	36.368	24.782
	Prepayments for goods	566	1.181	0	89
		106.590	79.319	36.368	24.871
	Receivables				
	Trade receivables	46.838	31.873	20.989	13.446
	Amounts owed by subsidiaries	0	0	3.334	1.896
	Amounts owed by associates	356	463	356	463
	Amounts owed by group entities	1.039	437	0	0
	Corporation tax refund	1.706	243	1.706	182
11	Deferred tax asset	366	545	0	0
	Other receivables	2.950	1.357	298	468
12	Prepayments	1.003	536	629	353
		54.258	35.454	27.312	16.808
	Securities				
	Cash at bank and in hand	2.722	7.904	37	1.529
	Total current assets	163.570	122.678	63.717	43.208
	TOTAL ASSETS	210.464	166.736	159.863	124.121

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

Balance sheet

Note	EUR'000	Consolidated 2021	Consolidated 2020	Parent company 2021	Parent company 2020
	EQUITY AND LIABILITIES				
13	**Equity**				
	Share capital	13.447	13.442	13.447	13.442
	Reserve for net revaluation according to the equity method	0	0	58.586	44.674
	Reserve for development costs	5.760	4.922	5.760	4.922
	Retained earnings	90.017	73.065	31.431	28.391
	Proposed dividends	5.820	1.750	5.820	1.750
	Total equity	115.044	93.179	115.044	93.179
	Provisions				
11	Deferred tax	3.038	1.231	2.075	441
	Other provisions	606	625	0	0
	Total provisions	3.644	1.856	2.075	441
	Liabilities other than provisions				
14	**Non-current liabilities other than provisions**				
	Mortgage debt	4.322	4.547	4.322	4.547
	Other non-current liabilities	0	671	0	671
		4.322	5.218	4.322	5.218
	Current liabilities other than provisions				
14	Current portion of non-current liabilities other than provisions	226	224	226	224
	Bank loans	60.467	50.042	31.045	18.497
	Trade payables	13.487	8.740	4.041	4.011
	Amounts owed to subsidiaries	0	0	0	64
	Amounts owed to associates	75	54	75	54
	Amounts owed to group entities	122	1	0	0
	Joint taxation contribution payable	74	175	74	175
	Corporation tax	3.885	392	0	0
	Other payables	9.118	6.855	2.961	2.258
		87.454	66.483	38.422	25.283
	Total liabilities other than provisions	91.776	71.701	42.744	30.501
	TOTAL EQUITY AND LIABILITIES	210.464	166.736	159.863	124.121

15 Contingent liabilities and collateral
16 Related party disclosures
17 Proposed profit appropriation

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

Statement of changes in equity

Consolidated

EUR'000	Share capital	Retained earnings	Reserve for development costs	Dividend proposed for the year	i alt/ Total equity
Equity at 1 January 2021	13.442	73.065	4.922	1.750	93.179
Foreign exchange adjustments	5	393	0	0	398
Dividend distribution	0	0	0	-1.750	-1.750
Transfer, see "Appropriation of profit/loss"	0	16.559	838	5.820	23.217
Equity at 31 December 2021	13.447	90.017	5.760	5.820	115.044

Parent company

Note	EUR'000	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 2021	13.442	44.674	4.922	28.391	1.750	93.179
	Foreign exchange adjustments	5	382	0	11	0	398
	Dividend distribution	0	0	0	0	-1.750	-1.750
17	Transfer, see "Appropriation of profit/loss"	0	13.530	838	3.029	5.820	23.217
	Equity at 31 December 2021	13.447	58.586	5.760	31.431	5.820	115.044

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

Consolidated cash flow statement

EUR'000	2021	2020
Operating profit/loss	25.967	1.117
Adjustment for non-cash operating items:		
Depreciation/amortisation, etc.	2.140	940
Other adjustments	-75	333
	28.032	2.390
Changes in working capital:		
Changes in inventories, trade receivables, etc.	-44.790	9.022
Changes in trade payables, incl. group entities and other liabilities from operations	6.481	-1.399
Cash flows from operating activities	-10.277	10.013
Financing income	2.240	2.136
Financing expenses	-1.356	-1.358
Corporation tax paid, net	-2.406	69
Cash flows from operating activities	-11.799	10.860
Investments, etc.		
Acquisition of current and non-current assets	-2.052	-13.010
Disposal of non-current assets	0	4.236
Cash flows from investing activities	-2.052	-8.774
Financing		
Dividends paid	-1.750	-672
Dividends distributed from associates	218	944
Non-current liabilities	-223	2.502
Cash flows from financing activities	-1.755	2.774
Cash flows for the year	-15.606	4.860
can be specified as follows:		
Cash and cash equivalents and short-term bank loans at 1 January	-42.138	-46.998
Cash flows for the year	-15.606	4.860
Cash and cash equivalents and short-term bank loans at 31 December	-57.744	-42.138

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 to the financial statements

1 **Accounting policies**

The annual report of Damstahl a/s for 2021 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 associates.

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.

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

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

Notes to the financial statements

1 **Accounting policies (continued)**

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

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

External operating costs

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

Other operating income and costs

Other operating income and costs comprise items secondary in relation to the primary activities of the enterprise.

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 to the financial statements

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a amortisation period of 10-15 years.

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.

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.

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	3-10 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.

Investments in subsidiaries and associates

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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

Balance sheet

Investments in subsidiaries and associates 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 associates 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 associates 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.

Receivables

Receivables are measured at cost. Write-down is made for bad debt losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial 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 associates 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.

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

Notes to the financial statements

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.

Liabilities other than provisions

Other liabilities comprising bank loans, trade payables and other payables are measured at nominal value.

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

Notes to the financial statements

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 less short-term bank loans.

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 to the financial statements

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 to the financial statements

2 Segment information

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

EUR'000	2021	2020
Denmark	76.830	67.193
Rest of the World	219.356	185.194
	296.186	252.387

3 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	2021	2020	2021	2020
Audit services	46	45	46	45
Tax services	1	12	1	12
Non-audit services	21	77	21	77
	68	134	68	134

4 Staff costs

	Consolidated		Parent company	
EUR'000	2021	2020	2021	2020
Wages and salaries	20.612	17.663	7.196	5.840
Pensions	1.279	1.083	672	566
Other social security costs	2.545	2.296	81	63
Staff costs	523	688	282	203
	24.959	21.730	8.231	6.672
Average number of employees	316	305	98	94
Remuneration to members of Management:				
Executive Board	753	646	753	646

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

Notes to the financial statements

EUR'000	Consolidated 2021	Consolidated 2020	Parent company 2021	Parent company 2020
5 Financial income				
Interest income, etc. from subsidiaries	0	0	67	53
Other financial income	2.240	2.136	1.117	919
	2.240	2.136	1.184	972

EUR'000	Consolidated 2021	Consolidated 2020	Parent company 2021	Parent company 2020
6 Tax on profit/loss from ordinary activities				
Current tax	4.298	767	1.026	0
Joint taxation	74	175	74	175
Adjustment of deferred tax	2.009	-355	1.645	-33
Adjustments regarding previous years	-29	-11	0	0
Non-refundable dividend tax	0	35	0	35
	6.352	611	2.745	177

7 **Intangible assets**

	Consolidated			
EUR'000	IT software	Goodwill	Development projects in progress	Total
Cost at 1 January 2021	618	1.319	6.358	8.295
Foreign exchange rate adjustments	0	76	3	79
Additions	0	0	1.573	1.573
Disposals	-23	0	0	-23
Transfer	7.934	0	-7.934	0
Cost at 31 December 2021	8.529	1.395	0	9.924
Amortisation and impairment losses at 1 January 2021	521	978		1.499
Foreign exchange rate adjustments	-6	59		53
Amortisation	642	137		779
Disposals	-19	0		-19
Amortisation and impairment losses at 31 December 2021	1.138	1.174		2.312
Carrying amount at 31 December 2021	7.391	221	0	7.612
Amortised over	3-9 /years	10 years		

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

Notes to the financial statements

7 Intangible assets (continued)

	Parent company		
EUR'000	IT software	Development projects in progress	Total
Cost at 1 January 2021	410	6.358	6.768
Foreign exchange rate adjustments	0	3	3
Additions	0	1.573	1.573
Disposals	0	0	0
Transfer	7.934	-7.934	0
Cost at 31 December 2021	8.344	0	8.344
Amortisation and impairment losses at 1 January 2021	333		333
Foreign exchange rate adjustments	-6		- 6
Amortisation	626		626
Disposals	0		0
Amortisation and impairment losses at 31 December 2021	953		953
Carrying amount at 31 December 2021	7.391	0	7.391
Amortised over	3-9 years		

8 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 2021	34.859	10.502	164	45.525
Foreign exchange rate adjustments	-8	24	0	16
Additions	54	325	100	479
Disposals	0	-340	0	-340
Cost at 31 December 2021	34.905	10.511	264	45.680
Depreciation and impairment losses at 1 January 2021	13.229	7.548		20.777
Foreign exchange rate adjustments	12	26		38
Depreciation	753	615		1368
Disposals	0	-340		-340
Depreciation and impairment losses at 31 December 2021	13.994	7.849		21.843
Carrying amount at 31 December 2021	20.911	2.662	264	23.837
Depreciated over	10-50 år/ years	3-10 år/ years		

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

Notes to the financial statements

8 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 2021	12.812	4.630	0	17.442
Foreign exchange rate adjustments	5	2	0	7
Additions	0	111	0	111
Disposals	0	-262	0	- 262
Cost at 31 December 2021	12.817	4.481	0	17.298
Depreciation and impairment losses at 1 January 2021	6.829	3.888		10.717
Foreign exchange rate adjustments	3	2		5
Depreciation	266	232		498
Disposals	0	-262		- 262
Depreciation and impairment losses at 31 December 2021	7.098	3.860		10.958
Carrying amount at 31 December 2021	5.719	621	0	6.340
Depreciated over	10-50 years	3-20 years		

	Parent company	
EUR'000	2021	2020
9 Investments in subsidiaries		
Carrying amount at 1 January	58.212	56.382
Foreign exchange rate adjustment	-523	378
Profit/loss for the year	11.607	1.292
Other adjustments	1.001	160
Carrying amount at 31 December	70.297	58.212

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

Notes to the financial statements

10 Investments in associates

	Consolidated		Parent company	
EUR'000	2021	2020	2021	2020
Carrying amount at 1 January	12.514	13.026	9.541	10.300
Distributed dividends	-218	-944	0	-743
Profit/loss for the year	2.718	1.191	1.923	754
Other adjustments	431	-759	654	-770
Carrying amount at 31 December	15.445	12.514	12.118	9.541

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

11 Deferred tax

	Consolidated		Parent company	
EUR'000	2021	2020	2021	2020
Carrying amount at 1 January	686	1.015	441	474
Foreign exchange rate adjustment	-12	26	0	0
Adjustments regarding previous years	-11	0	-11	0
Adjustment of deferred tax	2.009	-355	1.645	-33
Carrying amount at 31 December	2.672	686	2.075	441
Deferred tax asset	-366	-545	0	0
Deferred tax	3.038	1.231	2.075	441
	2.672	686	2.075	441

12 Prepayments

Prepayments consist of prepaid costs.

13 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 to the financial statements

14 Amounts owed to mortgage credit institutions and banks

Liabilities are broken down as follows:

	Consolidated		Parent company	
EUR'000	2021	2020	2021	2020
Mortgage credit institutions				
Non-current	4.322	4.547	4.322	4.547
Current	226	224	226	224
	4.548	4.771	4.548	4.771
Other non-current liabilities				
Non-current	0	671	0	671
	0	671	0	671
Total liabilities	4.548	5.442	4.548	5.442
Non-current liabilities other than provisions falling due more than five years after the balance sheet date (carrying amount)	3.391	4.297	3.391	4.297

15 Contingent liabilities and collateral

Contingent liabilities

	Consolidated		Parent company	
EUR'000	2021	2020	2021	2020
Lease obligations (operating leases) falling due within 5 years	3.171	3.105	862	889
Damstahl a/s guarantees for all existing liabilities in the subsidiary Damstahl GmbH	0	0	24.625	19.953
Guarantees for bank loans in other subsidiaries	0	0	17.128	15.779
Guarantees for associated companies	4.100	2.850	4.100	2.850
Guarantees for affiliated companies	472	889	472	889
Guarantee for rent in affiliated companies	34	160	34	160

** 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	2021	2020	2021	2020
The following assets have been provided as collateral for mortgages:				
Land and buildings with a carrying amount of	4.118	4.325	4.118	4.325

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

Notes to the financial statements

16 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

Damstahl a/s has had the following related party transactions:

EUR'000	2021	2020
Sales to group entities	8.998	7.443
Bought from group entities	2.444	1.267
Financial income from group entities	17	15
Amounts owed by group entities (asset) – transactions during the year	602	100
Amounts owed by group entities (debt) – transactions during the year	121	-46

Transactions with related parties consist of group entities of the parent company Snel AG.

17 Proposed profit appropriation

	Parent company	
EUR'000	2021	2020
Proposed dividends	5.820	1.750
Reserve for net revaluation according to the equity method	13.530	1.304
Reserve for development costs	838	1.846
Retained earnings	3.029	-2.425
	23.217	2.475

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

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IP: 87.54.xxx.xxx
2022-05-12 10:28:37 UTC

Michael Lund Rauff Finnerup
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