

Dansk IngeniørService A/ S

Ørstedsvvej 10, 8660 Skanderborg

CVR no. 21 16 75 84

Annual report 2020/21

Approved at the Company's annual general meeting on 29 October 2021

Chair of the meeting:

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dansk IngeniørService A/S for the financial year 1 July 2020 - 30 June 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2021 and of the results of the Company's operations for the financial year 1 July 2020 - 30 June 2021.

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

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

Skanderborg, 29 October 2021
Executive Board:

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Kenneth Schmidt Jensen
CEO


.....
Michael Carsten Christian
Gadeberg

Board of Directors:

.....
Søren Bunk Jensen
Chair

.....
Søren Henning Rudfred

.....
Michael Carsten Christian
Gadeberg


.....
Willi Rudolf Zinnecker

.....
Anders Grønlund

Independent auditor's report

To the shareholders of Dansk IngeniørService A/S

Opinion

We have audited the financial statements of Dansk IngeniørService A/S for the financial year 1 July 2020 - 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2021 and of the results of the Company's operations for the financial year 1 July 2020 - 30 June 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management'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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 29 October 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faurshou
State Authorised Public Accountant
mne34502



Management's review

Company details

Name	Dansk IngeniørService A/S
Address, Postal code, City	Ørstedesvej 10, 8660 Skanderborg
CVR no.	21 16 75 84
Established	1 July 1998
Registered office	Skanderborg
Financial year	1 July 2020 - 30 June 2021
Website	www.d-i-s.dk
Board of Directors	Søren Bunk Jensen, Chair Søren Henning Rudfred Michael Carsten Christian Gadeberg Willi Rudolf Zinnecker Anders Grønlund
Executive Board	Kenneth Schmidt Jensen, CEO Michael Carsten Christian Gadeberg
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	381,225	392,488	402,940	338,491	-
Gross profit	235,445	241,414	245,797	207,540	196,068
Operating profit/loss	36,483	31,822	42,186	30,861	40,257
Net financials	-5,531	376	-352	-333	179
Profit for the year	23,140	25,259	32,749	23,824	31,505
Key assets					
Total assets	185,610	166,651	170,186	121,798	107,354
Investments in property, plant and equipment	1,318	347	0	444	3,005
Equity	58,495	60,355	53,596	30,848	38,023
Financial ratios					
Return on assets	20.7%	18.9%	28.9%	26.9%	40.2%
Equity ratio	31.5%	36.2%	31.5%	25.3%	35.4%
Return on equity	38.9%	44.3%	77.6%	69.2%	85.7%
Average number of employees	303	319	302	270	235

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's main activities consists of engineering and consulting services to industrial companies. The Company develops and delivers technical solutions to improve the cost and the sustainability of our customers products and production.

The main activities include, engineering consulting, product development and product optimization as well as turnkey solutions of test and production equipment.

Recognition and measurement uncertainties

There are no main recognition and measurement uncertainties relating to the financial statements for 2020/21.

Financial review

The income statement for 2020/21 shows a profit of DKK 23,139,658 against a profit of DKK 25,258,968 last year, and the balance sheet at 30 June 2021 shows equity of DKK 58,494,992.

After some years of growth on the danish market, the past financial year flattened out in terms of revenue, which was also foreseen in last year's management review. The trend was already realized before Covid-19, but naturally intensified after the lock-down of the European economies.

New products

Our Services and offerings have been restructured to meet market demands for a more solution-oriented approach. A focus on increasing capabilities in the following areas has been the strategic agenda for the year:

- ▶ Improved capabilities in Digitization, Automation and Robotics, including several complex delivery projects, integrating multiple technologies and domains, delivered to Industry Leaders in global setups.
- ▶ Continued structuring of knowledge and offerings to the wind industry, increasing the value creation for the customers, including onboarding of new skills and competencies to spread into the value chain of the wind industry.
- ▶ Developing and strengthening competencies in the renewable energy domain, including hybrid solutions, storage, power to X as well as services to improve sustainability in production.
- ▶ Externalizing an organization focusing on Plant Engineering, to meet future demands for competencies in power plants, production plants and green energy production.
- ▶ Strengthening capabilities within Machine Safety through training services as well as systemized risk assessment and risk mitigation tools offered to the market.
- ▶ Strong focus on improving internal project execution capabilities, to meet larger and more complex projects across geographies.

Investments

No capital investments were made during the year.

Capital resources

The Company's capital resources are strong, and we have a close cooperation with our main banking partner that has made credit facilities available to finance the increase in business activities as well as periodic changes in activity.

Knowledge resources

It is essential to attract and retain skilled and highly motivated employees. We employ very capable engineers with bachelors, masters and PhD degrees in mechanics, electrical engineering & automation, hardware, software, industrial design, and project management. They all have a solid theoretical and practical, foundation and are specialists in their respective fields. Our employees are passionate about, technology and are innovative and flexible and are among the best in their field.

Management's review

Financial risks and use of financial instruments

The Company is not exposed to particular risks beyond what normally occurs in the industry.

There is still a risk that Covid-19 or mutations hereof could affect the business activity and our customers.

There is also a global supply chain risk related to our suppliers' abilities to deliver on time and on cost.

We have work procedures designed to cope and mitigate with the situation.

Financial risks

Our main financial risks refer to the trading currencies and credit risks. There is a trend in the market towards constantly longer payment terms and this increases our account receivables volume significantly.

Currency risks

Dansk IngeniørService A/S invoices customers mainly in DKK and EUR. The company has a structured policy to mitigate risks for currency fluctuations, where the net-cash flow in one currency is significant.

Credit risks

The Company operates a worldwide credit insurance program covering major credit risks.

Research and development activities

The Company's services are undergoing steady development, without any actual development activities being carried out.

Statutory CSR report

Business model

The main business model is based providing engineering and consulting services to industrial companies. The Company develops and delivers technical solutions to improve the cost and the sustainability of our customers products and production.

Qualified employees is the most important asset for the business model to be successful.

Human rights

As a modern workplace, we respond daily to our role in society and our social responsibility as a workplace and an employer. This applies both when we recruit the best qualified employees without differentiating by gender, ethnicity or sexuality and when we are conscious of how we contribute to the world around us, as well as the way we work toward a better environment and working environment.

Diversity and Equality

At The Company we acknowledge that people have different personalities, backgrounds and demographic conditions. We believe that our diversity helps make us stronger and that our differences improve our creativity and innovation. When employees with differences work together, new perspectives are gained, and there is a greater chance of finding the best solutions and the most creative ideas, which is often what our customers are looking for. As a company, we have a broad appeal, which is particularly evident when we recruit. The pool of applicants is often very diverse, and we regularly see applications from candidates from all over the world. In the screening process, we do not differentiate between demographic or geographic conditions, but always look for the best match for the job and for the company based on our recruitment requirements.

All employees are treated on equal terms and met with the same openness, trust and 'freedom with responsibility' regardless of job and seniority.

Management's review

SOCIAL RESPONSIBILITY AND CSR

At The Company we are very conscious of our social responsibility and showing consideration for the people we come into contact with and the world we interact in. Our CSR policy describes our attitudes and practices in a number of areas, to ensure that both our employees and partners understand our position in this point. Our CSR policy is divided into three general focus areas: people and health, climate and environment and philanthropy.

CODE OF CONDUCT

To emphasize our policies, we have published a code of conduct to be followed by all employees and suppliers working for the Group companies. The Code of Conduct is available at our homepage: <https://d-i-s.dk/om-dis/code-of-conduct/>

Our code of conduct is based on our five core values that reflect our way of seeing the world we act in. As we grow our business, we expand the company with more and new members and this code of conduct is intended to help remember how to act when representing The Company and leading our organization towards future success. The central aspects of the code of conduct are:

- ▶ Quality and high standards
- ▶ Intellectual property
- ▶ Fair competition
- ▶ Conflicts of interest
- ▶ Corruption and bribery
- ▶ Health and safety
- ▶ Respect and non-discrimination
- ▶ Protecting our organization and its assets

The code of conduct is signed by all functional managers, country managers and office managers working for The Company.

In 2020/21 we have continued our policy and encouraged all employees to report on any violations of human rights. There are no reported incidents on human rights violations in 2020/21.

In the financial year 2021/22, we will continue to ensure that all employees, including new employees, are aware of our policies and expectations on human rights, and continue to encourage all employees to report on any violations of or concerns they might have with regards to human rights.

Social and employee conditions

Dansk IngeniørService A/S' most material risk related to social and employee conditions is to ensure well-being amongst employees.

We believe in an open dialogue between managers and employees with open meetings on a regular basis. We have held monthly town hall and department meetings, despite the COVID-19 situation and done this digital. During the lock-down, our managers have followed up on their employees on a regular basis.

In 2021/22, we will participate in Great Place to Work® where the employees are given the opportunity to make opinions known in relation to their experience of DIS as a workplace. We see our participation in Great Place to Work as a good development tool that helps ensure that we constantly focus on developing our company as a workplace, so that we can continue to retain and attract the very best employees.

We want to contribute to society, both locally and globally and therefore we are involved in several charity initiatives. Common to the initiatives and organizations we support is that our support must make a difference. Some of these are regularly occurring events and initiatives that, through the years, have become part of our identity, while others are individual events or donations that inspire us at the time.

Management's review

In the financial year 2021/22, we will continue to ensure that all employees, including new employees, are aware of our policies and expectations of social and employee conditions, because we want to maintain our employees well-being.

Climate and Environmental aspects

As a company, we believe, we have a responsibility to improve the climate impact from our operations and the choices we make, in the way we make business.

Our strongest contribution comes from the services and solutions, we deliver to the renewable energy market, where we contribute to development and operation of constantly more efficient technology to produce green energy. More than 50% of all activities in the Group are related to renewable energy.

We offer services to industrial companies, to map and reduce energy consumption in production facilities and buildings, by introducing more efficient and sustainable solutions and thereby contribute with a scaled impact to the environment through our customers.

We have no own production facilities, but we set requirements to our sub-suppliers, to set and follow environmental policies with the aim of continuously improve their impact on the climate.

It is our policy, to always make a greener choice, when possible.

Account of the gender composition of Management

It is the Company's policy and goal that positions must be filled to the best suitable candidates.

The Management continuously works to ensure equal opportunities for men and women at all levels of the Company.

The distribution of men and women is highly influenced by our profession and industry. In most of the countries in which we operate, we experience a low ratio of female candidates among graduates within the engineering disciplines from where we mainly identify our candidates. This means that there are proportionally more male than female employees in The Company. Even though we would like to see more gender equality, we are challenged by reality, where only few women choose the engineering career path. Naturally, we always hire the most qualified for the job - man or woman.

The Company has, with reference to Danish Act no. 1883 of December 23rd of 2012, a goal of electing at least one female member of the Board of Directors at the general assembly 2020. This is a target for the Group but is not to be considered as a fixed quota. The most important condition when electing members of the board is the competences and relevant experience of the individual board member and the composition of the board in total.

The Board of Directors consists of 5 men and 0 women as of 30 June 2021.

There have been no changes in the Board of Directors for The Company and the goals have not been achieved.

The Board of Directors of The Company has also adopted a policy to increase the proportion of women at management levels in general, as the Board of Directors is aware that the proportion of women at management level is lower than the employee composition in general. The Group's companies must therefore make a targeted effort to ensure the best possible representation of women among the candidates when hiring at management positions. It is a goal that at least one of every gender is among the last three candidates in the recruitment process.

The proportion of women in the extended group management level in The Company has been unchanged 12,5% over the last year.

Management's review

Events after the balance sheet date

The groups' structure and work procedures are well suited for work-from-home situations if another COVID-19 impact will emerge.

No other events materially affecting The Company's financial position have occurred subsequent to the financial year-end.

COVID-19

In 2020/21, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. The Company has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment, as well as ensuring a strong community and team feeling through virtual channels, when this was the only tool available. This has, among other things, ensured the health of employees and reduced the impact on operations during the pandemic.

Outlook

The first quarter of financial year 2021/22 has shown a strong demand for the Engineering and Consulting services, resulting in an increased activity level in all areas of the company. Both large turn-key projects as well as time & material services are growing in the first quarter, and it is expected to fulfill the targets set forth for the new financial year, including a growth in both turnover and profitability.

Although, operating in a highly competitive market, where the globalization continuously pushes the margins, we will invest in market expansion and expect to be able to expand our activities to include a stronger global presence already in the new year.

We regard high quality and performance as the main driver for future success for ourselves and our customers. Due to challenging market conditions, the Group's margin is still expected to be under some pressure in the coming year, when we expand our presence in the global market, but expect that our size will give us a certain benefit of scale to accommodate the pressure on the margins.

Financial statements 1 July 2020 - 30 June 2021

Income statement

Note	DKK	2020/21	2019/20
2	Revenue	381,224,723	392,487,788
	Cost of sales	-112,810,163	-113,163,567
	Other operating income	162,531	253,338
	Other external expenses	-33,131,708	-38,163,424
	Gross profit	235,445,383	241,414,135
3	Staff costs	-197,805,765	-208,845,071
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-994,382	-494,138
	Profit before net financials	36,645,236	32,074,926
4	Financial income	826,577	850,080
5	Financial expenses	-6,357,533	-473,789
	Profit before tax	31,114,280	32,451,217
6	Tax for the year	-7,974,622	-7,192,249
	Profit for the year	23,139,658	25,258,968

Financial statements 1 July 2020 - 30 June 2021

Balance sheet

Note	DKK	2020/21	2019/20
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	5,186,012	528,370
	Leasehold improvements	0	70,083
		<u>5,186,012</u>	<u>598,453</u>
8	Investments		
	Deposits, investments	5,686,148	5,589,080
		<u>5,686,148</u>	<u>5,589,080</u>
	Total fixed assets	<u>10,872,160</u>	<u>6,187,533</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	85,000	85,000
		<u>85,000</u>	<u>85,000</u>
	Receivables		
	Trade receivables	103,949,496	80,442,098
9	Construction contracts	18,229,572	5,385,113
	Receivables from group enterprises	41,606,301	33,446,549
	Other receivables	10,643	91,312
10	Prepayments	7,222,359	4,714,891
		<u>171,018,371</u>	<u>124,079,963</u>
	Cash	3,634,196	36,298,969
	Total non-fixed assets	<u>174,737,567</u>	<u>160,463,932</u>
	TOTAL ASSETS	<u><u>185,609,727</u></u>	<u><u>166,651,465</u></u>

Financial statements 1 July 2020 - 30 June 2021

Balance sheet

Note	DKK	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	500,000	500,000
	Retained earnings	47,994,992	34,855,334
	Dividend proposed	10,000,000	25,000,000
	Total equity	58,494,992	60,355,334
	Provisions		
12	Deferred tax	5,016,100	3,256,500
	Total provisions	5,016,100	3,256,500
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Payables to group enterprises	1,750,098	1,713,258
	Corporation tax payable	6,215,022	6,198,390
	Other payables	16,931,003	15,409,384
		24,896,123	23,321,032
	Current liabilities other than provisions		
	Bank debt	27,974,303	0
9	Prepayments on work in progress	4,289,742	4,783,327
	Trade payables	17,253,568	15,515,905
	Payables to group enterprises	3,402,039	4,082,229
	Corporation tax payable	0	385,000
	Other payables	44,282,860	54,952,138
		97,202,512	79,718,599
		122,098,635	103,039,631
	TOTAL EQUITY AND LIABILITIES	185,609,727	166,651,465

- 1 Accounting policies
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting
- 18 Appropriation of profit

Financial statements 1 July 2020 - 30 June 2021

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 July 2020	500,000	34,855,334	25,000,000	60,355,334
18	Transfer, see "Appropriation of profit"	0	13,139,658	10,000,000	23,139,658
	Dividend distributed	0	0	-25,000,000	-25,000,000
	Equity at 30 June 2021	500,000	47,994,992	10,000,000	58,494,992

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

1 Accounting policies

The annual report of Dansk IngeniørService A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the ultimate parent company, DIS Group Holding A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

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

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-4 years
Leasehold improvements	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indication of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

1 Accounting policies (continued)

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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 for the individual receivable or portfolio is used as discount rate.

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Equity

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Other payables

Other payables are measured at net realisable value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

DKK	<u>2020/21</u>	<u>2019/20</u>
2 Segment information		
Breakdown of revenue by geographical segment:		
Denmark	364,044,937	374,431,843
Europe	9,219,393	7,743,712
Other	7,960,393	10,312,233
	<u>381,224,723</u>	<u>392,487,788</u>

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

DKK	<u>2020/21</u>	<u>2019/20</u>
3 Staff costs		
Wages/salaries	179,452,466	190,177,834
Pensions	13,741,096	13,740,964
Other social security costs	2,789,858	2,705,302
Other staff costs	1,822,345	2,220,971
	<u>197,805,765</u>	<u>208,845,071</u>
 Average number of full-time employees	 <u>303</u>	 <u>319</u>
 Remuneration to members of Management:		
Executive Board	4,319,998	2,819,998
Board of Directors	142,500	254,263
	<u>4,462,498</u>	<u>3,074,261</u>
 4 Financial income		
Interest receivable, group entities	826,577	542,493
Other financial income	0	307,587
	<u>826,577</u>	<u>850,080</u>
 5 Financial expenses		
Interest expenses, group entities	88,999	153,198
Other financial expenses	6,268,534	320,591
	<u>6,357,533</u>	<u>473,789</u>
 6 Tax for the year		
Estimated tax charge for the year	6,215,022	6,583,390
Deferred tax adjustments in the year	1,759,600	608,859
	<u>7,974,622</u>	<u>7,192,249</u>

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

7 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 July 2020	4,132,492	835,743	4,968,235
Additions	5,649,410	0	5,649,410
Disposals	-67,469	0	-67,469
Cost at 30 June 2021	9,714,433	835,743	10,550,176
Impairment losses and depreciation at 1 July 2020	3,604,122	765,660	4,369,782
Depreciation	924,299	70,083	994,382
Impairment losses and depreciation at 30 June 2021	4,528,421	835,743	5,364,164
Carrying amount at 30 June 2021	5,186,012	0	5,186,012
Depreciated over	3-4 years	3-5 years	

8 Investments

DKK	Deposits, investments
Cost at 1 July 2020	5,589,080
Additions	97,068
Cost at 30 June 2021	5,686,148
Carrying amount at 30 June 2021	5,686,148

DKK	2020/21	2019/20
9 Construction contracts		
Selling price of work performed	40,610,567	23,638,517
Progress billings	-26,670,737	-23,036,731
	13,939,830	601,786
recognised as follows:		
Construction contracts (assets)	18,229,572	5,385,113
Construction contracts (liabilities)	-4,289,742	-4,783,327
	13,939,830	601,786

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and licenses.

DKK	<u>2020/21</u>	<u>2019/20</u>
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11 Share capital

Analysis of the share capital:

500 A shares of DKK 1,000.00 nominal value each	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

The Company's share capital has remained DKK 500,000 over the past 5 years.

12 Deferred tax

Analysis of the deferred tax

Deferred tax liabilities	<u>5,016,100</u>	<u>3,256,500</u>
	<u>5,016,100</u>	<u>3,256,500</u>

The provision for deferred tax primarily relates to timing differences in respect of property, plant and equipment, construction contracts and prepayments.

13 Non-current liabilities other than provisions

DKK	<u>Total debt at 30/6 2021</u>	<u>Repayment, next year</u>	<u>Long-term portion</u>	<u>Outstanding debt after 5 years</u>
Payables to group enterprises	1,750,098	0	1,750,098	0
Corporation tax payable	6,215,022	0	6,215,022	0
Other payables	<u>16,931,003</u>	<u>0</u>	<u>16,931,003</u>	<u>0</u>
	<u>24,896,123</u>	<u>0</u>	<u>24,896,123</u>	<u>0</u>

14 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its ultimate parent, DIS Group Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2020/21</u>	<u>2019/20</u>
Rent and lease liabilities	<u>14,691,000</u>	<u>20,153,000</u>

Rent and lease liabilities include a rent obligation totalling DKK 14,691 thousand in interminable rent agreements with remaining contract terms of 2 months - 7 years.

Financial statements 1 July 2020 - 30 June 2021

Notes to the financial statements

15 Collateral

The Company has provided a guarantee in respect of DIS House ApS' balances with banking institutions. The bank debt totalled DKK 10,942 thousand at 30 June 2021.

The Company's banking institution has provided a payment guarantee totalling DKK 2,515 thousand as collateral for the fulfilment of the Company's obligations.

16 Related parties

Dansk IngeniørService A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
DIS Group II A/S	Ørstedvej 10, 8660 Skanderborg	Shareholders' agreement

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
DIS Group Holding A/S	Ørstedvej 10, 8660 Skanderborg	Erhvervsstyrelsen

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

17 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for DIS Group Holding A/S.

DKK	2020/21	2019/20
18 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	10,000,000	25,000,000
Retained earnings	13,139,658	258,968
	<u>23,139,658</u>	<u>25,258,968</u>

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Michael Carsten Christian Gadeberg

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