
DS Gruppen A/S

D S Industrivej 6, DK-9500 Hobro

Annual Report for 1 July 2021 - 30 June 2022

CVR No 40 68 50 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/11 2022

Ole Kjærsgaard
Chairman of the General
Meeting



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of DS Gruppen A/S for the financial year 1 July 2021 - 30 June 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hobro, 29 November 2022

Executive Board

Kent Hejn Kristensen
CEO

Anders Brinch Sørensen
Executive Officer

Ole Kjærsgaard
Executive Officer

Thomas Rasmussen
Executive Officer

Morten Kaad
Executive Officer

Mike Günther Flörke
Executive Officer

Supervisory Board

Dr. Benedikt Benjamin Krings
Chairman

Hans Jörg Frieauff

Florian Laxander

Independent Auditor's Report

To the Shareholder of DS Gruppen A/S

Opinion

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 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DS Gruppen A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the 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 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 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 about 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 these 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:

- 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Aarhus, 29 November 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jens Weiersøe Jakobsen
State Authorised Public Accountant
mne30152

Thyge Belter
State Authorised Public Accountant
mne30222

Company Information

The Company

DS Gruppen A/S
D S Industrivej 6
DK-9500 Hobro

CVR No: 40 68 50 14

Financial period: 1 July - 30 June

Incorporated: 28 December 1971

Financial year: 51st financial year

Municipality of reg. office: Mariagerfjord

Supervisory Board

Dr. Benedikt Benjamin Krings, Chairman
Hans Jörg Friauff
Florian Laxander

Executive Board

Kent Hejn Kristensen
Anders Brinch Sørensen
Ole Kjærsgaard
Thomas Rasmussen
Morten Kaad
Mike Günther Flörke

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021/22 TDKK	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK
Key figures					
Profit/loss					
Revenue	2.628.988	2.130.051	1.821.227	1.657.489	1.533.181
Operating profit/loss	265.766	230.485	115.309	114.359	113.210
Profit/loss before financial income and expenses	274.059	233.488	117.084	114.359	113.210
Net financials	-9.032	38.734	-4.303	-3.798	-2.091
Net profit/loss for the year	204.441	220.865	87.264	86.019	85.426
Balance sheet					
Balance sheet total	1.275.097	1.163.850	878.052	824.746	646.979
Equity	562.745	465.788	285.979	273.088	275.320
Cash flows					
Cash flows from:					
- operating activities	264.961	125.973	152.441	133.278	72.846
- investing activities including investment in property, plant and equipment	-41.796	4.784	-30.111	-38.231	-27.545
- financing activities	-60.477	-15.699	29.868	45.616	27.784
- financing activities	-83.220	-136.242	29.882	-87.383	-29.156
Change in cash and cash equivalents for the year	139.945	-5.485	152.212	7.664	16.145
Number of employees	596	551	563	527	487
Ratios					
Gross margin	29,29%	30,05%	28,55%	31,19%	31,09%
Profit margin	10,42%	10,96%	6,43%	6,90%	7,38%
Return on assets	21,49%	20,06%	13,33%	13,87%	17,50%
Solvency ratio	44,13%	40,02%	32,57%	33,11%	42,55%
Return on equity	39,75%	58,76%	31,22%	31,37%	32,26%

Management's Review

Key activities

The Group's activities comprise the production of special steel structures, customised building designs, roof and façade systems and concrete elements.

Development in the year

The income statement of the Group for 2021/22 shows a profit of TDKK 204,441, and at 30 June 2022 the balance sheet of the Group shows equity of TDKK 562,745.

Management considers the results for the year satisfactory.

The results realised for the financial year 2021/22 exceed the earnings expectations for said financial year.

Outlook

The Group has met expectations of a profit for the financial year 2021/22. The Group expects a profit in the coming year at the same level.

Financial risks

The Group's primary business risk is linked to its ability to maintain a strong position in its most important markets. These markets comprise the Nordic countries and Germany.

Currency risk

The Group is exposed to currency risks with respect to day-to-day operations. Currency risks are, however, assessed to be relatively low. Loans as well as investment of cash and cash equivalents in currency are used for hedging.

Interest rate risks

Due to its high equity ratio and financial resources, the Group is exposed to interest rate changes only to a limited extent.

Credit risks

The Group's credit risks are primarily related to trade receivables. In accordance with the Group's credit risk assumption policy, all major customers and business partners are subject to continuous credit assessment.

Management's Review

External environment

The Group's activities are relatively energy intensive. Therefore, Management makes continuous investments in various types of environmental and energy-saving measures. Besides the above, the Group's activities do not impact the external environment to any significant extent.

Research and development

The Group engages in no particular research and development activities.

Statement of corporate social responsibility

The Group's activities comprise the production of special steel structures, customised building designs, roof and façade systems and concrete elements.

By focusing particularly on health and safety responsibilities as an integrated part of our awareness and business processes, the Group intends to promote a financially and socially responsible development of its business.

Environmental concern is key to the way we run our businesses. Where financially and technically feasible, we aim at using the most environmentally friendly and rational production method. And we introduce environmental considerations already in the design and planning phase. We recognise that the risk is significant in terms of impacting the environment through our activities as a manufacturing business and supplier of materials to the construction industry.

We have launched a major project of setting strategic goals within the broad sustainability framework of the UN's Sustainable Development Goals, including the environment and climate. The Group makes CO₂ offsets for its fuel consumption.

A sustainability strategy is expected to be prepared by the end of 2022. As part of taking responsibility, we have strengthened the organisation by engaging a Sustainability Officer and an Environment and Climate Specialist at the beginning of 2022.

We also recognise the risks related to human rights, corruption and bribery through the activities of our value chain, which risks we strive to mitigate. The Company takes its responsibility for human rights seriously and has a zero-tolerance corruption and bribery policy, which is written down in our Code of Conduct.

In 2022, we allocated resources to our Code of Conduct, which was updated and adjusted to the current situation of the world. We are developing a policy on how best to involve our value chain in the above work. We expect to have an action plan in place for the involvement of our value chain by the next financial year. The reporting period's new employees have reviewed the Code of Conduct as part of their onboarding period.

Management's Review

In terms of social and staff matters, we consider ensuring safe and up-to-date working conditions for all our employees to constitute our greatest risk. Employees are in every way our most important resource, and we continuously work to ensure fair working conditions. This work is especially focussed on preventing work-related injuries, where comprehensive instructions and introduction ensure that new employees, and especially young employees, become familiar with the safety rules and our procedures from day one.

The Company's procedures are wide-ranging due to its activities in sales, design, production, installation and administration, which means that the working environment greatly impacts our way of doing business. We focus on safety and job satisfaction for everyone and strongly emphasise topics such as employee retention and development.

During the reporting period, it was decided that our endeavour to improve the working environment, safety and job satisfaction should be organised under ISO 45001 Occupational health and safety management systems, and we expect a part of the group to become certified by the end of 2022.

As part of our ambition to run a responsible business, we will during the next reporting period work on formalising our social responsibility efforts and prepare a more basic report, action plan and policy.

Statement on gender composition

Currently, the Group's Supervisory Board consists of three men. The Group's target is that, by 2025, at least one member of the Supervisory Board will be from the underrepresented gender, implying that by then, the Board will consist of two men and one woman, or, alternatively, three men and one woman if the target is most appropriately achieved by expanding the Supervisory Board.

The Group has not achieved its target for the financial year 2021/22. In the financial year, DS Gruppen A/S changed owners. In that connection it has been essential to ensure management stability and in connection with the establishment of a new supervisory board. Against this background, the gender composition of the supreme governing body has been less of a focal point during the period.

It is the overall ambition of the Group to increase the representation of the underrepresented gender at the Company's other management levels. Against this background, it is during recruitment emphasised that candidates of both genders are invited to apply, and that both genders are treated equally when they are assessed. Similarly, employees of the underrepresented gender are offered courses and further education on the same terms as employees of the overrepresented gender.

Through competence development, employees showing the right potential, regardless of gender, will be considered for management positions in the Company. The gender composition of the Group's other management levels is generally challenged by the industry trend of men making up a large proportion of the workforce. In Management's assessment, the current staff reflects the industry's distribution between men and women, but a targeted effort by the Group would increase the number of women at the other management levels.

Management's Review

Statement of data ethics

Since the Group does not use advanced technologies such as algorithms, AI (artificial intelligence) or machine learning for data analysis, the Group has not prepared a data ethics policy. The Group processes general data in the form of customer data and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies. Taking the limited data processing into consideration, it is the Group's assessment that no data ethics policy is required. The Group will, nevertheless, continuously assess the need for a policy in this area.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
Revenue	1	2.628.988	2.130.051	7.170	7.506
Other operating income		9.957	3.230	5.500	1.561
Expenses for raw materials and consumables		-1.754.956	-1.388.022	0	0
Other external expenses		-113.990	-105.246	-4.643	-10.285
Gross profit/loss		769.999	640.013	8.027	-1.218
Staff expenses	2	-468.069	-379.458	-6.113	-6.357
EBITDA		301.930	260.555	1.914	-7.575
Depreciation and impairment of property, plant and equipment	3	-26.207	-26.840	-1.914	-2.913
Other operating expenses		-1.664	-227	-34	0
Profit/loss before financial income and expenses		274.059	233.488	-34	-10.488
Income from investments in subsidiaries	4	0	0	198.572	217.606
Income from investments in associates	5	-1.365	41.112	0	-555
Financial income	6	2.508	2.213	0	0
Financial expenses	7	-10.175	-4.591	-305	-874
Profit/loss before tax		265.027	272.222	198.233	205.689
Tax on profit/loss for the year	8	-60.586	-51.357	-1.030	2.516
Net profit/loss for the year		204.441	220.865	197.203	208.205

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Land and buildings		101.946	90.702	31.743	14.387
Plant and machinery		53.506	52.294	0	0
Other fixtures and fittings, tools and equipment		24.552	23.789	197	1.459
Property, plant and equipment in progress		20.002	444	0	0
Property, plant and equipment	9	200.006	167.229	31.940	15.846
Investments in subsidiaries	10	0	0	548.209	400.170
Investments in associates	11	1.262	39.826	0	0
Deposits	12	72	72	72	72
Fixed asset investments		1.334	39.898	548.281	400.242
Fixed assets		201.340	207.127	580.221	416.088
Inventories	13	155.045	97.862	0	0
Trade receivables		392.399	460.116	0	0
Contract work in progress	14	68.907	86.723	0	0
Receivables from group enterprises		0	12.192	1.734	1.122
Other receivables		20.257	9.100	144	1.203
Deferred tax asset	18	0	0	1.196	1.358
Corporation tax		0	0	92	1.456
Prepayments	15	10.368	3.894	0	0
Receivables		491.931	572.025	3.166	5.139
Cash at bank and in hand	16	426.781	286.836	21.601	22.315
Currents assets		1.073.757	956.723	24.767	27.454
Assets		1.275.097	1.163.850	604.988	443.542

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Share capital		4.500	4.500	4.500	4.500
Reserve for net revaluation under the equity method		0	33.824	324.806	202.806
Retained earnings		558.245	328.235	233.439	159.253
Proposed dividend for the year		0	75.600	0	75.600
Equity attributable to shareholders of the Parent Company		562.745	442.159	562.745	442.159
Minority interests		0	23.629	0	0
Equity		562.745	465.788	562.745	442.159
Provision for deferred tax	18	31.791	37.579	0	0
Other provisions	19	14.245	11.178	0	0
Provisions		46.036	48.757	0	0
Mortgage loans		0	262	0	0
Other payables		6.782	5.244	0	0
Long-term debt	20	6.782	5.506	0	0
Mortgage loans	20	262	1.052	0	0
Credit institutions		16.411	0	0	0
Trade payables		265.482	283.498	430	471
Contract work in progress	14	233.486	220.616	0	0
Payables to group enterprises		303	18.042	40.616	16
Corporation tax		66.358	35.743	0	0
Other payables	20	77.232	84.848	1.197	896
Short-term debt		659.534	643.799	42.243	1.383
Debt		666.316	649.305	42.243	1.383
Liabilities and equity		1.275.097	1.163.850	604.988	443.542
Distribution of profit	17				
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				

Balance Sheet 30 June

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	4.500	33.824	328.235	75.600	442.159	23.629	465.788
Cash capital reduction	0	0	0	0	0	-26.389	-26.389
Ordinary dividend paid	0	0	0	-75.600	-75.600	-4.478	-80.078
Exchange adjustments relating to foreign entities	0	0	-590	0	-590	0	-590
Other equity movements	0	0	-427	0	-427	0	-427
Net profit/loss for the year	0	-33.824	231.027	0	197.203	7.238	204.441
Equity at 30 June	4.500	0	558.245	0	562.745	0	562.745

Parent

Equity at 1 July	4.500	202.806	159.253	75.600	442.159	0	442.159
Ordinary dividend paid	0	0	0	-75.600	-75.600	0	-75.600
Exchange adjustments relating to foreign entities	0	-588	-2	0	-590	0	-590
Dividend from group enterprises	0	-75.557	75.557	0	0	0	0
Other equity movements	0	-427	0	0	-427	0	-427
Net profit/loss for the year	0	198.572	-1.369	0	197.203	0	197.203
Equity at 30 June	4.500	324.806	233.439	0	562.745	0	562.745

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2021/22 TDKK	2020/21 TDKK
Net profit/loss for the year		204.441	220.865
Adjustments	21	89.155	41.459
Change in working capital	22	13.437	-104.917
Cash flows from operating activities before financial income and expenses		307.033	157.407
Financial income		2.508	2.213
Financial expenses		-10.172	-4.141
Cash flows from ordinary activities		299.369	155.479
Corporation tax paid		-34.408	-29.506
Cash flows from operating activities		264.961	125.973
Purchase of property, plant and equipment		-60.477	-15.699
Fixed asset investments made etc		-26.820	-3.517
Sale of property, plant and equipment		8.720	2.380
Sale of fixed asset investments etc		0	21.620
Dividends received from associates		36.781	0
Cash flows from investing activities		-41.796	4.784
Repayment of mortgage loans		-1.052	-1.052
Repayment of loans from credit institutions		16.411	0
Reduction of lease obligations		-762	0
Repayment of payables to group enterprises		-17.739	-94.538
Dividend paid		-80.078	-40.652
Cash flows from financing activities		-83.220	-136.242
Change in cash and cash equivalents		139.945	-5.485
Cash and cash equivalents at 1 July		286.836	292.321
Cash and cash equivalents at 30 June		426.781	286.836
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand	16	426.781	286.836
Cash and cash equivalents at 30 June		426.781	286.836

Notes to the Financial Statements

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	1.784.399	1.390.113	7.170	7.506
Revenue, other EU/EØS countries	844.589	739.938	0	0
	2.628.988	2.130.051	7.170	7.506
2 Staff expenses				
Wages and salaries	423.677	342.728	5.347	4.082
Pensions	18.387	18.756	357	295
Other social security expenses	6.964	5.020	35	122
Other staff expenses	19.041	12.954	374	1.858
	468.069	379.458	6.113	6.357
Including remuneration to the Executive and Supervisory Boards of:				
Executive Board	3.692	2.837	3.692	2.837
Supervisory Board	811	330	811	330
	4.503	3.167	4.503	3.167
Average number of employees	596	551	4	4
3 Depreciation and impairment of property, plant and equipment				
Depreciation of property, plant and equipment	26.207	26.840	1.914	2.913
	26.207	26.840	1.914	2.913

Notes to the Financial Statements

	Parent	
	2021/22	2020/21
	TDKK	TDKK
4 Income from investments in subsidiaries		
Share of profits of subsidiaries	198.572	217.606
	198.572	217.606

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
5 Income from investments in associates				
Share of profits of associates	0	41.112	0	-555
Share of losses of associates	-1.365	0	0	0
	-1.365	41.112	0	-555

6 Financial income

Interest received from group enterprises	300	410	0	0
Other financial income	834	667	0	0
Exchange adjustments	1.374	0	0	0
Exchange gains	0	1.136	0	0
	2.508	2.213	0	0

7 Financial expenses

Interest paid to group enterprises	396	768	130	812
Other financial expenses	8.067	3.386	175	48
Exchange adjustments, expenses	127	15	0	14
Exchange loss	1.585	422	0	0
	10.175	4.591	305	874

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
8 Tax on profit/loss for the year				
Current tax for the year	65.333	36.242	-92	-1.456
Deferred tax for the year	-5.707	15.115	162	-1.060
Adjustment of tax concerning previous years	960	0	960	0
	60.586	51.357	1.030	-2.516

9 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	234.265	193.391	67.969	444
Additions for the year	21.710	12.060	9.410	19.558
Disposals for the year	-5.353	-6.146	-11.212	0
Cost at 30 June	250.622	199.305	66.167	20.002
Impairment losses and depreciation at 1 July	143.563	141.097	44.181	0
Depreciation for the year	7.647	10.705	5.768	0
Impairment and depreciation of sold assets for the year	-2.534	-6.003	-821	0
Reversal of impairment and depreciation of sold assets	0	0	-7.513	0
Impairment losses and depreciation at 30 June	148.676	145.799	41.615	0
Carrying amount at 30 June	101.946	53.506	24.552	20.002

Notes to the Financial Statements

9 Property, plant and equipment (continued)

Parent

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 July	39.275	6.607	45.882
Additions for the year	21.583	0	21.583
Disposals for the year	-2.956	-4.240	-7.196
Cost at 30 June	<u>57.902</u>	<u>2.367</u>	<u>60.269</u>
Impairment losses and depreciation at 1 July	24.888	5.148	30.036
Depreciation for the year	1.271	643	1.914
Impairment and depreciation of sold assets for the year	0	-3.621	-3.621
Impairment losses and depreciation at 30 June	<u>26.159</u>	<u>2.170</u>	<u>28.329</u>
Carrying amount at 30 June	<u>31.743</u>	<u>197</u>	<u>31.940</u>

Notes to the Financial Statements

	Parent	
	2021/22	2020/21
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 1 July	197.363	184.940
Additions for the year	26.040	16.023
Disposals for the year	0	-3.600
Cost at 30 June	<u>223.403</u>	<u>197.363</u>
Value adjustments at 1 July	202.807	176.955
Exchange adjustment	-589	-14
Net profit/loss for the year	198.572	217.606
Dividend to the Parent Company	-75.557	-191.740
Other adjustments	-427	0
Value adjustments at 30 June	<u>324.806</u>	<u>202.807</u>
Carrying amount at 30 June	<u>548.209</u>	<u>400.170</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
DS Stålkonstruktion A/S	Mariagerfjord	80%	153.750	68.154
DS Flexhal A/S	Mariagerfjord	80%	250.906	82.461
DS Stålfprofil A/S	Mariagerfjord	80%	75.566	27.526
DS Elcobyg A/S	Mariagerfjord	80%	60.173	28.640
DS Stahl GmbH	Germany	100%	7.742	-973
DS STAAL Holding ApS	Mariagerfjord	100%	30.754	13.627
DS Flex Holding ApS	Mariagerfjord	100%	50.181	16.492
DS Profil Holding ApS	Mariagerfjord	100%	15.146	5.503
DS ELCO Holding ApS	Mariagerfjord	100%	12.066	5.726

Notes to the Financial Statements

	Group
	<u>2021/22</u>
	TDKK
11 Investments in associates	
Cost at 1 July	6.000
Additions for the year	0
Disposals for the year	-451
Cost at 30 June	<u>5.549</u>
Value adjustments at 1 July	33.826
Exchange adjustment	-418
Net profit/loss for the year	-1.365
Dividends received	-36.781
Amortisation of goodwill	0
Other adjustments	451
Reversals for the year of revaluations in previous years	<u>0</u>
Value adjustments at 30 June	<u>-4.287</u>
Carrying amount at 30 June	<u>1.262</u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Køge Logistics Center AS	Køge	746	25%	6.965	133.693

12 Other fixed asset investments

	Group	Parent
	<u>Deposits</u>	<u>Deposits</u>
	TDKK	TDKK
Cost at 1 July	<u>72</u>	<u>72</u>
Cost at 30 June	<u>72</u>	<u>72</u>
Carrying amount at 30 June	<u>72</u>	<u>72</u>

Notes to the Financial Statements

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
13 Inventories				
Raw materials and consumables	153.676	95.378	0	0
Work in progress	1.369	2.484	0	0
	155.045	97.862	0	0
14 Contract work in progress				
Selling price of work in progress	2.005.453	1.183.053	0	0
Payments received on account	-2.170.032	-1.316.946	0	0
	-164.579	-133.893	0	0
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	68.907	86.723	0	0
Contract work in progress received recognised in debt	-233.486	-220.616	0	0
	-164.579	-133.893	0	0
15 Prepayments				
Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.				
16 Cash at bank and in hand				
Deposited	50.000	0	0	0
Other cash at bank and in hand	376.781	286.836	21.601	22.315
	426.781	286.836	21.601	22.315

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
17 Distribution of profit				
Extraordinary dividend paid	0	35.000	0	35.000
Proposed dividend for the year	0	75.600	0	75.600
Reserve for net revaluation under the equity method	-33.824	33.824	198.572	217.605
Minority interests' share of net profit/loss of subsidiaries	7.238	12.659	0	0
Retained earnings	231.027	63.782	-1.369	-120.000
	204.441	220.865	197.203	208.205

18 Provision for deferred tax

Provision for deferred tax at 1 July	37.579	22.464	-1.358	-298
Amounts recognised in the income statement for the year	-5.788	15.115	162	-1.060
Provision for deferred tax at 30 June	31.791	37.579	-1.196	-1.358

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years.

19 Other provisions

Other provisions includes warranty provisions related to completed contracts.

Other provisions	14.245	11.178	0	0
	14.245	11.178	0	0

Notes to the Financial Statements

20 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
Mortgage loans				
Between 1 and 5 years	0	262	0	0
Long-term part	0	262	0	0
Within 1 year	262	1.052	0	0
	262	1.314	0	0
Other payables				
Between 1 and 5 years	6.782	5.244	0	0
Long-term part	6.782	5.244	0	0
Other short-term payables	77.232	84.848	1.195	896
	84.014	90.092	1.195	896

Notes to the Financial Statements

	Group	
	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
21 Cash flow statement - adjustments		
Financial income	-2.508	-2.213
Financial expenses	10.175	4.591
Depreciation, amortisation and impairment losses, including losses and gains on sales	21.712	26.819
Income from investments in associates	1.365	-41.112
Tax on profit/loss for the year	60.586	51.357
Other adjustments	-2.175	2.017
	<u>89.155</u>	<u>41.459</u>
22 Cash flow statement - change in working capital		
Change in inventories	-57.183	-28.474
Change in receivables	80.094	-156.833
Change in other provisions	8.553	9.019
Change in trade payables, etc	-18.027	71.371
	<u>13.437</u>	<u>-104.917</u>

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

23 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	28.128	31.551	0	0
Plant and machinery with a carrying amount of	19.651	23.727	0	0

The following assets have been placed as security with bankers:

The Group has issued mortgage deeds with a total of TDKK 5.000, which gives security in land and buildings with a total value of TDKK 21.509.

TDKK 50.000 have been deposited as security	262	1.314	0	0
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	2.830	938	0	0
Between 1 and 5 years	6.403	1.128	0	0
After 5 years	559	0	0	0
	9.792	2.066	0	0

Guarantee obligations

There are the normal warranty obligations for the industry. Complaint costs are recognized in the income statement on an ongoing basis. The Group has provided guarantees for a total of TDKK 791.165.

Other contingent liabilities

The Group is involved in individual disputes, the outcome of which is currently uncertain. It is the management's opinion that the outcome of these cases will not have significant impact in the company's financial position.

Notes to the Financial Statements

23 Contingent assets, liabilities and other financial obligations (continued)

Parent

The company is liable as self-debtor surety for guarantees provided by the Groups companies. The total of the guarantees are TDKK 87.112.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

24 Related parties

Basis

Controlling interest

Ortwin Goldbeck Holding SE

Ultimate parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent	
	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK	TDKK	TDKK
25 Fee to auditors appointed at the general meeting				
PwC				
Audit fee	809	0	193	0
Other services	<u>270</u>	<u>0</u>	<u>64</u>	<u>0</u>
	<u>1.079</u>	<u>0</u>	<u>257</u>	<u>0</u>
Beierholm				
Audit fee	0	777	0	176
Other services	<u>0</u>	<u>620</u>	<u>0</u>	<u>267</u>
	<u>0</u>	<u>1.397</u>	<u>0</u>	<u>443</u>

Notes to the Financial Statements

26 Accounting Policies

The Annual Report of DS Gruppen A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DS Gruppen A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

26 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

26 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

26 Accounting Policies (continued)

Income from investments in associates

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-20 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

The fixed assets' residual values are determined at nil.

Notes to the Financial Statements

26 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and manage-

Notes to the Financial Statements

26 Accounting Policies (continued)

ment.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

26 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

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

Notes to the Financial Statements

26 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$