

Registered number: 10096683

DSI Construction Holdings UK Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2020

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DSI Construction Holdings UK Limited

Company Information

Directors	I Jarvis R Meinardus
Registered number	10096683
Registered office	Northfield Road Southam Warwickshire CV47 0FG
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD

DSI Construction Holdings UK Limited

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DSI Construction Holdings UK Limited

**Strategic Report
For the Year Ended 31 December 2020**

Business review

The company is a holding company for three other UK companies, being DYWIDAG Systems International Limited, DYWIDAG Limited and Atlas Pile Testing Limited.

The company itself services a loan given to it by its immediate parent company, holds the investments noted above and holds deferred consideration in respect of these.

Please refer to the accounts of the subsidiaries for more information on those business' performance. The company is able to claim exemption from consolidation under Section 400 of the Companies Act 2006.

Principal risks and uncertainties

The key risk faced by the company is the underperformance of its trading subsidiaries as the company is largely dependent on the future cash flows from their operations. Failure of the subsidiaries to perform could lead to impairments of the values of the investments held by the company.

As the company has net liabilities, it is reliant upon support from its parent undertaking DSI Construction Holdings Luxembourg SARL. Such support has been received confirming the parent's intention to support the company in paying its debts as they fall due for a period of not less than 12 months from the date of signature of these financial statements.

This report was approved by the board and signed on its behalf:

.....
I Jarvis
Director

Date: 18 June 2021

DSI Construction Holdings UK Limited

**Directors' Report
For the Year Ended 31 December 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £1,286,829 (2019 - profit £730,972).

Dividends of £Nil (2019: £Nil) were paid during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

I Jarvis
R Meinardus

Future developments

As the company is a holding company only, there are no future developments to disclose.

DSI Construction Holdings UK Limited

Directors' Report (continued)
For the Year Ended 31 December 2020

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf,

.....
I Jarvis
Director

Date: 18 June 2021

DSI Construction Holdings UK Limited

Independent Auditors' Report to the Members of DSI Construction Holdings UK Limited

Opinion

We have audited the financial statements of DSI Construction Holdings UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

DSI Construction Holdings UK Limited

Independent Auditors' Report to the Members of DSI Construction Holdings UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

DSI Construction Holdings UK Limited

Independent Auditors' Report to the Members of DSI Construction Holdings UK Limited (continued)

Auditors' 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 Auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- Enquiring of local management and parent company management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or that had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and corruption policy and the Coronavirus Job Retention Scheme.

Audit response to risks identified

Our procedures to respond to risk identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- Reading minutes of meetings of those charged with governance, reviewing correspondence with regulators; and
- Carrying out substantive testing to confirm the validity and accuracy of 'furlough' claims.

DSI Construction Holdings UK Limited

Independent Auditors' Report to the Members of DSI Construction Holdings UK Limited (continued)

Audit response to risks identified (continued)

We have also considered the risks noted above in addressing the risk of fraud through management override of controls:

- Testing the appropriateness of journal entries and other adjustments;
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Glover (Senior Statutory Auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

25 June 2021

DSI Construction Holdings UK Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		7,427	8,001
Interest payable and expenses	6	(1,163,118)	(1,239,074)
Other finance (expenditure) / income		(575,816)	1,934,823
(Loss)/profit before tax		(1,731,507)	703,750
Tax on (loss)/profit	8	444,678	27,222
(Loss)/profit for the financial year		(1,286,829)	730,972

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 21 form part of these financial statements.

DSI Construction Holdings UK Limited
Registered number: 10096683

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	17,335,534	17,335,534
Current assets			
Debtors: amounts falling due within one year	10	471,900	679,478
Cash at bank and in hand	11	1	1
		<u>471,901</u>	<u>679,479</u>
Creditors: amounts falling due within one year	12	<u>(100,771)</u>	<u>(306,377)</u>
Net current assets		<u>371,130</u>	<u>373,102</u>
Total assets less current liabilities		<u>17,706,664</u>	<u>17,708,636</u>
Creditors: amounts falling due after more than one year	13	(20,031,908)	(18,747,051)
Net liabilities		<u><u>(2,325,244)</u></u>	<u><u>(1,038,415)</u></u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	<u>(2,325,245)</u>	<u>(1,038,416)</u>
		<u><u>(2,325,244)</u></u>	<u><u>(1,038,415)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
I Jarvis
Director

Date: 18 June 2021

The notes on pages 11 to 21 form part of these financial statements.

DSI Construction Holdings UK Limited

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	(1,769,388)	(1,769,387)
Comprehensive income for the year			
Profit for the year	-	730,972	730,972
At 1 January 2020	1	(1,038,416)	(1,038,415)
Comprehensive income for the year			
Loss for the year	-	(1,286,829)	(1,286,829)
At 31 December 2020	1	(2,325,245)	(2,325,244)

The notes on pages 11 to 21 form part of these financial statements.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

1. General information

DSI Construction Holdings UK Limited is a private company limited by shares, incorporated in the United Kingdom. The address of the company's registered office and its principal place of business is Northfield Road, Southam, Warwickshire, United Kingdom, CV47 0FG.

The principal activity of the company during the year was that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*
- the requirements of IAS 7 *Statement of Cash Flows*
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Where required, equivalent disclosures are given in the consolidated financial statements of DSI International Luxembourg SARL, a company incorporated in Luxembourg. The largest consolidated financial statements within which the company's results are included is Tension II Acquico SARL, a company registered in Luxembourg. Copies of the consolidated financial statements can be obtained from that company's registered office, which is 2C Rue Albert Borschette, L-1246, Luxembourg.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

At 31 December 2020, the company had net liabilities of £2,325,940 (2019: £1,038,415). The company has sought assurances from its parent company that debts will not be recalled to such an extent that the company would not be able to meet its external liabilities as they fall due.

As a result, these financial statements have been prepared on a going concern basis.

DSI Construction Holdings UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Impact of new international reporting standards, amendments and interpretations

New standards, amendments and interpretations coming into effect from 1 January 2020

Management have concluded that there is no impact on the financial statements as a result of the following changes to International Financial Reporting Standards:

- Amendments to IFRS 3 (Business combinations) - definition of a business;
- Amendments to IFRS 7 (Financial instruments: disclosures), IFRS 9 (Financial instruments) and IAS 39 (Financial instruments: recognition and measurement) - Interest Rate Benchmark Reform;
- Amendments to IFRS 16 (Leases) - COVID-19 related rent concessions;
- Amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Changes in accounting policies, changes in accounting estimates and errors) - definition of material;
- Revisions to the Conceptual Framework for Financial Reporting.

New standards not yet effective

There are a number of new standards, amendments and interpretations which have been issued by the International Accounting Standards Board that are effective in future periods, that the company has decided not to adopt early.

The following amendments are effective for the accounting year beginning 1 January 2022:

- Amendments to IAS 37 (Oncous contracts) - the cost of fulfilling a contract;
- Amendments to IAS 16 (Property, plant and equipment) - proceeds before intended use;
- Amendments to IFRS 1 (First time adoption of IFRS), IFRS 9, and IFRS 16 - Annual improvements to IFRS 2018-2020;
- Amendments to IFRS 3 - References to conceptual framework.

The following amendments are effective for the accounting year beginning 1 January 2023:

- Amendments to IAS 1 (Presentation of financial statements) - clarity on when liabilities should be classified as current or non-current.

Management are currently assessing the impact of these new accounting standards, amendments and interpretations. Management do not believe that any of the proposed changes will have a material impact on the financial statements of the company.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Company as at 31 December 2020 are discussed below:

Valuation of deferred consideration

The valuation of deferred consideration is recorded at its net present value, being the expected future payments, discounted at an appropriate rate of interest, which is unwound through the Statement of Comprehensive Income. At the year end, £Nil (2019: £715,176) was recognised in the financial statements in respect of this. Please see notes 7 and 14 for further information.

4. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>(12,600)</u>	<u>(8,001)</u>

Audit fees are a credit to the Statement of comprehensive income due to the release of accruals. Audit fees for the company are paid by another company in the group.

5. Employees

The company has not paid out any employment costs in the year. The directors of the company are remunerated by other companies within the group the company resides.

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Directors	<u>2</u>	<u>2</u>

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

6. Interest payable and similar expenses

	2020	2019
	£	£
Other interest payable	35,023	112,933
Loans from group undertakings	1,128,095	1,126,141
	<u>1,163,118</u>	<u>1,239,074</u>

7. Other finance (expenditure) / income

	2020	2019
	£	£
Revaluation of financial liabilities	511,199	959,956
Foreign exchange differences arising on loans from group undertakings	(1,087,015)	974,867
	<u>(575,816)</u>	<u>1,934,823</u>

Revaluation of financial liabilities relates to the release of deferred consideration due in respect of an acquisition made by the company, as described in note 14.

8. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	(167,685)	(27,222)
Adjustments in respect of previous periods	2,004	-
Total current tax	<u>(165,681)</u>	<u>(27,222)</u>
Deferred tax		
Origination and reversal of timing differences	(278,997)	-
Total deferred tax	<u>(278,997)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(444,678)</u>	<u>(27,222)</u>

DSI Construction Holdings UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

8. Taxation (continued)
Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(1,731,507)</u>	<u>703,750</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(328,986)	133,713
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,654	21,456
Non-taxable income	(97,128)	(182,391)
Corporation tax in respect of prior years	2,004	-
Deferred tax in respect of prior years	(27,222)	-
Total tax charge for the year	<u><u>(444,678)</u></u>	<u><u>(27,222)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	17,335,534
At 31 December 2020	<u><u>17,335,534</u></u>

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
DYWIDAG Systems International Limited	Same as Company	Ordinary	100%
DYWIDAG Limited	Datum House, the Pavillions, Bridge Hall Lane, Bury, BL9 7NX	Ordinary	100%
Atlas Pile Testing Limited	Datum House, the Pavillions, Bridge Hall Lane, Bury, BL9 7NX	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
DYWIDAG Systems International Limited	5,209,375	914,209
DYWIDAG Limited	1,736,705	(891,312)
Atlas Pile Testing Limited	(3,834)	22,614

10. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	-	652,256
Tax recoverable	192,902	27,222
Deferred taxation	278,998	-
	471,900	679,478

11. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1	1

DSI Construction Holdings UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

12. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Deferred consideration	-	203,217
Amounts owed to group undertakings	100,771	90,560
Accruals and deferred income	-	12,600
	<u>100,771</u>	<u>306,377</u>

13. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Deferred consideration	-	511,959
Amounts owed to group undertakings	20,031,908	18,235,092
	<u>20,031,908</u>	<u>18,747,051</u>

14. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year		
Deferred consideration	-	203,217
Amounts falling due 1-2 years		
Deferred consideration	-	511,959
	<u>-</u>	<u>715,176</u>

Deferred consideration represents amounts due to the previous ultimate controlling party of DYWIDAG Limited and Atlas Pile Testing Limited. During the year, a settlement was reached with that party whereby no further amounts are payable, and the remaining balance has been credited to the Statement of Comprehensive Income as shown in note 7.

DSI Construction Holdings UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

15. Deferred taxation

	2020 £
Charged to profit or loss	278,998
At end of year	<u>278,998</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	<u>278,998</u>	<u>-</u>

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

17. Reserves**Profit and loss account**

The profit and loss account comprises all current and prior year retained profits and losses.

18. Controlling party

The immediate parent company is DSI Construction Holdings Luxembourg SARL, registered in Luxembourg.

The ultimate parent company is Tension II AcquiCo SARL, registered in Luxembourg, and is the largest group into which the results of the company are consolidated. Copies of the consolidated financial statements can be obtained from that company's registered office, which is 2C Rue Albert Borschette, L-1246, Luxembourg.

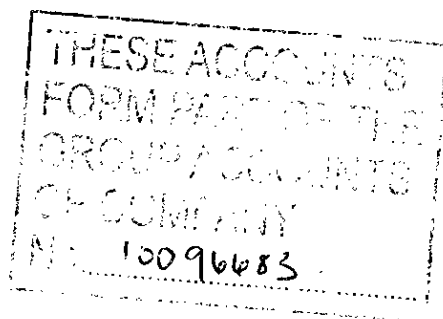
The ultimate controlling party is Triton Fund III LP by virtue of its controlling stake in the ultimate parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

**Consolidated Financial Statements
&
Management Report of the DYWIDAG Group**

for the year ended 31 December 2020

(with the Independent Auditors' Report thereon)



**DSI International Luxembourg S.à r.l.
Société à Responsabilité Limitée
(Luxembourg)**

26B, Boulevard Royal
L-2449 Luxembourg
RCS Luxembourg: B 120523

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Group Management Report

for the year ended 31 December 2020

Situation and Environment

1.1. Business Activity

The DYWIDAG Group is a global player in the supply of products and engineering services in the construction industry.

DYWIDAG's Post-Tensioning (PT) portfolio is predominantly applied in the construction of bridges, wind towers and high-rise buildings.

DYWIDAG's Geotechnical (GT) rock and soil anchor systems are used to stabilize excavated slopes, concrete structures and to transfer external forces into the ground.

DYWIDAG's Lifespan Management (LSM) include Repair & Strengthening activities plus a growing portfolio of digital solutions.

DY.CO's concrete accessories are consumables that are required for the handling and processing of concrete during the construction process.

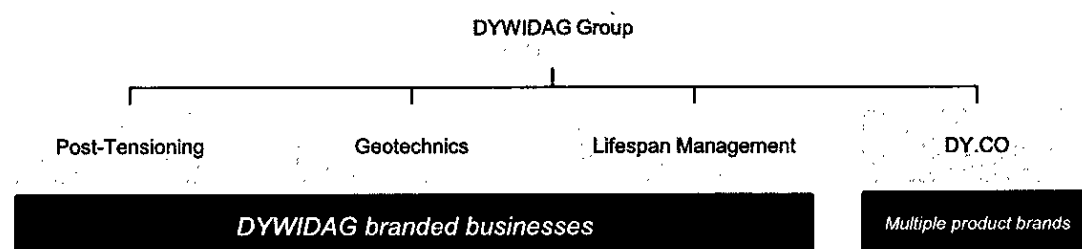
The PT and Lifespan business is mainly depended on the infrastructure market whereas GT and DY.CO have a significant share in commercial construction activities.

The customers of the DYWIDAG business unit group are general contractors or relevant sub-contractors. DY.CO has a growing share of sales via the distribution channel.

1.2. Group Structure

DSI International Luxembourg S.à r.l., headquartered in Luxembourg, is owned by Tension II AcquiCo S.à r.l., which is indirectly owned by funds managed by Triton Managers III Limited as general partner of Triton Fund III General Partner L.P.

The DYWIDAG Group is organized by global business units as illustrated in following diagram:



1.3. Business Environment and Outlook

DYWIDAG exited 2019 with a record year end order backlog in its current business structure before the growth had been stopped by the COVID-19 pandemic, though having different impacts by business unit and region.

The strong backlog in PT still supported a good year over year growth despite several execution delays. In GT, the bandwidth of impacts was very different by country, ranging from accelerated sales in some DYWIDAG growth markets, to severe price pressure in others. Nevertheless, DYWIDAG could nearly double its order backlog in GT vs. year end 2019. DY.CO was facing a very special situation in France, where during the first lock down in March 2020, nearly all activities came to a stop.

DYWIDAG Business Units	Sales 2020 in m€	Sales 2019 in m€	Variation 2020 to 2019		
			in m€	in %	Like-for-like
Post-Tensioning	129.5	119.3	10.2	8.5%	10.9%
Geotechnics	118.7	136.5	-17.8	13.0%	10.0%
Lifespan Management	31.3	31.3	0.0	0.1%	1.2%
DY.CO	79.3	84.6	-5.3	6.3%	-6.1%
Others	1.9	-1.0	2.9	n/a	n/a
DYWIDAG Group	360.6	370.6	-10.0	-2.7%	-0.1%

Overall, and after a swift drop in the second quarter 2020, sales did stabilize and at constant exchange rates DYWIDAG could nearly achieve prior years' sales levels however with substantial variations and consequences by regions. The order backlog end of Feb 2021 at constant rate exceeds the level in Feb 2020.

DYWIDAG had used the period to improve its competitiveness, dynamize the cost base, expand the portfolio or discontinue loss-making segments.

The 2nd/3rd wave of the pandemic is still ongoing and not all consequences foreseeable. Major concerns are still reduced small/mid-size order opportunities in most regions and yet limited tender activities.

1.4. Research and Development (R&D)

In 2020 DYWIDAG bundled its R&D activities in a central team to better leverage the know how across different business units and regions and to accelerate the digital transformation in its portfolio and offering.

During 2020, the DYWIDAG Group continued to strengthen its technological leadership in the marketplace and has filed 7 new patent applications.

1.5. Comments to the Consolidated Financial Statements

The DYWIDAG Group generated a pro-forma EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization based on management reporting) of € 26.3 m (2019: € 25.6 m) or EBITDA margin of 7.3% (2019: 6.9%). This was achieved by substantial cost reductions and avoidance of discretionary spend. At the same time restructuring activities, COVID-19 non-recurring costs, led to a decline of the net result for the year ended 31 December 2020 to € -15.1 m (2019: € 1.2 m).

Risk Report

The DYWIDAG Group is a global actor in its industry and exposed to company and sector/region-specific risks. Constantly updated and improved management systems and review activities enable DYWIDAG to identify risks and opportunities at an early stage to act accordingly. This proven risk and opportunity strategy allow DYWIDAG to spot and take advantage of favorable developments and to limit adverse effects that may arise. The risks are considered appropriate and acceptable in relation to the value created.

The DYWIDAG Group's strong infrastructure activities and market-/region portfolio distribution make it more resilient to rapid economic changes. Market risks are evaluated by monitoring key economic indicators and market information on an ongoing basis. Major price risks to which the DYWIDAG Group is exposed are commodity, exchange rate and interest fluctuations.

The DYWIDAG Group's business is particularly exposed to steel price fluctuation. This is materially reduced by back-to-back conditions on large projects leveraging established strong partnerships with suppliers and quick or contractual pass through of increases. To limit dependency but also to reduce exchange exposures in growing markets, alternative or local resources are continuously qualified.

The use of hedging instruments is regulated in the group policies and are used exclusively to reduce earning and spending volatility for underlying transactions. Aside from certain inter-Group financing arrangements, DYWIDAG Group companies hold only minimal balances in currencies other than their functional currency.

The DYWIDAG Group's exposure to interest rate fluctuations arises from the Senior Facility Agreement (SFA) and local drawn COVID-19 facilities. Interest charges on borrowings are based on the applicable floating base rate (e.g., EURIBOR or USD LIBOR) for each 1-month period plus a fixed margin.

The group employs a weekly cash reporting and analysis and a quarterly rolling forecast process to early identify possible risks and employs effective tools to manage its working capital investments.

2. Going Concern

The debt is regulated by a Senior Facilities Agreement (SFA), which includes, amongst other requirements, financial ratios as covenants. The Going Concern consideration for the Group is dependent on complying with these Covenants, since otherwise (in case of

Covenant breach) the lenders could accelerate maturity of the loans. The covenants are as follows:

- | | |
|------------------|--|
| – Interest Cover | (EBITDA to Net Cash Interest Expense) |
| – Debt Cover | (Total Net Debt to EBITDA) |
| – Capex Levels | (Maximum capital expenditure level excluding permitted acquisitions) |

Those covenants had to be tested on a quarterly basis and resulted in the issuance of a favorable Covenant Certificate to the lenders. This Covenant Certificate will have to be confirmed through an audit of the certificate and the underlying assumptions and resubmitted to the lenders within 150 days after the end of the financial year.

The company is comfortable that the calculations will be confirmed and that all further requirements will be complied to.

Based on the official Group Business Plan, the ability of the DYWIDAG Group to meet all scheduled debt service payments up to the maturity of the loans is secured. The DYWIDAG Group is projecting enough liquidity and will be consistently able to comply with all financial covenants set in the SFA. As a result, the 2020 consolidated accounts have been prepared for DSI International Luxembourg S.à r.l. as a going concern.

No interim dividends were paid during the year and no final dividend will be paid in relation to the year ended 31 December 2020.

Luxembourg, 20 April 2021



Matti Kuivalainen, CEO



Ralf Meinardus, CFO

DSI International Luxembourg S.à r.l.



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DSI International Luxembourg S.à r.l.
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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DSI International Luxembourg S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.



- Conclude on the appropriateness of the Board of Manager's use of the going concern basis of accounting 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

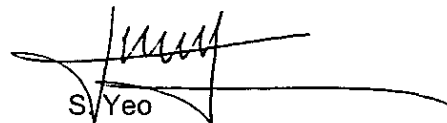
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 20 April 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé


S. Yeo
Associate Partner

DSI International Luxembourg S.à r.l.

Société à Responsabilité Limitée

The following table shows the assets of the Consolidated Statement of Financial Position of the DYWIDAG Group as at 31 December 2020 and 2019, respectively:

ASSETS	Notes	31 Dec 2020	31 Dec 2019
		€ 000	€ 000
Non-current non-financial assets			
Goodwill	(1)	13,872	15,309
Other intangible assets	(1)	67,332	72,474
Property, plant and equipment	(1)	50,749	50,363
Investments carried at equity	(1)	1,218	1,113
Deferred tax assets	(2)	4,337	5,699
		137,508	144,958
Non-current financial assets			
Other investments	(3)	130	576
Other financial assets	(3)	486	641
		616	1,217
Total Non-current assets		138,124	146,175
Current non-financial assets			
Inventories	(4)	38,175	41,270
Income tax receivables	(2)	2,131	1,544
Other tax receivables	(2)	5,993	6,077
		46,299	48,891
Current financial assets			
Trade and other receivables, net	(5)	59,487	57,122
Cash and cash equivalents	(6)	33,101	21,293
Other current financial assets	(5)	12,652	15,716
		105,240	94,131
Total Current assets		151,539	143,021
Total Assets		289,663	289,197

The Notes on page 12 to 63 form an integral part of these consolidated Financial Statements.

The following table shows the equity & liabilities of the Consolidated Statement of Financial Position of the DYWIDAG Group as at 31 December 2020 and 2019, respectively:

EQUITY & LIABILITIES	Notes	31 Dec 2020	31 Dec 2019
		€ 000	€ 000
Equity attributable to owners of the parent:			
Share capital	(7)	2,500	2,500
Total reserves	(7)	-6,364	-4,241
Net accumulated losses	(7)	-23,716	-8,569
		-27,580	-10,310
Non-controlling interests	(7)	1,945	2,080
Total Equity		-25,635	-8,230
Non-current non-financial liabilities			
Pensions	(9)	17,464	18,618
Deferred tax liabilities	(2)	23,334	25,338
Other non-current provisions	(11)	-	83
		40,798	44,039
Non-current financial liabilities			
Shareholder loans	(8)	70,228	70,228
Loans and borrowings	(10)	53,971	55,001
Lease liabilities	(10)	16,014	13,396
Other non-current financial liabilities	(10)	-	1,452
		140,213	140,077
Total Non-current liabilities		181,011	184,116
Current non-financial liabilities			
Income tax liabilities	(2)	4,294	2,388
Other tax liabilities	(2)	7,802	5,689
Other current provisions	(11)	1,954	1,218
Other current non-financial liabilities	(11)	34,593	19,105
		48,643	28,400
Current financial liabilities			
Trade and other payables	(11)	34,645	42,334
Loans and borrowings	(11)	5,219	3,287
Shareholder loans	(8)	33,513	28,584
Lease liabilities	(11)	5,615	5,237
Other financial liabilities	(11)	6,652	5,469
		85,644	84,911
Total Current liabilities		134,287	113,311
Total Equity & Liabilities		289,663	289,197

The Notes on page 12 to 63 form an integral part of these consolidated Financial Statements.

The following table shows the Consolidated Statement of Comprehensive Income of the DYWIDAG Group for the financial years 2020 and 2019, respectively:

	Notes	01 Jan 2020- 31 Dec 2020	01 Jan 2019- 31 Dec 2019
		€000	€000
Continuing operations			
Sales	(13)	360,565	370,896
Cost of sales		-283,594	-288,541
Gross profit		76,971	82,355
Selling expenses		-28,706	-33,169
General administrative expenses		-37,796	-40,594
Other operating income	(14)	8,145	3,900
Impairment loss on trade receivables		-1,619	-1,320
Other operating expenses	(15)	-20,488	-2,256
Operating results		-3,491	8,916
Interest income	(19)	757	1,252
Interest expenses	(19)	-9,090	-9,691
Financial result		-8,333	-8,439
Income from investments recognised under the equity method	(17)	-34	-386
Earnings before taxes		-11,858	91
Expense from income taxes	(20)	-3,224	1,139
Net (loss) / profit for the year		-15,082	1,230
thereof: attributable to owners of the parent		-15,147	988
thereof: attributable to non-controlling interests		65	242
Remeasurements of defined benefit plans		399	-2,079
Tax on remeasurements		-123	624
Currency translation adjustment		-2,599	-510
Other comprehensive income for the year		-2,323	-1,965
Total comprehensive income for the year		-17,405	-735
thereof: attributable to owners of the parent		-17,270	-972
thereof: attributable to non-controlling interests		-135	237

The Notes on page 12 to 63 form an integral part of these consolidated Financial Statements.

The following table shows the Consolidated Statement of Cash Flows of the DYWIDAG Group for the financial years 2020 and 2019:

	Note	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 31 Dec 2019
		€000	€000
Net profit before taxes, interest, and income from investments		-3,491	8,916
Depreciation and amortisation of non-current assets		14,005	13,979
Impairment loss on investment		-	-
Other non-cash items expenses (income)		4,308	-
Gain from the disposal of fixed assets		-4,780	-79
Changes in operating net working capital		-155	4,803
Changes in other assets		2,167	-5,383
Changes in other liabilities		8,445	-2,573
Interest paid		-3,655	-3,468
Taxes on income paid	(21)	-2,248	-2,947
Net cash flow from/(used in) operating activities		14,596	13,247
Interest received		182	160
Dividends received		-	-
Inflow of funds from disposals of non-current assets		8,445	265
Acquisition of subsidiary, net of cash acquired	(22)	171	-2,519
Outflow of funds for the purchase of intangible assets		-367	-832
Outflow of funds for property, plant and equipment		-16,274	-9,448
Outflow of funds for other investments		-	-
Cash flow used in investing activities		-7,843	-12,374
Repayment of borrowings	(23)	-9,899	-10,191
Inflows of funds from borrowings	(23)	13,679	5,527
Changes in related party financing		-1,203	8,047
Changes in finance lease liabilities		4,131	-837
Capital contribution		-	-
Cash flow from/(used in) financing activities		6,708	2,546
Total cash inflows and outflows		13,461	3,419
Cash and cash equivalents at beginning of the year		21,293	17,783
Exchange gains on cash balances		-1,653	91
Cash and cash equivalents at the end of the year		33,101	21,293

The Notes on page 12 to 63 form an integral part of these consolidated Financial Statements.

The following table shows the Consolidated Statement of Changes in Shareholder's Equity of the DYWIDAG Group for the year ended 31 December 2020 and 2019, respectively:

Denominated in €	Share capital € 000	Reserves € 000	Other comprehensive income € 000	Total reserves € 000	Net Accumulated Losses € 000	Shareholder equity € 000	Non- controlling interests € 000	Total equity € 000
Balance as at 01 January 2019	2,500	263	-2,542	-2,279	-9,557	-9,336	1,594	-7,742
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	249	249
Transactions with non-controlling interests	-	-	-	-	-	-	249	249
Net income for the year	-	-	-	-	988	988	242	1,230
Actuarial gains and losses (net of tax)	-	-	-1,456	-1,456	-	-1,456	-	-1,456
Currency translation adjustments	-	-	-506	-506	-	-506	-4	-510
Total comprehensive income	-	-	-1,962	-1,962	988	-972	237	-736
Balance as at 31 December 2019	2,500	263	-4,504	-4,241	-8,569	-10,310	2,080	-8,230
Balance as at 01 January 2020	2,500	263	-4,504	-4,241	-8,569	-10,310	2,080	-8,230
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-
Net Income for the year	-	-	-	-	-15,147	-15,147	65	-15,082
Actuarial gains and losses (net of tax)	-	-	276	276	-	276	-	276
Currency translation adjustments	-	-	-2,399	-2,399	-	-2,399	-200	-2,599
Total comprehensive income	-	-	-2,123	-2,123	-15,147	-17,270	-135	-17,405
Balance as at 31 December 2020	2,500	263	-6,627	-6,364	-23,716	-27,580	1,945	-25,635

The Notes on page 12 to 63 form an integral part of these consolidated Financial Statements.

(I) Nature of Operations and Basis of Preparation

(a) Reporting entity

DSI International Luxembourg S.à r.l., is a company incorporated on 23 October 2006 and domiciled in Luxembourg. The Company's registered office is 26B Boulevard Royal, L-2449 Luxembourg and the Company is registered with the Register of Commerce of Luxembourg under section B number 120.523. The Company is 100% owned by Tension II AcquiCo S.à r.l., which is ultimately controlled by TritonMasterluxco 3 S.à r.l..

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise those of the Company and its fully controlled subsidiaries (together referred to as the "DYWIDAG Group" or the "Group" and individually as "Group entities").

The DYWIDAG Group is active in the areas of construction, specialising in post-tensioning systems, geotechnical products, concrete accessories and lifespan management. In the current year, the Group generated revenues of € 360.6 million with approximately 1,569 employees worldwide based on an annual average (in the prior year: revenues of € 370.9 million with approximately 1,518 employees).

(b) Basis of accounting

The consolidated financial statements of the Company have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations thereof issued by the International Reporting Standards Interpretations Committee (IFRIC). Accounts are presented on the basis of the Standards and Interpretations as adopted by the European Union and in accordance with the Luxembourg legal and regulatory requirements.

Current and non-current assets and liabilities are shown in the group balance sheet in accordance with IAS 1.54. The statement of profit and loss is presented in accordance with the functional cost method.

These consolidated financial statements are presented in Euro (€), which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand, unless otherwise indicated.

(c) Basis of consolidation

DSI International Luxembourg S.à r.l., is the ultimate shareholder for the DYWIDAG Group's Construction companies. In addition to the financial statements of DSI International Luxembourg S.à r.l., the consolidated financial statements include the accounts of all domestic and foreign subsidiaries which the Company controls, indirectly or directly, through a majority of the voting rights or other controlling rights.

The consolidated financial statements include the accounts of *DSI International Luxembourg S.à r.l.* as well as those of 42 fully consolidated companies (in 2019: 46). An overview of the consolidated entities is provided in Section VII.

(d) Going concern

The senior debt held across DYWIDAG Group Companies is managed by a Senior Facilities Agreement (SFA), which includes, among other requirements, covenants specifying certain minimum/maximum acceptable financial ratios. The covenant ratios measured are as follows:

- Interest Cover	(EBITDA to Net Finance Charges)
- Debt Cover	(Total Net Debt to EBITDA)
- CAPEX levels	(Maximum capital expenditure level excluding permitted acquisitions)

These covenants are tested at quarterly reporting dates and the going concern consideration for the Group is dependent on complying with these covenants, since otherwise (in case of a breach) the lenders could accelerate maturity of the loans. The official Group Business Plan indicates that the DYWIDAG Group can continue to meet all scheduled debt service payments up to the maturity of the loans, has sufficient liquidity and will consistently be able to comply with all financial covenants set in the SFA. Therefore, the 2020 consolidated financial statements of DSI International Luxembourg S.à r.l. are prepared on the going concern basis.

(e) Authorisation for issue

The consolidated financial statements of DSI International Luxembourg S.à r.l. were authorised for signoff by the Board of Managers on 20 April 2021.

(II) New Accounting Pronouncements**(a) New standards and interpretations adopted by the Group**

The following new and amended standards are effective for the first time for the financial year beginning on 01 January 2020. The implementation of the standards did not have a material impact on the DYWIDAG Group.

Standard	Key requirements	Effective date	Endorsed by EU?
IAS 1 and IAS 8 (amendment) <i>Definition of Material</i>	Clarifies the definition of 'material' and aligns the definition used in the <i>Conceptual Framework</i> and the standards themselves.	Annual periods beginning on or after 01 January 2020	Yes
IFRS 3 (amendment)	Clarifies the definition of a business by providing a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses.	Annual periods beginning on or after 01 January 2020	Yes
<i>Amendments to References to Conceptual Framework in IFRS Standards</i>	The IASB issued a revised <i>Conceptual Framework</i> in March 2018. These amendments updated most references to the <i>Framework</i> included in IFRS standards.	Annual periods beginning on or after 01 January 2020	Yes
IFRS 9, IAS 39 and IFRS 7 (amendments)	Amendments to reform major benchmarks (Phase 1)	Annual periods beginning on or after 01 January 2020	Yes

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the DYWIDAG Group

A number of new standards, amendments to standards, and interpretations have been issued but are not effective for the financial year beginning 01 January 2020 and have not been early adopted.

Standard	Key requirements	Effective date	Endorsed by EU?
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	The Amendment permits lessees, as a practical expedient, not to assess whether particular COVID-19-related rent concessions are lease modifications.	Annual periods beginning on or after 01 June 2020	Yes
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments)	Amendments to reform major benchmarks (Phase 2)	Annual periods beginning on or after 01 January 2021	Yes
IFRS 3 (amendment)	Update to a reference to the <i>Conceptual Framework</i>	Annual periods beginning on or after 01 January 2022	No
IAS 37 (amendment)	Amendment regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	Annual periods beginning on or after 01 January 2022	No
Annual improvements to IFRS 2018-2020 cycle	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual periods beginning on or after 01 January 2022	No
IAS 16 (amendment)	Amendment regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	Annual periods beginning on or after 01 January 2022	No
IFRS 17 <i>Insurance Contracts</i> (including Amendments to IFRS 17 (issued on 25 June 2020))	Improvements of accounting for insurance contracts.	Annual periods beginning on or after 01 January 2023	No
IAS 1 (amendment)	Amendments regarding the classification of liabilities	Annual periods beginning on or after 01 January 2023	No
IFRS 10 and IAS 28 (amendments)	Amendments regarding sales or contributions of assets between an investor and its associate/joint venture	Deferred indefinitely	No

No new standards are expected to have a significant effect on the consolidated financial statements and the DYWIDAG Group does not plan to adopt these standards early.

(III) Significant Accounting Policies

The accounting policies set out below have been applied consistently by the group entities to all periods presented in the consolidated financial statements.

The financial year of all consolidated subsidiaries ends on 31 December. The sole exception are the two subsidiaries in India which, due to local requirements, have a fiscal year from April 1 to March 31. For consolidation purposes, all financial data used are for the calendar year.

(a) Principles of consolidation

Business combinations

All business combinations are accounted for using the acquisition method when control is transferred to the Group. At the acquisition date, the identifiable assets acquired, and liabilities assumed are measured at fair value. The excess of the consideration transferred over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. When the excess is negative (negative goodwill), a bargain purchase gain is recognised immediately in the statement of comprehensive income.

The fair value adjustments from first-time consolidation are carried forward for purposes of subsequent consolidation and, for assets with a designated useful life, are depreciated. Acquisition-related costs, other than those associated with the issue of debt and equity securities, are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If the obligation to pay contingent consideration meets the definition of a financial liability, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Fully consolidated subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests

In cases where the Group controls but does not have entire ownership of a subsidiary, the Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The share in net assets and post-acquisition results which belong to the holders(s) of non-controlling interests are presented separately in the balance sheet and income statement. Transactions with non-controlling interests that do not result in a loss of control are treated as transactions between equity holders. Purchases from non-controlling interests are accounted for as transactions with owners and no goodwill is recognised as a result of such transactions. Gains or losses resulting from disposals to non-controlling interests are also recorded in equity.

Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting rights of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method and are recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, until the date that significant influence or joint control ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in the associated company or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Profits and losses resulting from upstream and downstream transactions with equity-accounted investees are recognised in the group's financial statements only to the extent of unrelated investors' interests in the associates.

Other affiliated companies

Certain Group companies are recognised at cost and are disclosed as investments in other affiliated companies since they, taken together, have no material effect on the net assets, financial position, and results of operations of the Group. Earnings on investments carried at cost are recorded upon the declaration of dividends.

Transactions eliminated on consolidation

Intra-group transactions, balances, and income and expenses arising from transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

(b) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Euro (EUR), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency using the rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All differences are taken to the consolidated income statement and are reported in other income and other expense. Non-monetary items that are measured in terms

of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

At the reporting date, the assets and liabilities of non-Euro subsidiaries are translated into the presentation currency of DSI International Luxembourg S.à r.l. (EUR) at the rate of exchange prevailing at the balance sheet date and the income and expenses for each income statement are translated at the average exchange rates for the period. Exchange differences arising from the retranslation are recognised in a separate component of equity. If the operation is a non-wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation shall be recognised in the income statement.

Exchange rates applied

For consolidation purposes, the average exchange rate for the year is used for items shown in the income statement.

The exchange rates listed below were used in the consolidated financial statements for each Group company. The value shown is the number of units of the foreign currency equivalent to one Euro.

Country	ISO Code	Exchange rate			
		End rate at reporting date		Average rate	
		31 Dec 2020	31 Dec 2019	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Australia	AUD	1,5870	1,5987	1,6558	1,6105
Brazil	BRL	6,3680	4,5135	5,8903	4,4121
Canada	CAD	1,5608	1,4583	1,5298	1,4856
Chile	CLP	866,4300	833,8700	902,8087	786,9544
Colombia	COP	4.199,8354	3.678,5897	4.216,3049	3.673,2518
Czech Republic	CZK	26,2450	25,4100	26,4568	25,6642
Great Britain	GBP	0,8980	0,8491	0,8895	0,8774
Hong Kong	HKD	9,5055	8,7428	8,8530	8,7725
India	INR	89,4950	80,1260	84,5963	78,8173
South Korea	KRW	1.334,0000	1.296,3000	1.345,4634	1.304,9900
Peru	PEN	4,4391	3,7211	3,9923	3,7359
Poland	PLN	4,6148	4,2585	4,4436	4,2968
China	RMB	8,0082	7,8193	8,8720	7,7335
Russia	RUB	90,6824	69,3406	82,6302	72,4483
Qatar	QAR	4,4228	4,0433	4,1266	4,0533
Saudi Arabia	SAR	4,5987	4,2123	4,2832	4,1997
USA	USD	1,2590	1,1228	1,1414	1,1196

Source of FX rates is Sauder Pacific Exchange Rate Service or the national banks of the relevant country.

(c) Accounting and valuation policies

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is not amortized, but is tested annually for impairment and is carried at cost less accumulated impairment losses. In respect of at-equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

The goodwill acquired in a business combination is allocated, for the purpose of impairment testing, to cash-generating units that are expected to benefit from the synergies of the combination.

Brands

Certain brands proprietary to the Group have been measured upon acquisition at fair value. The commercial advantages underlying the brands do not have a determinable life and therefore no scheduled amortisation is taken. The brands are evaluated for impairment annually and upon the occurrence of a triggering event. They are carried at their original value less accumulated impairment losses.

Other intangible assets

Other intangible assets are measured at cost (or fair value at acquisition date when acquired in a business combination) less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write-off the cost of intangible assets less their estimated residual value using the straight line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives for the current and comparative years are as follows:

- | | |
|--|--------------|
| • technologies | 2 - 12 years |
| • non-contractual customer relationships | 8 - 10 years |
| • software | 3 - 5 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

When these assets are acquired in a business combination, the fair value of intangibles is estimated using the best available information. Generally, the fair value of patents and trademarks is based initially on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Subsequent expenditures

Subsequent expenditures relating to existing intangibles are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are expensed in profit or loss as incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When items of property, plant and equipment are acquired through a business combination, they are remeasured at fair value and the valuation adjustments are also subject to depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item sold and are recognised net within "other operating income" or "other operating expenses" in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|--|---------------|
| • buildings | 20 - 50 years |
| • plant and equipment | 8 - 10 years |
| • other plant, operating, and office equipment | 3 - 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment of non-financial assets

Assets that have an indefinite useful life or are not available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. To calculate the value in use, estimated future cash flows based on current business plans are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss and are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Any impairment loss reversal is limited to the extent that the asset's revised carrying amount does not exceed the carrying amount, net of depreciation or amortisation, that would have been determined if no impairment loss had been recognised.

Financial assets

The Group classifies its financial assets in the following categories:

- a) amortised cost (AC),
- b) fair value with changes through OCI (FVOCI), and
- c) fair value with changes through the P&L (FVTPL).

These groupings drive the measurement and subsequent applicable remeasurement of the assets and the treatment of revaluations either through the income statement or neutrally through equity. When presenting financial assets in the accompanying notes, the balances and related period effects are disclosed. Regular purchases and sales of financial assets are recognised at the settlement date.

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value with changes through OCI

A debt investment is measured as FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at fair value with changes through profit or loss

All financial assets not classified in one of the categories already mentioned above are measured at FVTPL. This includes all derivative financial assets. Assets in this category are initially measured at fair value and are also carried at fair value. Gains or losses arising from changes in the value are presented in the income statement. They are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

When presenting financial assets in the accompanying notes, the balances and related period effects are disclosed. Regular purchases and sales of financial assets are recognised at the settlement date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairments of financial assets

The Group recognises loss allowances on financial assets measured at amortised cost; debt investments measured at FVOCI; and contract assets. The loss allowances are measured at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit loss:

- debt securities that are determined to have a low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Criteria used to determine if a financial asset is credit-impaired include: customer late payments, signs of impending insolvency, or observable economic conditions correlating with defaults on these assets. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. However, no general valuation allowances are recorded.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to limit its foreign currency and interest rate risk exposure. Derivatives are recognised initially at fair value; transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are re-measured at fair value and the method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Currently, no derivative financial instruments held by the Group are designated as hedging instruments. Therefore, these instruments are classified as held for trading and all changes in fair value are recognised through profit or loss. Existing derivatives are valued using inputs that are observable for the asset or liability either directly or indirectly from the market other than quoted prices.

Inventories

Inventories are initially recorded at cost and a valuation allowance is recorded to reduce the carrying value to the lower of cost and net realisable value. The cost of inventories is determined using weighted average method and includes costs incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, the cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks, and short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

Receivables and other assets

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other assets such as prepayments to suppliers which will not be converted to cash, but are settled by the delivery of goods and services, also arise in the normal course of business and are considered non-financial. Trade receivables and other assets both financial and non-financial are recognised initially at fair value and subsequently measured at amortised cost less allowance for impairment. If collection or settlement is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the Company's option, if any dividends are discretionary, and if it does not contain any obligations to deliver cash or other financial assets or require settlement in a variable number of the Group's equity instruments.

Financial liabilities

Financial liabilities are categorised as either:

- a) financial liabilities at fair value through profit or loss (FVtPL) or
- b) financial liabilities at amortised cost (FLAC).

These categorisations drive the measurement and subsequent applicable remeasurement of the liability and the treatment of revaluations either through the income statement or neutrally through equity. In presenting the financial liabilities in the accompanying notes, the balances and related period effects are disclosed. For the classification of each liability position, see Section VIII Note 12 - Financial Instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities designated as such upon initial recognition or those that are considered held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include all financial liabilities excluded from the FVtPL category above. All discounts or premiums are considered in the fair value at initial recognition and subject to subsequent revaluations. Currently the Group presents its loans and borrowings, other provisions, liabilities toward affiliated companies, trade liabilities and other financial liabilities in this category.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Post-employment benefits

Group companies have various post-employment benefit plans: both defined benefit plans and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

Defined benefit plans

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the future benefit that employees have earned in the current and prior years. The annual calculation of the Group's obligation is performed separately for each plan by a qualified actuary using the projected unit credit method. The discount rate applied is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Net interest expenses, past service costs and other expenses related to defined benefit plans are recognised immediately in profit or loss.

The funding policy of the Group for these obligations is a pay-as-you-go basis. No contributions to a dedicated pension fund or trustee are made. Therefore, when the calculation of the Group's obligation results in a benefit to the Group, the recognised change is recorded to the balance sheet obligation.

Defined contribution plans

For defined contribution plans, the Group pays contributions into publicly or privately administered defined contribution pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been made. These contributions are recorded as an element of payroll costs when due and

prepaid contributions are classified in other assets to the extent that a cash refund or a deduction in future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised as expenses when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage acceptance of voluntary redundancy. In the case of voluntary redundancies, the termination benefits are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Other provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been publicly announced. No provisions are created for future operating costs.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are depreciated over the shorter period of lease term. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired.

Payments made under leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Current and deferred income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years. Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Deferred tax is recognised using the liability method based on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: 1) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and 2) differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is determined using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. A five-step model is used to determine when to recognise revenue, and at what amount. In general, revenues are recognised net of any reductions in proceeds, such as discounts for prompt payment, bonuses or rebates, when the customer obtains control of that good or service, provided it is probable that the consideration to which the company is entitled to in exchange for the goods or services will be collected.

Sales of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when control of the goods had been transferred to the buyer and recovery of the consideration is probable. Generally, transfer of control is deemed to have occurred when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be reliably measured.

Transfers of risks and rewards vary depending on the individual terms of the sales contract. For sales of products, usually transfer occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading the goods onto the relevant carrier.

Services

The Group also generates revenue from providing services, such as design or installation. Revenue from services rendered is recognised in profit or loss when performed. When the service revenue contract extends over more than one period, revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

Construction work in progress

For construction contracts, revenue includes the initial amount agreed in the contract plus any variations in contract work, claims, and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss "over time" in proportion to the stage of completion of the contract, provided one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;

- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

The stage of completion is assessed by reference to the cost-to-cost method. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Construction work in progress balances ("contract assets") are ultimately financial assets and represent the gross unbilled amount expected to be collected from customers for contract work performed to date and consequently converted to cash. Classified as loans or receivables, the contract assets are initially measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract assets are presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as a "contract liability" with other liabilities in the balance sheet.

Research and development costs

Research costs are recorded immediately to the statement of comprehensive income. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets and liabilities at fair value through profit or loss, and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on financial liabilities, changes in the fair value of financial assets and liabilities at fair value through profit or loss, impairment losses recognised on financial assets, and losses on revaluation or termination of derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method. Realised foreign transaction currency gains and losses are reported in other income or expense as appropriate.

(IV) Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the items reported in the consolidated statement of financial position, the consolidated statement of comprehensive income, and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events. In the event of any deviation from the original estimate used as the basis for recognition, the carrying amounts of such items are adjusted in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill and other intangibles

The Group tests annually whether the recorded intangibles have suffered any impairment in accordance with the accounting policy stated in Section III. The recoverable amounts of cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates such as cost of capital and anticipated growth rates. Changes in projections and assumptions could result in material adjustments.

(b) Estimates in income taxes

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed, however, excluding interest expenses and interest refunds and penalties on the underpayment of taxes. For the case it is probable that amounts declared as expenses in the tax returns might not be recognised (uncertain tax positions), a liability for income taxes is recognised.

The amount is based on the best estimate of the expected tax payment (expected value or most likely amount). Tax refund claims from uncertain tax positions are recognised when it is probable that they can be realized. Only in the case of tax loss carry-forwards or unused tax credits, no liability for taxes or tax claim is recognised for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carry-forwards or tax credits are to be adjusted. [Section VIII - Note 2 and Section IX – Note 21]

(c) Valuation of inventories and receivables

Inventories and receivables are initially recorded at historical cost. Valuation allowances are estimated at each reporting date such that the carrying costs do not exceed net realisable values.

(d) Fair value of financial instruments

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the level of judgement used in the valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group also carries various available-for-sale financial assets that are carried at cost because the market value and the future cash flows cannot be reliably estimated. For more information about the financial instruments held by the group and the level of judgement use for determining the fair values, see Section VIII - Note 12.

(e) Pension benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis and any changes in the assumptions used will impact the carrying amount of pension obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to estimate the present value of expected future cash outflows required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Section VIII - Note 9.

(f) Other provisions

Other provisions have been recorded in accordance with IAS 37 and are described in Section VIII - Note 11.

(g) Estimates in stage of completion revenue recognition

The Group uses the stage of completion (PoC) method in accounting for its fixed-price contracts for certain customer-specific products. Use of the stage of completion method requires the Group to estimate the costs incurred to date as a proportion of the total estimated cost to complete the contract.

(V) Risk Management

The DYWIDAG Group is a leading international manufacturer and supplier of post-tensioning, geotechnical, and mining products and is, therefore, exposed to both company and sector-specific risks. The primary financial risks for the DYWIDAG Group relate to liquidity requirements, currency risk from exchange rate fluctuations between the Euro and other currencies, interest rate risk due to rate fluctuations, price risk from fluctuations in the metal/steel commodity markets, and credit risk. Any negative impact from these risks on the Group's results of operations, financial position, net assets and cash flows is minimised via targeted financial management.

Management has implemented systems and review activities designed to enable management to identify risks and opportunities at an early stage and to act accordingly. Policies for limiting these risks, including through the use of financial derivatives, are provided by the Executive Board and documented by internal Group guidelines (treasury policy and authority limit report).

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. Since the DYWIDAG Group is a portfolio company with substantial financial liabilities, the main areas of concern are serving interest payments while securing a sufficient level of liquidity for the Group and for compliance with covenants made with Senior Lenders. Using both short-term cash forecasts and longer-term financial plans, Group treasury monitors operational liquidity, covenant compliance, and internal targets. Results of these analyses are communicated to the Executive function where risk relevant considerations are taken.

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance on a weekly basis. In this way, the Group monitors the level of expected cash inflows together with expected cash outflows. At 31 December 2020, the expected cash inflows within three months were 96,332 € thousand and expected cash outflows for the same period were 117,233 € thousand. Net cash outflows in Q1 are above the Group cash flow trend due to the expected payments in relation to Group restructuring projects. At no point in the forecast period were cash levels expected to drop below € 6.0 million, showing that the Group will have enough liquidity to meet its liabilities when they are due.

The liquidity runoff shown in the following tables provides insight into how the liquidity situation of the Group is affected by the cash flows from financial liabilities at 31 December 2020. It comprises a runoff of the undiscounted principal of the financing liabilities, as well as the cash outflows for interest on the senior debt, for the respective time period.

Projected cash outflows from financial liabilities at 31 December 2020

31 December 2020 in '000 EUR	Category	Carrying Value 2020	Total projected outflows	Timing				
				2021	2022	2023 to 2025	2026 to 2030	Beyond 2030
Bank loans and borrowings (excluding SHL) ¹⁾	FLAC	59,190	62,504	7,420	53,814	1,270	-	-
Shareholder / related party loans and payables	FLAC	108,446	108,446	38,218	70,228	-	-	-
Lease liabilities	FLAC	21,628	21,628	5,615	3,981	9,645	2,387	-
Accounts payable	FLAC	34,645	34,645	34,645	-	-	-	-
Other financial liabilities	FVIPL	1,947	1,947	1,947	-	-	-	-
Total		225,856	229,170	87,845	128,023	10,915	2,387	-

¹⁾ Loans at different interest rates from LIBOR/EURIBOR + 2.5% p.a. to LIBOR/EURIBOR + 4.5% p.a.; terms range up to 30 June 2022.

Projected cash outflows from financial liabilities at 31 December 2019

31 December 2019 in '000 EUR	Category	Carrying Value 2019	Total projected outflows	Timing				
				2020	2021	2022 to 2024	2025 to 2029	Beyond 2029
Bank loans and borrowings (excluding SHL) ¹⁾	FLAC	58,288	65,798	5,869	2,994	56,935	-	-
Shareholder / related party loans and payables	FLAC	103,850	103,850	33,622	-	70,228	-	-
Lease liabilities	FLAC	18,633	18,633	5,238	3,979	5,909	3,507	-
Accounts payable	FLAC	42,334	42,334	42,334	-	-	-	-
Other financial liabilities	FVIPL	1,882	1,947	436	1,511	-	-	-
Total		224,987	232,562	87,499	8,484	133,072	3,507	-

¹⁾ Loans at different interest rates from LIBOR/EURIBOR + 2.5% p.a. to LIBOR/EURIBOR + 4.5% p.a.; terms range up to 30 June 2022.

In addition to close monitoring of projected cash inflows and outflows, the DYWIDAG Group has a revolving line of credit facility of € 11.3 million that can be accessed to meet temporary liquidity needs. The DYWIDAG Group has no amount drawn on this facility at 31 December 2020. Of the available credit line, € 4.0 million was blocked to cover letters of credit and bank guarantees leaving a total of € 7.3 million not utilised at year-end.

(b) Exchange rate risk

The group operates internationally and is exposed to foreign exchange (FX) risks arising from various currency exposures, primarily with respect to the US dollar and the Canadian dollar. Together with the Euro, these are the primary functional currencies of group companies. The DYWIDAG Group manages and controls currency risks primarily through the Group's regular operating and financing activities, but also uses derivative financial instruments (in particular FX swaps, FX futures and FX forwards) when deemed appropriate. The foreign exchange risk to which the DYWIDAG Group is exposed is limited by the fact that the financial debt held reflects to a considerable degree the currency mix of the cash flows generated by the underlying operations of the Group.

Some group companies are exposed to the risk of foreign exchange losses due to balances held in currencies other than their functional currency. At 31 December 2020, a 10% increase/decrease in the US dollar compared to the Euro with all other variables held constant would result in an estimated negative/positive impact to pre-tax profit of € 69 thousand due to foreign exchange gains/losses (in 2019: € 1,904 thousand). This risk relates primarily to inter-Group payables held in Luxembourg and Germany. A 10% increase/decrease in Euro would result in an estimated positive/negative impact to pre-tax profit of € 3,163 thousand (in 2019: € 2,148 thousand). This risk primarily relates to a Euro denominated inter-Group loan payable held by a subsidiary in Great Britain. Aside from these borrowing and inter-Group financing arrangements, DYWIDAG Group companies typically hold only minimal balances in currencies other than their functional currency and the risk from exchange rate fluctuations at year end is insignificant.

In relation to currency risks, the DYWIDAG Group is mainly covered by natural hedges, meaning that most companies are operating within their respective currency region. Businesses also operating outside their own FX region (e.g. UK purchases in U.S. dollars, Poland business conducted in Euro) and intercompany transfers in a currency other than the functional currency are either addressed via direct FX trades or FX swaps.

When significant projects are won with cash flows in foreign currencies, FX forward contracts may be arranged to limit the risk due to currency fluctuations.

There were no FX forwards outstanding at the reporting date.

(c) Interest rate risks

The current finance structure of the DYWIDAG Group was set up in conjunction with the acquisition in June 2011 and the refinancing in September 2018. Interest charges on long-term borrowings are based on the applicable floating base rate (e.g., EURIBOR or USD LIBOR) for each 1-month period plus a fixed margin. Therefore, the interest rate risk is primarily related to the base rates applicable to these loan balances.

Outstanding risk

Interest expense for the year ending 31 December 2020 is reported at € 9.1 m and € 3.7 m was paid out in cash for interest. In 2019, interest was reported at € 9.7 m of which € 3.4 m were cash items.

A 1.0 percentage point movement in the underlying base rates would result in additional annual cash interest costs of € 459 thousand for the outstanding bank loans.

(d) Price risk

The DYWIDAG Group's niche market position bears a certain risk of unfavourable movements in metal/steel commodity prices, not only due to raw material development, but also due to supplier market power. At the same time, possible price increases can usually be passed on to customers as their range of potential suppliers is also limited. To reduce the supplier risk, alternative suppliers for key products are identified and global sourcing initiatives have been put into place to leverage price differences across the globe. The Group also tries to set prices for a longer term where favourable or necessary, as well as to negotiate contracts that compensate for sudden raw material price movements. Market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

(e) Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

Cash and cash equivalents

In connection with cash and cash equivalent balances € 33.1m at 31 December 2020 (€ 21.3 m at 31 December 2019), the Group is exposed to credit-related losses to the extent that banks fail to fulfil their obligations. In line with the Group's risk policy, the Group will only establish and maintain bank relationships with banks that have a rating for its long-term unsecured and non-credit enhanced debt obligations of BBB or higher by Standard & Poor's Rating Services (S&P) or have a similar rating from a comparable rating agency. Liquid assets are held only in low risk-rated countries and operating businesses to the extent deemed necessary for operational purposes.

Trade and other receivables

The Group is subject to credit risks for its outstanding receivables up to a maximum of the carrying amounts of the receivables (see balances in Section VIII - Note 5). The risk is not concentrated into only a few significant companies but spread over a wide customer base. The nature of the risk is influenced mainly by the individual characteristics of each customer. The Group provides credit in the normal course of business and performs ongoing credit

evaluations on certain financial conditions of its customers, but does not generally require collateral to support its receivables. In the case of doubtful receivables, write-downs are recorded according to the risk of default for certain customers based on historical experience in collecting receivables as well as other available information. In order to keep credit risk at a minimum, the Group limits itself to partners with good credit worthiness mainly based on the evaluations of national and international product credit information services and it maintains consistent risk limits as indicated by the product credit insurance institutes. No general allowances are recorded for credit risk.

(f) Capital risk management

The DYWIDAG Group's capital management is performed using a leverage ratio, i.e., the ratio of consolidated total net debt to consolidated EBITDA. This ratio is included in the covenants for the DYWIDAG Group's Syndicated Facilities Agreement (SFA), adopted on 10 June 2011 as amended in 2018 and represents the primary target for the capital structure. Compliance is tested quarterly against the applicable target ratio for the period.

Management EBITDA is the consolidated profits of the DYWIDAG Group from ordinary activities as defined in the SFA before interest, taxes, depreciation and amortisation. At 31 December 2020, the DYWIDAG Group reported Management EBITDA for the full year of € 26.3 m and consolidated total net debt of € 49.1 m. After required SFA adjustments for EBITDA, net debts and attributable to non-controlling interests € -817 this resulted in a leverage ratio for the period of 1.43:1. The maximum acceptable ratio was 2.75:1. The maximum acceptable ratio declines over the term of the senior loans, but based on current business plans management believes the Group will continue to comply with these requirements.

Necessarily, adjustments to the capital structure and its maintenance are managed by the Group through investments and working capital management, in accordance with the SFA.

(VI) Changes to the Consolidated Group

The changes in the consolidated Group for 2020 are presented below:

1. Acquisition of DSI Consulting (Shanghai) Co. Ltd (China)

Effective 17 November 2020, DSI International Luxembourg S.à r.l. acquired 100% of the share capital of DSI Consulting (Shanghai) Co. Ltd, a company headquartered in China, from DSI Underground Holdings S.à r.l. for a purchase price of € 1.

2. Sale of Interspan Joint Venture

Effective 8 May 2020, DSI Construction Holdings Luxembourg S.à r.l. sold its 50% ownership in DYWIDAG Interspan Holdings B.V. for a consideration of €69.5 thousand to Interspan Europe Limited, recognising a loss on disposal of €33 thousand.

During the year ending 2020 restructuring projects were completed in France. As a result of these, local mergers between fully consolidated entities took place.

(VII) Investments held by the Group at 31 December 2020

The following table shows consolidated subsidiaries, joint ventures and other non-consolidated legal entities of *DSI International Luxembourg S.à r.l.*, being the ultimate parent of the DYWIDAG Group at 31 December 2020:

Name and registered office of company	Percentage ownership %	Equity as at 31 Dec 2020 € 000	Earnings 2020 € 000
Fully consolidated subsidiaries			
DYWIDAG-Systems Intl. Construction Pty Ltd. (Australia), New South Wales, Australia	100	1,429	29
DYWIDAG SYSTEMS INTERNATIONAL N.V. Leuven, Belgium	100	1,339	-41
DYWIDAG ENGENHARIA E PARTICIPAÇÕES LTDA. Sao Paulo, Brazil	100	-2,507	-1,113
PROTENDIDOS DYWIDAG LTDA Sao Paulo, Brazil	100	-2,549	-770
Prepron - Sistema de Protensão Ltda. Sao Paulo, Brazil	100	719	-416
Rally - Indústria, Comércio e Usinagem de Metais Ltda. Sao Paulo, Brazil	100	13	-
Prepron Industrial Ltda., Sao Paulo, Brazil	100	106	-
DSI Latin America Participacoes Ltda, Sao Paulo, Brazil	100	-1,705	-4
DSI Canada Civil LTD Gormley, Canada	100	9,344	2,520
DSI - DYWIDAG-Systems Construcción SPA Santiago, Chile	100	-179	-366
DYWIDAG (Shanghai) Engineering Technology Co. LTD. Shanghai, China	45	-191	-483
DSI Consulting (Shanghai) Co. Ltd Shanghai, China	100	-29	-20 a)
DYWIDAG S.A.S. (formerly DSI Colombia S.A.S.) Medellin, Colombia	100	1,234	117
TAM Groupe S.A.S. (formerly TECHNIQUE BETON S.A.S.) Moissy Cramayel, France	100	10,184	-700
DSI HOLDING FRANCE S.A.S. Gonesse, France	100	9,493	-5,254
SCI Gonesse S.A.S. Gonesse, France	100	620	557
DSI FRANCE S.A.S. Dagneux, France	100	333	26
DSI Holding GmbH München, Germany	100	14,748	-5,428 b)
DYWIDAG-SYSTEMS International GmbH München, Germany	100	31,818	-180 b)
DYWIDAG SYSTEMS INTERNATIONAL LIMITED Southam, Warwickshire, Great Britain / England	100	5,823	1,050
DSI Construction Holdings UK Ltd. Southam, Warwickshire, Great Britain / England	100	-2,734	-1,444
Dywidag Ltd (formerly Datum Monitoring Services Limited) Bury, Lancashire, Great Britain / England	100	1,930	-1,006
Atlas Pile Testing Limited Bury, Lancashire, Great Britain / England	100	-4	25
DYWIDAG SYSTEMS INTERNATIONAL FAR EAST LIMITED Wanchai, Hong Kong	100	1,591	104

Name and registered office of company	Percentage ownership %	Equity as at 31 Dec 2020 € 000	Earnings 2020 € 000
DYWIDAG-SYSTEMS INTERNATIONAL SPP - ASIA LIMITED North Point, Hong Kong	75	-136	213
DSI Bridgecon India Pvt. Limited New Delhi, India	51	4,156	1,197 c)
DYWIDAG Systems International India Pvt. Ltd. New Delhi, India	99.999	16	-6 c)
DYWIDAG SYSTEMS S.R.L. Milan, Italy	100	4,873	766
DYWIDAG SYSTEMS KOREA CO., LTD. Seoul, Korea	100	585	-185
DSI International Luxembourg S.à r.l. Luxembourg	Parent	31,477	-1,851
DSI Construction Holdings Luxembourg S.à r.l. Luxembourg	100	-5,679	-1,050
Dyhoc Services B.V. Zaltbommel, the Netherlands	100	3,931	19
DYWIDAG Systems International B.V. Zaltbommel, the Netherlands	100	5,626	234
DSI-DYWIDAG Construcción Peru SAC Lima, Peru	100	-524	-233
DYWIDAG sp. z o.o. (formerly DYWIDAG-Systems International sp. z o.o.) Ruda Slaska, Poland	100	56	-711
Partec System sp. z o.o. Wroclaw, Poland	100	1,206	251
DSI Middle East W.L.L. Doha, Qatar	49	92	-695 d)
DYWIDAG-Systems International Saudi Arabia, LLC Riyahd, Saudi Arabia	100	-748	-290
DYWIDAG SISTEMAS CONSTRUCTIVOS SA Fuenlabrada, Spain	100	7,818	1,911
DSI Holding USA, Inc. Bolingbrook, Illinois USA	100	59,800	2,390
DSI USA, LLC Bolingbrook, Illinois USA	100	10,751	-1,021
DYWIDAG SYSTEMS INTERNATIONAL USA, Inc. Bolingbrook, Illinois USA	100	58,148	-1,394
Entities consolidated at equity			
OOO DSI-PSK Moscow, Russia	50	293	-32
Liuzhou OVM-DSI Technology Co., Ltd. Liuzhou City, China	49.9	2,129	42
Non-consolidated entities			
DYWIDAG Verwaltungsgesellschaft mbH, Munich, Germany	50		e)

- a) Post-acquisition result
- b) After impact of transfer-of-profit agreement
- c) Based on results of management reporting from 01 January to 31 December; the company's financial year differs from the calendar year.
- d) Economic interest differs from shareholding percentage
- e) Annual financial statements not available.

(VIII) Notes to the Consolidated Statement of Financial Position**Security**

At 31 December 2020 and at 31 December 2019 basically all assets of the DYWIDAG Group are pledged to secure the bank loans according to the SFA.

Note (1) Intangible assets, property, plant and equipment, investments carried at equity and right-of-use assets.

The carrying amounts for intangible assets and property, plant and equipment are as follows:

€ 000	31 Dec 2020	31 Dec 2019 (restated)
Goodwill	13,872	15,309
Brands, technologies, customer relationships, and software	67,332	72,474
Total intangibles assets	81,204	87,783
Land and buildings	12,404	15,392
Plant, machinery and transport equipment	10,860	11,231
Other plant, operating and office equipment	1,930	2,512
Assets under construction	4,470	3,140
Right-of-use assets	21,085	18,089
Total property, plant and equipment	50,749	50,364

Fluctuations due to exchange rate changes

Goodwill and fair value acquisition accounting adjustments related to a foreign operation are expressed in the functional currency of the foreign operation and are translated at the exchange rate at the reporting date like other assets and liabilities.

Change in estimates

There are no changes in estimates of any amortisation period during the financial year from 01 January to 31 December 2020.

Adjustments of past business combinations

In the current year, the acquisition entries related to the May 2019 acquisition of Partec Sp. Z o.o. have been updated. Initially the excess consideration over the book value of the net assets acquired was shown fully in goodwill. The difference between the purchase price and the acquisition date book values of the net assets have been allocated as follows:

Valuation adjustments:	In 000 EUR
Inventory	46
Right of Use	52
Customer relationships	810
Trademark	347
Deferred tax liabilities	-238
Goodwill (remainder)	1,943
Total	2,960

The balance sheet values at 31.12.2019 have been restated to reflect these adjustments in accordance with IFRS 3.45 and IFRS 3. 49. No other changes to the initial values have been recorded for past business combinations.

Useful lives

Except in the case of goodwill and brands, useful lives can be determined for all intangible assets and property, plant and equipment.

Statement of changes in Non-Current Assets

The following table shows the Statement of changes in Non-Current Assets for the financial years 2020 and 2019, respectively:

in '000 EUR	Intangibles		Property, Plant and Equipment				
	Goodwill	Brands, technologies, customer relationships, etc.	Land and buildings	Plant, machinery and transport equipment	Other plant, operating and office equipment	Assets under construction	Right of use assets
Cost							
31-Dec-19	15 309	98 861	36 123	66 833	8 688	3 141	25 759
Adjustment for change in accounting policy	0	0				0	0
Additions	0	367	563	3 037	356	2 128	10 190
Impairments	0	0	0	0	0	0	0
Changes in consolidation	0	-37	0	15	0	0	0
Disposals	0	-44	-7 055	-2 446	-683	-524	-1 542
Reclassifications	0	0	0	365	-355	-69	-6
FX Translation effect	-1 437	-2 835	-537	-2 648	-266	-206	-1 415
31-Dec-20	13 872	96 312	29 094	65 156	7 740	4 470	32 986
Accumulated amortisation/ depreciation							
31-Dec-19	0	26 387	20 730	55 603	6 177	0	7 724
Adjustment for change in accounting policy	0	0				0	0
Additions	0	4 098	1 119	2 852	472	0	5 464
Changes in consolidation	0	46	0	11	0	0	0
Disposals	0	-44	-4 795	-2 224	-586	0	-980
Reclassifications	0	0	0	75	-66	0	-1
FX Translation effect	0	-1 507	-364	-2 021	-187	0	-305
31 Dec 2020	0	28 980	16 690	54 296	5 810	0	11 902
Carrying Amount	13,872	67,332	12,404	10,860	1,930	4,470	21,085

During the year ended 31 December 2020 right-of-use assets have been reclassified from their individual account into property, plant and equipment. As a result, the prior year presentation on the consolidated statement of financial position has also been restated.

Notes to the Consolidated Financial Statements (continued)

in '000 EUR	Intangibles		Property, Plant and Equipment			
	Goodwill	Brands, technologies, customer relationships, etc.	Land and buildings	Plant, machinery and transport equipment	Other plant, operating and office equipment	Assets under construction
Cost						
31-Dec-18	18,395	93,503	35,492	63,459	7,680	2,111
Additions	251	864	455	3,324	1,427	1,031
Changes in consolidation	-3,804	3,898	0	50	60	0
Disposals	0	-124	-20	-549	-563	-30
Reclassifications	0	0	0	-1	0	0
FX Translation effect	467	720	196	550	84	29
31-Dec-19	15,309	98,861	36,123	66,833	8,688	3,141
Accumulated amortisation/ depreciation						
31-Dec-18	0	22,331	19,457	52,625	6,092	0
Additions	0	3,939	1,171	2,945	544	0
Changes in consolidation	0	8	0	22	16	0
Disposals	0	-115	-4	-448	-538	0
Reclassifications	0	0	0	0	0	0
FX Translation effect	0	224	106	459	63	0
31-Dec-19	0	26,387	20,730	55,603	6,177	0
Carrying Amount	15,309	72,474	15,393	11,230	2,511	3,141

Capitalisation of interest and internal software costs

Capitalisation of interest on capital investments in progress as well as of internal software costs has not been recorded as such entries would not have a material impact on the financial statements.

Intangible assets include the following items:

a) Goodwill by cash generating unit

The following table shows the goodwill for the cash generating units as defined and managed by the DYWIDAG Group:

€ 000	31 Dec 2020	31 Dec 2019
DYWIDAG Europe	6,558	6,828
DY.CO	3,240	3,459
DYWIDAG North America	1,453	1,578
DYWIDAG South America	2,621	3,444
Total	13,872	15,309

The goodwill recorded by the DYWIDAG Group is recognised at cost less any accumulated impairment losses.

The goodwill recorded by the Group resulted primarily from a purchase price allocation prepared in conjunction with the acquisition of the DSI Group by the Company on 15 June 2007, but also from subsequent acquisition activity. The goodwill resulted from the positive differences between the purchase price and the shareholders' equity in the affiliated companies acquired except insofar as any amounts were allocated to other intangible assets, items of property, plant and equipment or inventory.

b) Brands, technologies, and other intangibles

The following table shows the book values of the brands, technologies and other intangibles:

	Remaining Useful Lives (Yrs)	31 Dec 2020 € 000	31 Dec 2019 € 000
Umbrella brand "DYWIDAG"	indefinite	39,692	40,942
Corporate brand "Technique Beton"	indefinite	7,532	7,532
Corporate brand "Mandelli Setra"	indefinite	4,378	4,378
Corporate brand "Arteon"	indefinite	4,327	4,327
Corporate brand "Contec"	indefinite	2,680	2,680
Core post-tensioning technology	3.5	1,922	2,773
Core geotechnics technology	3.5	2,614	3,753
Customer relationships - Construction North America	1.5	172	556
Customer relationships – EMEA	various	854	1,354
Customer relationships – DY.CO	8.5	661	810
Prepron intangibles	various	503	751
Other intangibles	various	1,997	2,618
Total		67,332	72,474

The brands, technology assets, and customer relationships shown have been identified and valued as part of purchase price allocations performed in a number of acquisitions since 2007.

The other intangibles line includes software, as well as various other intangibles such as patents, licenses, product formulas, and customer relationships acquired after June 2007, but not listed separately.

Amortisation and any impairment of the intangibles is fully included in General administrative expenses.

c) Impairments

For purposes of the annual impairment testing, the goodwill of the DYWIDAG Group is allocated to cash generating units (CGUs). These cash generating units represent the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The recoverable amount of each CGU has been determined based on value-in-use calculations. An impairment loss is recorded to the extent that the carrying value exceeded the recoverable amount. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The calculations for 2020 include a 2% terminal growth rate after the fifth planning year for all CGUs. The projected cash flows are discounted at a pre-tax discount rate for each CGU resulting in a weighted average discount rate of 10.7% (in the prior year, the discount rate used was 10.8%).

The key assumptions used in the estimation of the recoverable amount are set out below.

	2020	2019
Discount rate (pre-tax)	10.7%	10.8%
Terminal value growth rate	2%	2%
Budgeted EBITDA growth rate (avg. of next 4 years)*	16.7%	15.9%

*The budgeted growth rate is calculated after a pro-forma adjustment to 2020 for new acquisitions.

For the other major categories of intangible assets, the carrying value is compared against the discounted projected cash flows allocable to that asset. An asset is considered to be impaired if the recoverable amount is lower than the carrying amount. No further impairment adjustments for 2020 were identified.

The estimated recoverable values of the Prepon intangibles is roughly equivalent to the carrying values. Besides these, the valuation for the Dy.Co goodwill is most sensitive to changes in management assumptions. However an increase in the after-tax discount rate from 8.5% to 9.5% or a decrease in the terminal growth rate from 2.0% to 0% would not reduce the estimated recoverable amount to the carrying value.

d) Leased assets

Amounts recognised in the balance sheet

The carrying amounts of right-of-use assets, per asset class, are shown below.

€ 000	Carrying Amount	
	31 Dec 2020	31 Dec 2019
Land and buildings	18,349	14,911
Plant, machinery and transport equipment	1,431	1,186
Other plant, operating and office equipment	1,305	1,938
Total	21,085	18,035

Amounts recognised in profit or loss

During the year ending 31 December 2020 finance costs in relation to leases were recognised to the amount of € 806 thousand (in 2019: € 850 thousand). Expenses in relation short-term leases amounted to € 845 thousand and expenses in relation to leases of low value assets amounted to € 8 thousand (in 2019: € 1,587 and € 71 thousand, respectively).

e) Interest in associates

The DYWIDAG Group has an interest in one associate, OOO DSI-PSK (Russia) (in short: "OOO Russia"). OOO Russia is operating in the construction industry and mainly sources products from DYWIDAG Group subsidiaries for resale to customers in Russia. The DYWIDAG Group owns 50% of the equity interests and is considered to have significant influence, but it does not control the strategic financial and operating decisions of the company. The investment was carried at equity at all balance sheet dates.

The following table shows financial information of OOO Russia at the balance sheet dates, not adjusted for the percentage ownership held by the DYWIDAG Group:

Summary Financial Information – OOO DSI-PSK (Russia)		
€ 000	2020	2019
Non-current assets	6	14
Current assets	318	408
Total assets	324	422
Non-current liabilities	-	-
Current liabilities	31	-
Total liabilities	31	-
Revenues	70	169
Expenses	-102	-378
Loss	-32	-209

OOO Russia is recognised at equity and has a carrying value of € 156 thousand (at 31 December 2019: € 223 thousand). The following table gives an overview of the change in carrying value in 2020:

€ 000	2020	2019
Beginning balance	223	289
Share of loss from OOO DSI-PSK, Russia	-16	-105
Effect of foreign exchange rate differences	-48	39
Ending balance	156	223

f) Joint ventures

The following table shows the movements of the total book values of the Group's investment in joint ventures in 2020 and 2019:

€ 000	2020	2019
Beginning Balance	890	177
Additions	314	997
Disposals	-102	-
Share of (loss)/profit	-11	-288
Effect of foreign exchange rate differences	28	4
Ending Balance	1,062	890

Liuzhou OVM-DSI Technology

The DYWIDAG Group participates in a joint arrangement by holding 49.9 % of the interests in China based Liuzhou OVM-DSI Technology Co., Ltd. During the year ending 31 December 2020 the Group made capital commitments to the amount of € 314 thousand. As at 31 December 2020 the Group has an outstanding current liability of € 314 thousand in relation to amounts due for the final capital contribution.

Liuzhou OVM-DSI		
€ 000	2020	2019
Non-current assets	404	532
Current assets	1,661	1,509
Total assets	2,065	2,041
Non-current liabilities	-	-
Current liabilities	560	542
Total liabilities	560	542
Revenues	2,562	666
Expenses	-2,520	-1,090
Profit	42	-424
Share attributable to DYWIDAG	21	-212
DYWIDAG share of profits	21	-212

Note (2) Taxes

The following table shows the deferred tax assets and liabilities by balance sheet position as of 31 December 2020 and 2019, respectively:

€ 000	31 Dec 2020		31 Dec 2019	
	DTA	DTL	DTA	DTL
Assets				
Intangible assets and property, plant and equipment	235	27,686	64	28,095
Financial assets	9	-	1	-
Inventories	669	288	307	112
Receivables and other assets	2,185	791	121	2,083
Liabilities				
Provisions	2,025	385	2,624	469
Other liabilities	5,059	2,983	3,728	795
Tax loss carry forwards	2,954	-	5,070	-
Total before netting	13,136	32,133	11,915	31,554
Netting adjustment	-8,799	-8,799	-6,216	-6,216
Total	4,337	23,334	5,699	25,338
Portion with non-current basis	723	19,145	2,212	22,043
Portion with current basis	3,614	4,189	3,487	3,295

Deferred tax liabilities on intangible assets and property, plant and equipment includes € 22,873 thousand (at 31 December 2019: € 24,564 thousand) for deferred taxes resulting from acquired and identified brands, technology and customer relationship whereby the value for the DYWIDAG brand aggregates the biggest portion of the deferred tax liabilities (please also see Note 1).

Deferred tax assets of € 13,183 thousand related to temporary differences between the carrying amounts of assets or liabilities and their tax bases have not been recorded by DYWIDAG Group subsidiaries (at 31 December 2019: € 11,915 thousand). No deferred tax liabilities were recognised for temporary differences relating to undistributed profits from investments where the group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Tax receivables and liabilities

Tax payables and receivables are calculated in accordance with relevant local tax regulations. Other tax receivables and liabilities are related to taxes other than income taxes, primarily value added tax or similar forms of consumption tax. Current tax assets and liabilities are expected to be paid/ received within twelve months of the balance sheet date.

Note (3) Non-current financial assets

The following table shows the non-current financial assets of the DYWIDAG Group for the year ending 31 December 2020 and 2019 respectively:

€ 000	Category	31 Dec 2020	31 Dec 2019
Investments - bonds - securities	AC	117	91
Other affiliated companies	AC	13	485
Other non-current investments		130	576
Other non-current financial assets	AC	486	641
Non-current financial assets		616	1,217

Effective 31 December 2020, SCI Gonesse, an entity previously held as an investment, was consolidated.

Note (4) Current non-financial assets**Inventories**

The following table shows a breakdown of the inventories at 31 December 2020 and 2019 respectively:

€ 000	31 Dec 2020	31 Dec 2019
Raw materials, supplies and consumables	7,922	8,676
Unfinished goods	299	247
Finished goods and merchandise	29,954	32,347
Total	38,175	41,270

The cost of inventories recognised as an expense and included in cost of sales amounted to € 225,402 thousand (2019: € 215,188).

The following table shows the movements of valuation allowances on inventories over the financial years ending 31 December 2020 and 2019 respectively:

€ 000	2020	2019
Beginning balance	7,274	6,547
Additions	1,888	1,938
Allowances utilised	-29	-517
Allowances released to income	-1,329	-755
Currency translation adjustment	-173	61
Ending balance	7,631	7,274

Note (5) Current financial assets**Trade and other receivables**

The following table shows a breakdown of the other current financial assets as of 31 December 2020 and 2019, respectively:

€ 000	Category	31 Dec 2020	31 Dec 2019
Trade and other receivables	AC	59,487	57,121
Receivables from affiliated companies	AC	5,498	6,027
Due from associated companies	AC	338	196
Other financial assets	AC	6,816	9,493
Other current financial assets		12,652	15,716

Trade and other receivables include balances arising from open construction contracts amounting to € 9,385 thousand at the balance sheet date (2019: € 4,744 thousand). At 31 December 2020, trade receivables included retentions of € 787 thousand (2019: € 760 thousand) related to construction contracts.

During the year ending 31 December 2020 the Group entered into factoring arrangements in various countries, thereby regularly selling a pre-determined portfolio of its trade receivables. The arrangement is structured such that the main risks associated with the assets is transferred to the factor. The factoring transaction therefore results in derecognition. During the year receivables to the amount of € 90,769 thousand were sold through factoring arrangements (2019: € 63,086 thousand).

The following table shows the movements of valuation allowances on trade and other receivables over the financial years ending 31 December 2020 and 2019 respectively:

€ 000	2020	2019
Beginning balance	5,179	4,775
Additions	1,397	1,304
Allowances utilised	-875	-587
Allowances released to income	-626	-316
Currency translation adjustment	-384	3
Ending balance	4,691	5,179

No valuation allowances were deemed necessary for other current financial assets at all balance sheet dates.

The following table shows the carrying values, aging and impairment amounts for trade and other receivables:

€ 000	Carrying Value	Not Due	Days past due, not impaired				
		Portion Current and not impaired	1-30	31-60	61-90	91-120	>120
31 Dec 2020	59,487	44,763	8,404	4,170	2,232	1,740	2,869
31 Dec 2019	57,121	35,276	13,266	4,625	1,559	2,749	4,822

The long overdue receivables (>120 days) are mostly covered by the valuation allowance. The balance of receivables past due, but not impaired, relate to customers with which the

DYWIDAG Group has experienced no necessity for allowances in the past and furthermore, no current information about any need of impairment came to its attention. The DYWIDAG Group's exposure to credit and currency risks and impairment losses related to trade and other receivables (excluding construction work in progress) are discussed in Section V. The base amounts of the balances impaired were reserved completely.

Note (6) Cash and cash equivalents

Cash and cash equivalents include cash in hand, amounts on-call deposited with banks, short-term highly liquid investments with original maturities of three months or less. The following table shows a breakdown of Cash and cash equivalents as of 31 December 2020 and 2019, respectively:

€ 000	31 Dec 2020	31 Dec 2019
Cash at banks	32,967	21,248
Cash equivalents	16	18
Short-term deposits	118	27
Total	33,101	21,293

Note (7) Shareholder's equity

The share capital of DSI International Luxembourg S.à r.l. amounting to € 2,500 thousand is entirely held by Tension II LuxCo AcquiCo S.à r.l., Luxembourg.

Reserves include amounts paid by shareholders for shares in excess of their nominal value, adjustments to equity from transactions with shareholders, and legal reserves. In accordance with Luxembourg law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve, until such reserve reaches 10% of the issued share capital. This reserve has been fully established. Distribution of the legal reserve is restricted.

Non-controlling interests are recorded based on the economic interests of other external shareholders. They relate to *DYWIDAG-Systems International SPP - Asia Ltd.* (DYWIDAG interest 75%), *DSI Bridgecon India Pvt. Ltd.* (DYWIDAG interest 51%), *DSI Middle East W.L.L.* (DYWIDAG interest 56%) and *DYWIDAG (Shanghai) Engineering Technology Co. Ltd* (DYWIDAG interest 45%). The DYWIDAG interest reflects the percentage of shares owned plus any additional rights to the economic interest in the profits and net assets.

Details on changes in equity are shown in the Consolidated Statement of Changes in Equity.

Note (8) Shareholder loans

The Shareholder loans are loans payable to the Company's shareholder, Tension II AcquiCo. These loans bear interest at a rate of 7% + EURIBOR. The maturity of the non-current portion is 31 December 2022. The current portion reflects unpaid interest. Repayment can be deferred upon agreement with the shareholder but is contractually due within the next 12 months.

Note (9) Pensions

Provisions for post-employment benefits are established for indirect and direct obligations arising from earned benefits and current obligations arising from earned benefits and current payments to active and former employees and their beneficiaries. The obligations concern defined retirement benefits primarily for retired employees in Germany, but also for statutory severance payments in jurisdictions where required. The earned benefits of individual employees are generally based on duration of service and compensation. The projected unit credit method is used to determine the amount of provisions.

The service cost is recorded under personnel expense and the interest component of the provision under interest expense. The funding policy of the Group is a pay-as-you go basis. All actuarial gains and losses are taken directly to the other comprehensive income. The balances of and movements in the defined benefit obligation also reflect the changes to the pension provision.

The following table shows the development of the defined benefit obligations in the financial years 2020 and 2019 respectively:

€ 000	2020	2019
Defined benefit obligation, beginning balance	18,618	18,105
Current service cost (incl. PY adjustment)	-16	36
Interest expense	128	267
Payments of post-employment benefits	-1,129	-1,241
Return on plan assets	21	-
Actuarial gains/losses	-192	1,432
Reclassification/Transfer	60	13
Effect of foreign exchange differences	-26	6
Defined benefit obligation, ending balance	17,464	18,618

The following table shows the average assumptions which were made for purposes of determining the amount of provisions for post-retirement benefits:

	2020	2019
Discount rate	0,72% p.a.	0,76% p.a.
Expected rate of salary increases	3.00% p.a.	3.00% p.a.
Expected rate of pension increases	2.00% p.a.	2.00% p.a.

Longevity assumptions applied were those of the Heubeck 2018G table.

Post-employment benefit obligations can be broken down geographically as shown below:

€ 000	31 Dec 2020	31 Dec 2019
Pension obligations in Germany	15,344	16,576
Pension obligations in other countries	2,120	2,042
Total obligation	17,464	18,618

The following table shows the pension expense recognised in the income statement:

€ 000	2020	2019
Current service cost	-16	36
Interest expense	128	267
Pension expense recognised for the year	112	303

The interest component is recorded in the financial result and other changes to the post-employment benefit obligations in the year were recorded entirely through the administrative line in the income statement.

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 6.2 years (2019: 6.2 years). The DYWIDAG Group expects to pay out € 1,224 thousand in 2021 related to its defined benefit plans.

Sensitivity Analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

For the year ending 31 December 2020:

31 December 2020 € 000	Defined benefit obligation*	
	increase	decrease
Discount rate (1% movement)	1,481	1,851
Future salary growth (1% movement)	246	-232
Future pension growth (1% movement)	1,488	1,289

*The sensitivity analysis shows the impact on approximately 90% of total DBO.

For the year ending 31 December 2019:

31 December 2019 € 000	Defined benefit obligation*	
	increase	Decrease
Discount rate (1% movement)	-1,718	1,978
Future salary growth (1% movement)	549	-224
Future pension growth (1% movement)	1,472	-1,275

*The sensitivity analysis shows the impact on approximately 90% of total DBO.

Defined Contribution Plans

DYWIDAG companies also participate in various voluntary and federally mandated defined contribution plans. Employer contributions for the year ended 31 December 2020 amounted to € 1,370 thousand (2019: € 768 thousand).

Note (10) Non-current financial liabilities**Non-current loans and borrowings**

The following table show Non-current loans and borrowings at 31 December 2020 and 2019 respectively:

€ 000	31 Dec 2020	31 Dec 2019
Senior facility A	-	-
Senior facility B	24,914	26,609
Senior facility C	27,693	28,880
Acquisition facility	-	-
Revolver	-	-
Other misc. borrowings	1,789	26
Non-current interest bearing loans	54,396	55,515
Non-amortised costs of borrowing	-425	-514
Non-current interest bearing loans, including non-amortised costs of borrowing	53,971	55,001

Other miscellaneous borrowings consist of various local loans drawn in order to counteract the volatility caused by local lockdowns in relation to the global pandemic.

The following table shows the terms and carrying amount of non-current bank loans in nominal currency at 31 December 2020 and 2019, respectively:

Bank Loans (non-current portion)	Currency	Nominal interest rate* LIBOR +	Year of maturity	31 December 2020		31 December 2019	
				Face value	Carrying amount	Face value	Carrying amount
Senior facility B	USD	4.000%	2022	11,651	11,651	21,184	21,184
Senior facility B	EUR	4.000%	2022	8,177	8,177	-	-
Senior facility B	CAD	4.000%	2022	11,289	11,289	11,289	11,289
Senior facility C	USD	4.000%	2022	15,841	15,841	15,841	15,841
Senior facility C	EUR	4.000%	2022	14,771	14,771	14,771	14,771
Revolver	EUR	3.500%	2022	-	-	-	-
Total in EUR				52,607	52,607	55,489	55,489

* The applicable margin is variable for each period based on target leverage ratios included in the Syndicated Facilities Agreement. These are effective beginning 6 months after the refinancing exercise.

During the year ended 31 December 2020 a portion of the USD B1 facility was redenominated to EUR.

Leases

The table below shows the maturity analysis of the Group's lease liabilities.

€ 000	Within one year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	After 5 years	Total
Lease payments (capital)	5,594	3,981	3,227	2,706	3,713	2,388	21,609
Finance charges	842	583	428	284	518	168	2,823
Total	6,436	4,564	3,655	2,990	4,231	2,556	24,432

Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Other non-current financial liabilities

The Group's other non-current financial liabilities at 31 December 2019 consisted of earnout considerations as a result of the acquisition of Datum and Partec. The earnout consideration in relation to Datum was settled in 2020, and the earnout consideration in relation to Partec is due in 2021.

Note (11) Other provisions and current liabilities

Provisions

The following tables show the movements of Other provisions split by categories for the financial years 2020 and 2019, respectively:

€ 000	Beginning balance 01 Jan 2020	Additions to provisions	Use of provisions	Release of provisions	Currency translation adjustment	Ending balance 31 Dec 2020	thereof non- current
Restructuring	118	1,412	-664	-21	-	845	845
Litigation	304	240	-	-269	-2	273	273
Warranties / Rebates	656	232	-	-148	5	745	745
Other provisions	223	152	-108	-169	-7	91	91
Totals	1,301	2,036	774	-607	-4	1,954	1,954

€ 000	Beginning balance 01 Jan 2019	Additions to provisions	Use of provisions	Release of provisions	Currency translation adjustment	Ending balance 31 Dec 2019	thereof non- current
Restructuring	1,888	120	-694	-1,209	13	118	-
Litigation	352	38	-87	-	1	304	43
Warranties / Rebates	587	206	-125	-12	-	656	40
Other provisions	133	275	-143	-46	4	223	-
Totals	2,960	639	-1,049	-1,267	18	1,301	83

Restructuring charges involve the committed costs associated with financial or operational restructuring projects. Litigation provisions are for the legal fees and penalties attached to claims brought against companies of the DYWIDAG Group by customers, suppliers and others. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims is not expected to result in any significant loss beyond the amounts provided at year end. Warranty and rebate provisions are for general product re-working risks and

anticipated customer rebate payables. Other provisions include various other obligations booked at year end.

The amounts indicated as non-current are expected to be settled in 2022 or later. All other balances are expected to be utilised within one year.

Other current non-financial liabilities

The following table shows the Other current non-financial liabilities as of 31 December 2020 and 2019, respectively:

€ 000	31 Dec 2020	31 Dec 2019
Employee Entitlements	9,932	10,406
Accrued expenses	11,378	4,344
Payments received on account	13,283	4,355
Total other current non-financial liabilities	34,593	19,105

Employee entitlements are comprised primarily of accrued wages, salaries and bonuses and the employer contribution to payroll benefits. Accrued expenses are unbilled goods or services received. The remaining current non-financial liabilities are related to prepayments from customers primarily related to projects measured according to the stage of completion.

Current financial liabilities

The following table shows the categorises current financial liabilities as of 31 December 2020 and 2019, respectively:

€ 000	Category	31 Dec 2020	31 Dec 2019
Trade and other payables	FLAC	34,645	42,334
Borrowings :			
- Interest and misc. borrowings	FLAC	4,846	200
- Acquisition Facility	FLAC	-	2,393
Shareholder loan and accrued interest	FLAC	33,513	28,584
Other financial liability	FLAC	374	694
Finance lease liabilities	FLAC	5,615	5,237
Other financial liabilities			
- Related party payables	FLAC	4,705	5,038
- Other	FVtPL	1,947	431
Total		85,645	84,910

Related party payables are various outstanding payables to other DYWIDAG Group companies under the common ownership of the Group's parent. The other financial liabilities are various other obligations expected to be settled within one year.

Note (12) Financial instruments**Carrying amounts and fair values of financial instruments**

The following table shows the carrying amounts and fair values of the DYWIDAG Group's current and non-current financial instruments as of 31 December 2020 and 2019, respectively:

€ 000	Category	31 Dec 2020		31 Dec 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
a) Financial assets recognised at amortised cost					
Accounts receivable	AC	59,487	59,487	57,121	57,121
Cash and cash equivalents	AC	33,101	33,101	21,293	21,293
Other financial assets	AC	13,138	13,138	16,357	16,357
b) Financial instruments classified and recognised at fair value through profit and loss					
Other non-current investments	FVtPL	130	130	576	576
Total financial assets		105,856	105,856	95,347	95,347
Financial liabilities					
a) Financial liabilities recognised at amortised cost					
Loans and borrowings	FLAC	162,932	162,932	157,100	157,100
Accounts payable	FLAC	34,645	34,645	42,334	42,334
Other financial liabilities at amortised cost	FLAC	4,705	4,705	5,038	5,038
b) Lease liabilities	FLAC	21,628	21,628	18,633	18,633
c) Financial liabilities, recognised at fair value through profit and loss					
Other liabilities at fair value	FVtPL	1,947	1,947	1,882	1,882
Total financial liabilities		225,857	225,857	224,987	224,987

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of this financial instrument from another independent party. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market

Trade and other receivables, receivables from affiliated or associated companies

Due to the short terms of these financial instruments, the carrying amounts are assumed to be at fair value.

Financial assets at fair value through the profit and loss

Financial assets recognised at fair value through profit or loss includes derivative financial instruments not accounted for as hedges. These derivatives are valued using inputs from level 2 of the fair value hierarchy: values derived from observable market data, but not quoted prices from an active market.

Other receivables and assets

- Other financial assets carried at amortised cost: Because of the short maturities of these financial instruments, it is assumed that the discounted values closely approximate the carrying amounts.
- Other non-current investments reported at amortised cost: As no objective market value is available, these assets are carried at cost. It is assumed that fair value does not vary materially from the carrying value.
- Other loans and securities carried at amortised cost: It is assumed that the discounted values would not vary materially from the carrying values of these financial instruments.

Borrowings and Trade and other payables

Liabilities to banks are interest bearing at market rates and are therefore not discounted. Accounts payable include trade liabilities arising from the PoC method. Due to the short maturities of these financial instruments, it is assumed that discounted value is equal to the carrying amount.

Other financial liabilities

- Other financial liabilities in the category "recognised at fair value through profit or loss" are the derivative financial instruments and liabilities for contingent consideration related to acquisitions (i.e. earn-outs).
- Other financial liabilities carried at amortised cost relate to liabilities to associated companies and other liabilities. Due to the nature and short maturities of these financial instruments, it is assumed that the discounted values would not vary materially from the carrying values of these financial instruments.

(IX) Notes to the Consolidated Statement of Comprehensive Income**Note (13) Revenues**

The following table shows the consolidated revenues by region for the DYWIDAG business unit group and DY.CO for the financial years 2020 and 2019, respectively:

Sales by region in '000 €	2020	2019
DYWIDAG EMEA	147,403	160,602
DYWIDAG North Americas	113,455	101,943
DYWIDAG South Americas	11,183	15,076
DYWIDAG APAC	30,433	30,551
DY.CO EMEA	58,091	62,724
Total Sales	360,565	370,896

In the transactional business, revenue is recognised when the product is delivered to the customer. In the project type business (mainly PT, but including some areas of GT) revenue is realised upon application of the percentage of completion method (cost-to-cost-method) and completed contracts.

Revenues for 2020 arising from application of the percentage of completion-method was € 108,827 thousand (prior year: € 95,563 thousand). These projects typically have a duration of one to three years.

Of these, the revenue recognised related to projects ongoing at the balance sheet date amounted to € 82,920 thousand (prior year: € 54,011 thousand). Contract costs relating to these revenues amount to € 70,841 thousand (prior year: € 43,790 thousand), giving rise to profit recognition amounting to € 12,078 thousand (prior year: € 10,211 thousand) in the financial year 2020.

These open projects gave rise to contract assets of € 9,385 thousand and contract liabilities of € 11,930 thousand at 31 December 2020. At 31 December 2019, contract assets of € 4,744 thousand and contract liabilities of € 1,840 thousand existed.

Note (14) Other operating income

The following table shows a breakdown of Other operating income recorded in the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Gains from exchange rate fluctuations	663	1,536
Decrease in allowance for doubtful receivables	626	316
Gains on disposal of fixed assets	5,265	806
Gain on sale of non-current investments	-	453
Valuation adjustments in other provisions	561	230
Other operating income	1,030	559
Total	8,145	3,900

Note (15) Other operating expenses

The following table shows a breakdown of Other operating expenses recorded in the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Losses from exchange rate fluctuations	4,169	1,230
Loss from disposal of fixed assets	550	27
Restructuring expenses	10,442	-
Bank fees	504	544
Other recurring operating expenses	910	455
Other non-recurring operating expenses	3,913	-
Total	20,488	2,256

In the year ending 31 December 2020 various restructuring activities were carried out, in order to increase the DYWIDAG Group's profitability. Other non-recurring operating activities relate to smaller scale restructuring activities, such as various local mergers.

The losses from exchange rate fluctuations stem from foreign denominated loan receivables which must be settled in Euros.

Note (16) Personnel and depreciation costs according to functional lines

The following table shows a breakdown of personnel and depreciation costs according to functional lines recorded in the financial years 2020 and 2019, respectively:

€ 000	Personnel Costs		Depreciation	
	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Cost of sales	49,333	48,813	5,912	7,057
Selling expenses	24,077	26,236	803	640
General administrative expenses	21,904	20,440	7,290	6,282
Total	95,314	95,489	14,005	13,979

In the year ending 31 December 2020, the general administrative expenses category includes depreciation on fixed assets (including right-of-use assets) and software of € 4,353 thousand and amortisation of other intangibles of € 3,740 thousand (for the year ending 31 December 2019, depreciation of € 2,915 thousand and amortisation of € 3,367 thousand).

The following table shows a breakdown of the total personnel costs for the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Wages and salaries	63,018	69,364
Interim / temporary employees	12,212	5,562
Social security	8,272	10,249
Other benefits	11,812	10,314
Total	95,314	95,489

Other benefits include bonus payments and other gratifications for employees of the DYWIDAG Group.

Note (17) Operating income from investments recognised under the equity method

Operating income from investments recognised under the equity method amounted to € -34 thousand in the financial year (losses of € 386 thousand for the financial year ending 31 December 2019).

Note (18) Research and development expenses

The following table shows the breakdown of Research and development expenses for the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Personnel costs	2,461	1,941
General costs	538	766
Depreciation	50	57
Total costs related to research and development	3,049	2,764

Research and development expenses are included within the general and administrative expenses category in the consolidated Statement of comprehensive income.

Note (19) Total financial results

The following table shows a breakdown of the Total financial results for the financial years 2020 and 2019, respectively:

€ 000		01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
a) Net gains or losses of financial instruments financial assets and liabilities recognised at fair value through profit or loss			
Revaluation of foreign currency derivatives	FVtPL	-	-2
Revaluation of other liabilities at fair value	FVtPL	575	1,094
Amortisation of costs of borrowings	FVtPL	-89	-89
Sum attributed to FVtPL		486	1,003
b) Total financial income and total financial expense of the continued operations for financial assets or financial liabilities at amortised cost			
Other interest and similar income	AC	182	160
Valuation allowances on receivables	AC	-771	-988
Sum attributed to AC		-589	-828
Other interest and similar expenses	FLAC	-8,877	-9,342
Sum attributed to FLAC		-8,877	-9,342
c) Total interest income and total interest expense of the continued operations for non-financial assets and non-financial liabilities			
Interest expense arising from post-retirement benefits	n.a.	-124	-259
Sum not categorised		-124	-259
Total financial income/expense		-9,104	-9,426
<i>thereof recorded in operating results</i>		<i>-771</i>	<i>-988</i>
Total financial result		8,333	-8,438

Interest income and expense are reported directly to the statement of profit and loss; valuation allowances on receivables are recorded within the operating result.

Note (20) Tax on income

The following table shows the breakdown of Income tax expenses for the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Current tax expense	-3,619	-2,699
Deferred tax due to loss carry forwards	-2,045	35
Deferred tax income due to temporary differences	2,440	3,803
Total (expense)/income from income taxes	-3,224	1,139

Deferred taxes are determined on the basis of the various country-specific tax rates, which lay between 11% and 38% in the financial year 2020. Changes in tax rates already enacted as of the reporting date were taken into account in the determination of deferred taxes.

Unused tax loss carry-forwards within the DYWIDAG Group sum up to € 304,831 thousand (31 December 2019: € 300,253 thousand) as of the reporting date. Deferred taxes were not recognised on an amount equal to € 288,582 thousand (31 December 2019: € 287,228 thousand) of the existing loss carry forwards.

The expected income tax credit of € 3,083 thousand differs from the actual amount of income tax expense of € 3,224 thousand for the financial year. The expected income tax credit for the prior year of € 25 thousand differs from the actual amount of income tax credit of € 1,139 thousand. These variances are due to the fact that various items are treated differently for accounting and for tax purposes, as outlined in the explanation and calculation below.

The individual company-specific reconciliations are prepared on the basis of the various country-specific tax rates which are summarised in the reconciliation below for the DYWIDAG Group including effects due to the consolidation. The tax rate applied for purposes of reconciliation reflects the applicable domestic corporation tax rate of 26%.

The following table shows the reconciliation from the expected income tax expenses based on the statutory income tax rate of Luxembourg to the effective DYWIDAG Group income tax rate for the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Earnings before taxes on income	-11,859	-97
Corporation income tax rate	26.0%	26.0%
Expected taxes on income	3,085	25
Effects on taxation due to:		
Deviations due to differences in tax rates	840	187
Tax-exempt income / losses	-5	527
Tax additions and deductions	-446	-1,012
Withholding taxes	-709	-81
Minimum tax & alternative income tax	-38	-82
Change in valuation allowance for deferred taxes	-5,245	-794
Taxation for the previous years	-68	2,048
Changes in tax rate	-260	-415
Other	-376	736
Taxes on income	-3,224	1,139
Effective DYWIDAG Group tax rate in %	-27.17%	1180.63%

The aggregate current and deferred tax relating to items that are charged to equity amount to € 378 thousand (2019: € 257 thousand). The amount mainly stems from pensions in France & Germany.

(X) Notes to the Consolidated Statement of Cash Flows

Note (21) Income taxes paid

In 2020, the income tax expense exceeded the income tax paid by € 976 thousand. This relates to timing differences including the difference between tax advance and the final tax calculation. In 2019, the income tax expense exceeded the income tax paid by € 283 thousand. This related to timing differences including the difference between tax advance and the final tax calculation.

Note (22) Acquisition of subsidiaries, net of cash acquired

For the acquisitions of subsidiaries in 2019, a portion of the acquisition price was deferred. (Please also refer to Section VI. 1.) No material acquisitions took place in 2020.

Note (23) Repayments of Non-current loans and borrowings

As specified in the Syndicated Facility Agreements, the DYWIDAG Group made scheduled payments on its senior bank loans. Additional bank debt was transferred out of the Group to other subsidiaries of Tension II AcquiCo. These increases were non-cash and offset by increases in loan balances payable to the shareholder or other related parties. Please also refer to the Group Management Report for more information.

(XI) Other Information

Contingent liabilities and other financial commitments

Contingent liabilities exist to the amount of € 40,605 thousand (at 31 December 2019: € 77,077 thousand) arising from bonds and guarantees. Other financial commitments exist to the amount of € 69 thousand.

No further contingent liabilities exist.

Issuance of shares

No shares have been issued in the financial years presented and no expense has been recorded in the income statement for the year. The DYWIDAG Group has no legal or constructive obligation to repurchase or settle previously issued shares in cash as consideration for employee's services.

Governing corporate bodies of the Company

Board of Managers:

Mr. Matthew Turner, Great Britain
Mr. Matti Kuivalainen, Czechia
Mr. Ralf Meinardus, Germany
Mr. Hansgeorg Balthaus, Germany
Mr. Nicholas Moses, Great Britain
Mr. Antti Grönlund, Great Britain

Related-party disclosures

a) Remuneration of Board of Managers

The short-term employee benefits of members of the Board of Managers was € 1,545 thousand in the financial year ended 31 December 2020 (€ 1,471 thousand in 2019). Termination benefit for the Board of managers in 2020 amounted to nil (€ 247 thousand in 2019).

b) Significant related parties and companies include:

- members of management and their close relatives
- Tension II AcquiCo S.à r.l. (Luxembourg)
- OOO DSI-PSK (Russia)
- Dywitech Co. Ltd. (Taiwan)
- DSI Verwaltungs GmbH (Germany)
- Interspan Group (incl. subsidiaries)
- DSI Underground Group (incl. subsidiaries and joint ventures)
- Triton fund and its investments

c) The balances and transactions with related parties were:

The following table shows related party transactions and balances for the financial years 2020 and 2019, respectively:

€ 000	2020	2019
Transactions with shareholders:		
Interest expense	4,929	4,609
Headquarter service charge income	-	168
Headquarter service charge expense	71	-
Transactions with joint ventures:		
Revenue	-	200
Purchases	2,613	-
Other operating income	35	36
Other operating expense	-	42
Transactions with other related parties		
Revenue	2,466	3,103
Purchases	5,645	10,216
Headquarter service charge income	-	65
Interest income	12	18
Balances with shareholder:		
Accounts payable	265	663
Accounts receivable	3,487	3,487
Loan payable	103,741	98,812
Balances with associated companies and joint ventures:		
Accounts payable	1,233	-
Accounts receivable	338	196
Balances with other related parties:		
Payable to other affiliated companies	2,399	2,958
Receivable from other affiliated companies	1,650	1,835
Payables to non-controlling shareholders	808	1,418
Receivables from non-controlling shareholders	361	705

Transactions and balances with shareholders are with Tension II AcquiCo S.à r.l. Transactions and balances with joint ventures relate to OOO DSI-PSK (Russia) and Liuzhou OVM-DSI Technology (China) which are consolidated using the equity method. The transactions and balances with other related parties pertain to other companies of the DYWIDAG Group, which have a common shareholder and for the years presented shared certain headquarter functions. The receivables and payables from non-controlling interests also relate to the non-controlling shareholders of the Group's subsidiaries in Hong Kong, Qatar, India and China.

d) Average number of employees for the year

The following table shows the average number of employees of the DYWIDAG Group for the financial years 2020 and 2019, respectively:

	2020	2019
Salaried employees	996	921
Non-salaried employees	438	431
Interim / temporary employees	135	166
Total	1,569	1,518

e) Auditor's fees

The following table shows the expensed auditor fees with KPMG being the DYWIDAG Group auditor for the financial years 2020 and 2019, respectively:

€ 000	01 Jan 2020 - 31 Dec 2020	01 Jan 2019 - 31 Dec 2019
Annual audit costs	498	514
Tax advisory services	1	16
Other non-audit services	3	3
Total	502	533

(XII) Subsequent Events

In March 2021 the DYWIDAG Group sold its 49% shareholding in DSI Middle East W.L.L. to Al-Bandary Engineering Trading and Contracting W.L.L. for a consideration of QAR 98 thousand.

In March 2021 the DYWIDAG Group also sold its 50% shareholding in OOO Russia for a consideration of € 140 thousand.

Luxembourg, 20 April 2021



Matti Kuivalainen, CEO



Ralf Meinardus, CFO

DSI International Luxembourg S.à r.l.