

Laufen Nordic A/S

Tømmervej 2
4600 Køge
Denmark

CVR no. 31 58 57 16

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

10 May 2023

Antonio Linares Noguera
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Laufen Nordic A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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

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

Køge, 10 May 2023
Executive Board:

Daniel Jørn Nielsen

Board of Directors:

Antonio Linares Noguera
Chairman

Juan Albos Barbarroja

Manuel Cortés Cascón

Independent auditor's report

To the shareholder of Laufen Nordic A/S

Opinion

We have audited the financial statements of Laufen Nordic A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
mne33205

Stine Inger Pedersen
State Authorised
Public Accountant
mne47771

Laufen Nordic A/S
Annual report 2022
CVR no. 31 58 57 16

Management's review

Company details

Laufen Nordic A/S
Tømmervej 2
4600 Køge
Denmark

Telephone: +45 56 28 72 87
Website: www.laufen.dk

CVR no.: 31 58 57 16
Established: 1 July 2008
Registered office: Køge
Financial year: 1 January – 31 December

Board of Directors

Antonio Linares Noguera, Chairman
Juan Albos Barbarroja
Manuel Cortés Cascón

Executive Board

Daniel Jørn Nielsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK	2022	2021	2020	2019	2018
Key figures					
Gross profit/loss	19,114,074	18,089,651	16,067,832	14,652,870	9,027,952
Ordinary operating profit/loss	5,940,915	4,713,494	2,639,836	2,308,720	-1,163,577
Profit/loss from financial income and expenses	-104,698	116,199	-34,320	-136,075	-262,530
Profit/loss for the year	5,517,660	4,075,618	2,605,516	2,172,645	-1,426,107
Ratios					
Current ratio	138.94%	125.09%	103.81%	83.56%	63.85%
Other key figures					
Average number of full-time employees	20	18	16	15	14

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

Current ratio

$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Management's review

Operating review

Principal activities

The main activity of the Company is wholesale of sanitary supplies, including bathroom furniture, installation systems, bathtubs and other products relevant to support sanitary sales.

Development in activities and financial position

The Company's income statement for 2022 shows a profit of DKK 5,517,660 as against DKK 4,075,618 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 25,054,645 as against DKK 19,536,984 at 31 December 2021.

The Company has seen a remarkable growth in both domestic and in export markets. Especially the Danish, Swedish, Finish and Baltic markets have continued the impressive increase and development.

Like previous year the growth is still supported by a good margin and a great development in mix of sales, both in domestic and in export markets.

The investments of a local setup in Finland have continued. Meanwhile Baltic countries has continued their positive improvement and development. The synergy of a collected North Europe still has great benefits.

Laufen is still investing in both Sweden and Finland, which is balanced by the success and significant growth in all countries. The result includes depreciation in customer relationships (DKK 996 thousand), which is investments in the development and growth of the Company.

The results for 2022 are considered very satisfactory and even better than expected.

Outlook

Management estimates that the Company continuously will generate profit in the Nordic market in the coming year, where we still will have a significant investment in the market.

Expectations for 2023 is that sales will be higher than the market trend and that investing markets like Sweden and Finland will increase sales +20%. Expected result of 2023 is a decrease of 10-20% compared to 2022, due to lower margin caused by increased COGS and continued investments in market growth.

Uncertainty regarding recognition and measurement

It is management's assessment that no concrete uncertainties or unexpected conditions exist that influence the recognition and measurement in the annual report.

Environmental matters

It is management's assessment that the Company doesn't have a material impact on the external environment.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Gross profit		19,114,074	18,089,651
Staff costs	2	-11,129,689	-11,579,689
Depreciation, amortisation and impairment losses		<u>-2,043,470</u>	<u>-1,796,468</u>
Profit before financial income and expenses		5,940,915	4,713,494
Other financial income		5,145	121,317
Other financial expenses		<u>-109,843</u>	<u>-5,118</u>
Profit before tax		5,836,217	4,829,693
Tax on profit for the year	3	<u>-318,557</u>	<u>-754,075</u>
Profit for the year	4	<u><u>5,517,660</u></u>	<u><u>4,075,618</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets	5		
Goodwill		13,192,230	14,187,870
Software		<u>149,001</u>	<u>45,489</u>
		<u>13,341,231</u>	<u>14,233,359</u>
Property, plant and equipment	6		
Land and buildings		3,781,050	0
Fixtures and fittings, tools and equipment		1,069,946	269,155
Leasehold improvements		<u>627,386</u>	<u>704,830</u>
		<u>5,478,382</u>	<u>973,985</u>
Investments			
Deposits		<u>105,000</u>	<u>90,000</u>
Total fixed assets		<u>18,924,613</u>	<u>15,297,344</u>
Current assets			
Inventories			
Finished goods and goods for resale		1,200,852	1,732,758
Prepayments for goods		<u>0</u>	<u>458,201</u>
		<u>1,200,852</u>	<u>2,190,959</u>
Receivables			
Trade receivables		28,376,561	26,393,329
Receivables from group entities		1,140,765	458,516
Other receivables		0	377,145
Prepayments	7	<u>75,272</u>	<u>78,241</u>
		<u>29,592,598</u>	<u>27,307,231</u>
Cash at bank and in hand		<u>21,528,537</u>	<u>9,572,756</u>
Total current assets		<u>52,321,987</u>	<u>39,070,946</u>
TOTAL ASSETS		<u><u>71,246,600</u></u>	<u><u>54,368,290</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	700,000	700,000
Retained earnings		<u>24,354,645</u>	<u>18,836,984</u>
Total equity		<u>25,054,645</u>	<u>19,536,984</u>
Provisions			
Provisions for deferred tax	9	1,072,632	725,761
Other provisions	10	<u>3,559,208</u>	<u>2,870,757</u>
Total provisions		<u>4,631,840</u>	<u>3,596,518</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	11	<u>3,958,726</u>	<u>7,743</u>
Current liabilities other than provisions			
Current portion of non-current liabilities		726,208	137,844
Trade payables		3,770,270	1,393,216
Payables to group entities		26,334,531	23,025,669
Corporation tax		0	28,314
Other payables		<u>6,770,380</u>	<u>6,642,002</u>
		<u>37,601,389</u>	<u>31,227,045</u>
Total liabilities other than provisions		<u>41,560,115</u>	<u>31,234,788</u>
TOTAL EQUITY AND LIABILITIES		<u>71,246,600</u>	<u>54,368,290</u>
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	700,000	18,836,985	19,536,985
Transferred over the distribution of profit	0	5,517,660	5,517,660
Equity at 31 December 2022	700,000	24,354,645	25,054,645

Financial statements 1 January – 31 December

Cash flow statement

DKK	Note	2022	2021
Profit for the year		5,517,660	4,075,618
Other adjustments	13	<u>2,466,726</u>	<u>2,434,344</u>
Cash generated from operations before changes in working capital		7,984,386	6,509,962
Changes in working capital	14	<u>2,565,872</u>	<u>-8,274,063</u>
Cash generated from operations		10,550,258	-1,764,101
Interest income		5,145	121,317
Interest expense		<u>-109,843</u>	<u>-5,118</u>
Cash flows from operating activities		<u>10,445,560</u>	<u>-1,647,902</u>
Acquisition of intangible assets		-154,466	0
Acquisition of property, plant and equipment		<u>-5,501,273</u>	<u>-620,088</u>
Cash flows from investing activities		<u>-5,655,739</u>	<u>-620,088</u>
Change in lease obligation		4,539,347	-409,878
Change in intercompany receivable/payable		<u>2,626,613</u>	<u>3,489,275</u>
Cash flows from financing activities		<u>7,165,960</u>	<u>3,079,397</u>
Cash flows for the year		11,955,781	811,407
Cash and cash equivalents at the beginning of the year		<u>9,572,756</u>	<u>8,761,349</u>
Cash and cash equivalents at year-end		<u><u>21,528,537</u></u>	<u><u>9,572,756</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Laufen Nordic A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Change in comparative figures

Few reclassifications have been made in the comparative figures for 2021.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation

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

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

Income statement

Revenue

Income from the sale of goods, comprising the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ©2020.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Cost of sales

Cost of goods sold comprises costs incurred in generating the revenue for the year, including direct and indirect costs for consumables.

Other external costs

Other external costs comprise costs of distribution, sales, administrative expenses, costs of premises, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Software are measured at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over the expected useful lives of the assets. When changing the depreciation period or the residual value, the effect on the depreciation is recognized as a change in accounting estimates. Amortization and impairment is recognized in the income statement as depreciation and amortisation.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the disposal date, and are recognized in the income statement as other operating income or other operating costs, respectively.

Goodwill are amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 18 years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The expected useful lives are as follows:

Goodwill:	18 years
Software:	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. The basis of depreciation constitutes cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	2-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Leases

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions of intangible assets and property, plant and equipment.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, installments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Financial statements 1 January – 31 December

Notes

DKK	<u>2022</u>	<u>2021</u>	
2 Staff costs			
Wages and salaries	10,153,342	10,613,054	
Pensions	768,309	679,071	
Other social security costs	<u>208,038</u>	<u>287,564</u>	
	<u>11,129,689</u>	<u>11,579,689</u>	
Average number of full-time employees	<u>20</u>	<u>18</u>	
In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is not presented.			
3 Tax on profit for the year			
Current tax for the year	0	28,314	
Deferred tax for the year	346,871	725,761	
Adjustment of tax concerning previous years	<u>-28,314</u>	<u>0</u>	
	<u>318,557</u>	<u>754,075</u>	
4 Proposed profit appropriation			
Retained earnings	<u>5,517,660</u>	<u>4,075,619</u>	
	<u>5,517,660</u>	<u>4,075,619</u>	
5 Intangible assets			
DKK	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Cost at 1 January 2022	17,921,520	2,948,813	20,870,333
Additions for the year	<u>0</u>	<u>154,466</u>	<u>154,466</u>
Cost at 31 December 2022	<u>17,921,520</u>	<u>3,103,279</u>	<u>21,024,799</u>
Amortisation and impairment losses at 1 January 2022	-3,733,650	-2,903,324	-6,636,974
Amortisation for the year	<u>-995,640</u>	<u>-50,954</u>	<u>-1,046,594</u>
Amortisation and impairment losses at 31 December 2022	<u>-4,729,290</u>	<u>-2,954,278</u>	<u>-7,683,568</u>
Carrying amount at 31 December 2022	<u>13,192,230</u>	<u>149,001</u>	<u>13,341,231</u>

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6 Property, plant and equipment

DKK	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	0	935,388	1,249,493	2,184,881
Additions for the year	4,200,000	1,301,273	0	5,501,273
Disposals for the year	0	-341,644	0	-341,644
Cost at 31 December 2022	4,200,000	1,895,017	1,249,493	7,344,510
Depreciation and impairment losses at 1 January 2022	0	-666,233	-544,663	-1,210,896
Depreciation for the year	-418,950	-500,482	-77,444	-996,876
Reversed depreciation and impairment losses	0	341,644	0	341,644
Depreciation and impairment losses at 31 December 2022	-418,950	-825,071	-622,107	-1,866,128
Carrying amount at 31 December 2022	3,781,050	1,069,946	627,386	5,478,382
Assets held under finance leases	3,781,050	903,884	0	4,684,934

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7 Prepayments

Prepaid expenses	75,272	78,241
	<u>75,272</u>	<u>78,241</u>

8 Equity

The share capital consists of 7,000 shares of a nominal value of DKK 100.

No shares carry any special rights.

9 Deferred tax

Deferred tax at 1 January	725,761	0
Deferred tax adjustment for the year in the income statement	346,871	725,761
	<u>1,072,632</u>	<u>725,761</u>

10 Other provisions

Balance at beginning of the year	2,870,757	2,209,563
Provisions during the year	688,451	661,194
	<u>3,559,208</u>	<u>2,870,757</u>

Other provisions comprise product warranties, implementation of systems etc.

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11 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

1-5 years	2,278,726	7,743
>5 years	<u>1,680,000</u>	<u>0</u>
Total liabilities other than provisions	<u><u>3,958,726</u></u>	<u><u>7,743</u></u>

12 Related party disclosures

Laufen Nordic A/S' related parties comprise the following:

Control

Keramik Holding AG, Wahlenstrasse 46, 4242 Laufen, Switzerland.

Keramik Holding AG holds the majority of the contributed capital in the Company.

Laufen Nordic A/S is part of the consolidated financial statements of Roca Corporacion Empresarial S.A., Avenida Diagonal 513, 08029 Barcelona, Spain, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Roca Corporacion Empresarial S.A. can be obtained by contacting the Company at the address above.

Related party transactions

DKK	<u>2022</u>	<u>2021</u>
Sale of goods and services	2,727,627	2,621,563
Costs of goods and services	117,378,896	103,382,881

13 Other adjustments

Financial income	-5,145	-121,317
Financial expenses	109,843	5,118
Depreciation, amortisation and impairment losses	2,043,470	1,796,468
Tax on profit for the year	318,557	754,075
Other adjustments	<u>1</u>	<u>0</u>
	<u><u>2,466,726</u></u>	<u><u>2,434,344</u></u>

14 Change in working capital

Change in inventories	990,107	-1,788,649
Change in receivables	-1,618,118	-4,329,282
Change in trade payables etc.	<u>3,193,883</u>	<u>-2,156,132</u>
	<u><u>2,565,872</u></u>	<u><u>-8,274,063</u></u>