Laufen Nordic A/S

Tømrervej 2
DK-4600 Køge

CVR no. 31 58 57 16

Annual report 2020

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

9 July 2021

Antonio Linares Noguera
Chairman

Contents

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Køge 9 July 2021
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 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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

— 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.

Independent auditor's report

— 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, 9 July 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
mne33205

Management's review

Company details

Laufen Nordic A/S
Tømrervej 2
4600 Køge
Denmark

Telephone:	+45 56 28 72 87
Website:	www.laufen.dk
CVR no.:	31 58 57 16
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
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The main activity of the Company is wholesale of sanitary supplies.

Development in activities and financial position

The Company has seen a remarkable growth in both domestic and in export markets. Especially the Danish and Baltic market 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.

This year investments of a local setup in Finland has been made. Meanwhile Baltic countries has continued their positive improvement and development. The synergies of a collected North Europe has given the great benefits expected.

The earnings for the year amounted to DKK 2,606 thousand (2019: DKK 2,173 thousand).

Equity at 31 December 2020 amounted to DKK 15,461 thousand (31 December 2019: DKK: 12,856 thousand).

Laufen is still investing in Sweden and now in Finland, which is balanced by the success and significant growth. The result includes depreciation in customer relationships (DKK 996 thousand) and software (DKK 967 thousand), which both are investments in the development and growth of the Company.

The results for 2020 are considered very satisfactory and even better than expected.

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

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		16,275,700	14,652,870
Staff costs	2	-10,759,174	-9,514,048
Depreciation and amortisation		-2,876,690	-2,830,102
Result before financial items		2,639,836	2,308,720
Other financial income		13,614	0
Other financial expenses		-47,934	-136,075
Profit before tax		2,605,516	2,172,645
Tax on profit for the year		0	0
Profit for the year		2,605,516	2,172,645

Proposed profit appropriation

Retained earnings		2,605,516	2,172,645

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	3		
Goodwill		15,183,510	16,179,150
Software		328,675	1,242,185
		15,512,185	17,421,335
Property, plant and equipment	4		
Plant and machinery		554,442	1,362,452
Fixtures and fittings, tools and equipment		115,424	71,166
Leasehold improvements		201,673	320,257
		871,539	1,753,875
Total fixed assets		16,383,724	19,175,210
Current assets			
Inventories			
Finished goods and goods for resale		402,310	428,561
Receivables			
Trade receivables		22,359,677	19,981,266
Receivables from group entities		900,521	396,812
Other receivables		162,863	504,742
Prepayments		86,893	98,630
		23,509,954	20,981,450
Cash at bank and in hand		8,761,349	2,523,316
Total current assets		32,673,613	23,933,327
TOTAL ASSETS		49,057,337	43,108,537

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	5	700,000	700,000
Retained earnings		14,761,366	12,155,850
Total equity		15,461,366	12,855,850
Provisions			
Other provisions		422,028	389,702
Total provisions		422,028	389,702
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations		409,878	779,096
Other payables		145,587	585,531
		555,465	1,364,627
Current liabilities other than provisions			
Trade payables		2,966,186	1,656,996
Payables to group entities		19,978,399	18,980,303
Other payables		9,673,893	7,861,059
		32,618,478	28,498,358
Total liabilities other than provisions		33,173,943	29,862,985
TOTAL EQUITY AND LIABILITIES		49,057,337	43,108,537

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	700,000	12,155,850	12,855,850
Transferred over the distribution of profit	0	2,605,516	2,605,516
Equity at 31 December 2020	700,000	14,761,366	15,461,366

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Laufen Nordic A/S for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Change in comparative figures

There has been made a reclassification in the comparative figures in the balance sheet for 2019.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from 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 expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pension contributions, and other social security costs, etc., relating to the Company's employees. Staff costs are less government refunds received.

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 loss 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/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

Customer relationships 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.

The expected useful lives are as follows:

Software:	3-5 years
Customer relationships	18 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 usefull 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:

Plant and machinery	3-5 years
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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

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, a 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 the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 net realisable value.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 an 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.

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.

Financial statements 1 January – 31 December

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2 Staff costs

DKK	2020	2019
Wages and salaries	9,384,340	8,728,720
Pensions	590,938	495,875
Other social security costs	783,896	289,453
	10,759,174	9,514,048
Average number of full-time employees	16	15

3 Intangible assets

DKK	Customer relationships	Software	Total
Cost at 1 January 2020	17,921,520	2,895,239	20,816,759
Additions	0	53,574	53,574
Cost at 31 December 2020	17,921,520	2,948,813	20,870,333
Amortisation and impairment losses at 1 January 2020	-1,742,370	-1,653,054	-3,395,424
Amortisation for the year	-995,640	-967,084	-1,962,724
Amortisation and impairment losses at 31 December 2020	-2,738,010	-2,620,138	-5,358,148
Carrying amount at 31 December 2020	15,183,510	328,675	15,512,185

4 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2020	2,133,484	166,432	690,765	2,990,681
Additions for the year	0	68,608	0	68,608
Disposals for the year	-36,978	0	0	-36,978
Cost at 31 December 2020	2,096,506	235,040	690,765	3,022,311
Depreciation and impairment losses at 1 January 2020	-771,032	-95,266	-370,508	-1,236,806
Depreciation for the year	-771,032	-24,350	-118,584	-913,966
Depreciation and impairment losses at 31 December 2020	-1,542,064	-119,616	-489,092	-2,150,772
Carrying amount at 31 December 2020	554,442	115,424	201,673	871,539

Financial statements 1 January – 31 December

Notes

5 Equity

The share capital consists of 7,000 shares of a nominal value of DKK 100. No shares carry any special rights.

6 Related party disclosures

Control

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

The consolidated financial statements of Roca Corporación Empresarial, S.A can be obtained by contacting the company at the addresses above.

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