Cosentino Denmark ApS

Snedkervej 1
DK-8722 Hedensted

CVR no. 37 27 68 39

Annual report 2021

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

29 June 2022

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Pierre Stefan Wernlundh
Chairman of the annual general meeting

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 Cosentino Denmark ApS for the financial year 1 January – 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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.

Hedensted, 29 June 2022
Executive Board:

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Pierre Stefan Wernlundh

Board of Directors:

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Pierre Stefan Wernlundh	Pedro Javier Parra Uribe

Independent auditor's report

To the shareholders of Cosentino Denmark ApS

Opinion

We have audited the financial statements of Cosentino Denmark ApS for the financial year 1 January – 31 December 2021 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

We 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 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.

Fredericia, 29 June 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Management's review

Company details

Cosentino Denmark ApS
Snedkervej 1
DK-8722 Hedensted

Telephone:	+45 75 80 62 00
Website:	http://dk.cosentino.com
CVR no.:	37 27 68 39
Established:	25 November 2015
Registered office:	Hedensted
Financial year:	1 January – 31 December

Board of Directors

Pierre Stefan Wernlundh
Pedro Javier Parra Uribe

Executive Board

Pierre Stefan Wernlundh

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27, 2
DK-7000 Fredericia
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's principal activities are to sell and distribute slabs of Silestone, Dekton and natural stone for stone cutting and the tabletop industry.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 1,204,533 as against a profit of DKK 823,433 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 2,717,356 as against DKK 1,512,823 at 31 December 2020.

Significant events after the end of the financial year

No events have occured after the end of the financial year of material importance to the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	2020
Gross profit		10,506,632	9,890,555
Staff costs	2	-6,105,845	-5,607,637
Depreciation, amortisation and impairment losses		-2,729,626	-2,958,426
Profit before financial income and expenses		1,671,161	1,324,492
Other financial income		17,888	0
Other financial expenses		-119,214	-227,350
Profit before tax		1,569,835	1,097,142
Tax on profit for the year	3	-365,302	-273,709
Profit for the year		1,204,533	823,433

Proposed profit appropriation

Retained earnings		1,204,533	823,433

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	4		
Acquired patents		9,272,923	11,591,154
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		287,811	699,204
Total fixed assets		9,560,734	12,290,358
Current assets			
Inventories			
Raw materials and consumables		5,876,641	7,036,068
Receivables			
Trade receivables		8,272,957	4,969,692
Other receivables		79,575	37,339
		8,352,532	5,007,031
Cash at bank and in hand		7,620,352	5,053,300
Total current assets		21,849,525	17,096,399
TOTAL ASSETS		31,410,259	29,386,757

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	50,000	50,000
Retained earnings		2,667,356	1,462,823
Total equity		2,717,356	1,512,823
Provisions			
Provisions for deferred tax		907,831	542,528
Total provisions		907,831	542,528
Liabilities other than provisions			
Non-current liabilities other than provisions	7		
Payables to group entities		10,455,917	17,171,077
Current liabilities other than provisions			
Current portion of non-current liabilities	7	1,115,160	1,115,160
Trade payables		5,055,283	1,151,245
Payables to group entities		6,593,012	4,089,427
Other payables		4,565,700	3,804,497
		17,329,155	10,160,329
Total liabilities other than provisions		27,785,072	27,331,406
TOTAL EQUITY AND LIABILITIES		31,410,259	29,386,757
Contractual obligations, contingencies, etc.	8		
Related party disclosures	9		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	50,000	1,462,823	1,512,823
Transferred over the profit appropriation	0	1,204,533	1,204,533
Equity at 31 December 2021	50,000	2,667,356	2,717,356

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Cosentino Denmark ApS for 2021 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.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if delivery and transfer of risk to purchaser have taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs of goods for resale and changes to the inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the Company's employees. Refunds from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. 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.

Balance sheet

Intangible assets

Acquired client portfolio is measured at cost less accumulated amotisation. The client portfolio is amortised on a straight-line basis over the expected useful life which is estimated at 9 years. The amortisation period is determined based on an assessment of the acquired client's earnings profile and industry-specific conditions.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

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

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as depreciation.

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

Notes

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 calculated on the basis of weighted average prices. If the net realisable value is lower than cost, inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with the addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll costs and indirect production overheads. Indirect production overheads include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

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

Notes

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 or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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.

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

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash at bank and in hand

Cash at bank and in hand comprises cash.

Financial statements 1 January – 31 December

Notes

DKK	2021	2020

2 Staff costs

	2021	2020
Wages and salaries	5,584,479	5,186,527
Pensions	435,343	358,114
Other staff costs	86,023	62,996
	6,105,845	5,607,637
Average number of full-time employees	9	8

3 Tax on profit for the year

	2021	2020
Deferred tax for the year	365,302	273,709

4 Intangible assets

DKK	Acquired patents
Cost at 1 January 2021	20,864,077
Cost at 31 December 2021	20,864,077
Amortisation and impairment losses at 1 January 2021	-9,272,923
Amortisation for the year	-2,318,231
Amortisation and impairment losses at 31 December 2021	-11,591,154
Carrying amount at 31 December 2021	9,272,923

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 January 2021	3,744,820
Additions for the year	0
Cost at 31 December 2021	3,744,820
Depreciation and impairment losses at 1 January 2021	-3,045,617
Depreciation for the year	-411,392
Depreciation and impairment losses at 31 December 2021	-3,457,009
Carrying amount at 31 December 2021	287,811

Financial statements 1 January – 31 December

Notes

6 Equity

Contributed capital consists of:

A shares, 6,700 shares of nom. EUR 1 each

All shares rank equally.

7 Non-current liabilities other than provisions

DKK	31/12 2021	31/12 2020	Short-term debt	Outstanding debt after five years
Payables to group entities	10,455,917	17,171,077	1,115,160	0
	10,455,917	17,171,077	1,115,160	0

8 Contractual obligations, contingencies, etc.

The Company has entered into operating leases that expire between 2021 and 2024. The total commitment amounts to DKK 1,225,912 (2020: DKK 1,332,055).

9 Related party disclosures

Control

Cosentino Global S.L.U, Ctra. A334 Baza-Huércal Overa km59, 04850 Almeria, Spain

Cosentino Global S.L.U holds the majority of the contributed capital in the Company

Grupo Cosentino S.L. (Spain), in capacity as the Parent Company, prepares consolidated financial statements for the Group that include Cosentino Denmark. The consolidated financial statements are published in the commercial register (Registro mercandil) in Almería, Spain.