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Baldo Acquisition ApS

Levysgade 14, st.
8700 Horsens
CVR No. 38640569

Annual report 2021

The Annual General Meeting adopted the annual report on 28.01.2022

Henning Aabo Jørgensen
Chairman of the General Meeting

Contents

Entity details

Entity

Baldo Acquisition ApS

Levysgade 14, st.

8700 Horsens

Business Registration No.: 38640569

Registered office: Horsens

Financial year: 01.01.2021 - 31.12.2021

Supervisory Board

Peter Schulz

Wolfgang Ziegler

Excecutive Board

Hans Henrik Nielsen, CEO

Henning Aabo Jørgensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Supervisory Board and the Excecutive Board have today considered and approved the annual report of Baldo Acquisition ApS for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Horsens, 28.01.2022

Executive Board

Hans Henrik Nielsen
CEO

Henning Aabo Jørgensen

Supervisory Board

Peter Schulz

Wolfgang Ziegler

Independent auditor's report

To the shareholders of Baldo Acquisition ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Baldo Acquisition ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 and the Entity’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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Kolding, 28.01.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Morten Almtoft Lund
State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures				
Revenue	455,064	440,889	465,635	360,136
Gross profit/loss	69,178	74,971	79,592	60,601
Operating profit/loss	(1,579)	10,869	13,134	1,251
Net financials	(7,872)	(10,802)	(7,622)	(7,976)
Profit/loss for the year	(12,350)	(5,000)	(854)	(10.551)
Balance sheet total	330,203	366,468	381,162	400,922
Equity	105,702	120,269	131,956	129,262
Cash flows from operating activities	32,459	23,548	37,008	13,390
Cash flows from investing activities	(4,597)	(5,764)	4,992	8,346
Cash flows from financing activities	(31,015)	(20,179)	(26,801)	(6,128)
Average number of employees	161	102	80	77
Ratios				
Gross margin (%)	15.20	17.00	17.09	16.83
Net margin (%)	(2.71)	(1.13)	(0.18)	(0.00)
Equity ratio (%)	32.01	32.82	34.62	32.24

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

Key activities consist of production and advisory in connection to selling bathroom pods and related activities.

Development in activities and finances

The income statement of the Group for 2021 shows a loss of TDKK 12,350, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 105,702.

The group has managed to keep production stable despite the Covid-19 challenges.

Profit/loss for the year in relation to expected developments

2021 revenues and margins has decreased due to change in product mix, increased cost due to Covid-19 situation and competition.
Current levels are expected in the coming year.

Outlook

Expectations for 2022 is a minor increase. Expectation on profit is an increase compared with 2021. The Groupis constantly working on increasing the profitability through quality and efficiency.

Special risks

The Group's special risks relates to competing companies on the market.

The Group's is not exposed to changes in interest rates because of its operations, investments and financing. It is management's policy not to speculate in financial movements.

The Group has substantial trading in EUR, NOK, SEK and mainly Polish Zloty that exposes to currency risks. The Group hedges currency risks through forward exchange contracts covering the coming years.

Credit risks primarily relates to the customers' ability to pay. Advance payments from customers and payment plans are made to mitigate the risk.

Knowledge resources

It is important to management of the Group to maintain focus on delivering high quality products; hence, production resources involve automated processes and a well educated work force to maintain a high level of competencies.

Environmental performance

The Group's management is aware of environmental effects from production and it is a continuous focus to reduce environmental effects from production.

Group relations

The Group has one subsidiary in Poland, Badelement Poland Sp. Z.o.o., and one in Norway, Badelement Norge AS.

Statutory report on corporate social responsibility

The Group produces pre fabricated Bath rooms for installation into primarily new buildings. Production takes place mainly in a Polish subsidiary using sub components from a number of sub suppliers. Other functions such as sales, design, procurement, deliveries to construction sites and service are performed in Denmark. The Group employs 161 people, and its primary market for pre fabricated showers is the Danish building sector.

Badelement A/S is owned by Baldo Acquisition ApS which is owned approx. 80% by Baldo Zehn GmbH, a company owned by funds that are advised by Findos Investor

The Group operates in highly regulated markets where comparatively clear CSR guidelines are laid down by legislation and voluntary agreements. Thus, collective agreements between employees and employers regulate many aspects regarding labour. Environmental matters are moreover often regulated through municipal environmental approvals, and health and safety are protected under occupational health and safety legislation. Furthermore, national anti discrimination rules exist to protect against discrimination. Finally, corruption is addressed by the Danish Criminal Code. The Group complies with these rules. In the Group's opinion, the risk of having a significant negative impact on the environment and climate, human rights, social matters and labour as well as being exposed to corruption and bribery is therefore very limited.

Based on its business model and the fact that the most important market to the Group is Denmark, the Group has not considered the risk of negatively affecting human rights prevalent to such an extent that policies are required. The Group is not of the opinion either that its potential exposure to corruption and bribery is prevalent to such an extent that a policy is required. Based on the extensive local and national environmental and climate regulations and the voluntary agreements in the labor market, the Group has assessed that laying down policies on environmental, climate, social matters and labor will not create any additional value, neither to the Group nor to society.

Statutory report on the underrepresented gender

The Supervisory Board consists of a total of three members. It is the Group's target to have at least one woman on the Board of Directors by 2023.

So far, the Group has employed, and will continue to employ, the most suitable board members, executives and other employees irrespective of their gender, race or religion. This practice is supported by the Group's recruitment and staff policies.

The Group has a long term strategy and long-term objectives. The members of the Supervisory Board are recruited with this in mind to ensure a long lasting attachment to the Group. Efforts will be made in future to maintain this stability and continuity on the Supervisory Board.

No new members joined the Supervisory Board in 2021, which means that the female representation on the Supervisory Board remains 0% as in 2020.

As the number of employees of the Company does not exceed 50, the exemption rule of the Danish Financial Statements Act is applied; thus, the gender representation at other management levels is not disclosed.

Statutory report on data ethics policy

During 2021 the Group has increased its focus on IT security. The IT administration is outsourced to an xternal partner to increase IT security for handling data. The IT administration has set the policy for user access, passwords, back up and data recovery.

The Group works to optimize the data structure and programs used to create transparency and overview. New employees are introduced to the programs and well trained in the programs.

Most of the data in the company are covered by the personal data policy to be compliant with GDPR rules and to handle data with respect and with ethical considerations. Therefore, we deem that we handle data with respect and good ethical considerations, and we do not have a separate policy on data ethics in place.

IT data ethics will have great focus in the coming year.

Events after the balance sheet date

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

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	455,064	440,889
Costs of raw materials and consumables		(355,038)	(346,664)
Other external expenses	2	(30,848)	(19,254)
Gross profit/loss		**69,178**	**74,971**
Staff costs	3	(30,197)	(34,116)
Depreciation, amortisation and impairment losses		(29,499)	(29,506)
Other operating expenses		(11,061)	(480)
Operating profit/loss		**(1,579)**	**10,869**
Other financial income		4,705	844
Other financial expenses		(12,577)	(11,646)
Profit/loss before tax		**(9,451)**	**67**
Tax on profit/loss for the year		(2,899)	(5,067)
Profit/loss for the year	4	**(12,350)**	**(5,000)**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	6	4,283	5,435
Goodwill		128,387	152,087
Intangible assets	5	**132,670**	**157,522**
Land and buildings		11,671	12,456
Plant and machinery		16,606	16,415
Other fixtures and fittings, tools and equipment		1,004	1,446
Prepayments for property, plant and equipment		345	260
Property, plant and equipment	7	**29,626**	**30,577**
Deposits		528	511
Financial assets		**528**	**511**
Fixed assets		**162,824**	**188,610**
Raw materials and consumables		36,968	30,422
Inventories		**36,968**	**30,422**
Trade receivables		76,309	77,454
Contract work in progress	8	35,044	53,604
Deferred tax	9	4,054	3,840
Other receivables		12,944	6,595
Tax receivable		0	867
Prepayments	10	502	365
Receivables		**128,853**	**142,725**
Cash		**1,558**	**4,711**
Current assets		**167,379**	**177,858**
Assets		**330,203**	**366,468**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		63	63
Share premium		132,114	132,114
Translation reserve		2,515	0
Reserve for fair value adjustments of hedging instruments		(10,288)	(6,687)
Reserve for development costs		3,108	4,239
Retained earnings		(21,810)	(9,460)
Equity		**105,702**	**120,269**
Deferred tax	9	7,760	6,558
Other provisions	11	10,224	11,144
Provisions		**17,984**	**17,702**
Lease liabilities		885	358
Debt to other credit institutions		74,533	84,154
Other payables		1,450	12,694
Non-current liabilities other than provisions	12	**76,868**	**97,206**
Current portion of non-current liabilities other than provisions	12	10,000	18,000
Lease liabilities		368	1,802
Payables to other credit institutions		25,365	23,233
Contract work in progress	8	13,476	21,179
Trade payables		41,714	48,107
Tax payable		2,264	6,482
Other payables		36,462	12,488
Current liabilities other than provisions		**129,649**	**131,291**
Liabilities other than provisions		**206,517**	**228,497**
Equity and liabilities		**330,203**	**366,468**
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Share premium DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development costs DKK'000
Equity beginning of year	63	132,114	0	(6,687)	4,239
Exchange rate adjustments	0	0	180	0	0
Value adjustments	0	0	0	(1,623)	0
Tax of entries on equity	0	0	0	357	0
Transfer to reserves	0	0	2,335	(2,335)	306
Dissolution of reserves	0	0	0	0	(1,437)
Profit/loss for the year	0	0	0	0	0
Equity end of year	**63**	**132,114**	**2,515**	**(10,288)**	**3,108**

	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	(9,460)	120,269
Exchange rate adjustments	0	180
Value adjustments	0	(1,623)
Tax of entries on equity	0	357
Transfer to reserves	0	306
Dissolution of reserves	0	(1,437)
Profit/loss for the year	(12,350)	(12,350)
Equity end of year	**(21,810)**	**105,702**

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		(1,579)	10,869
Amortisation, depreciation and impairment losses		29,067	34,453
Working capital changes	13	15,405	2,756
Cash flow from ordinary operating activities		**42,893**	**48,078**
Financial income received		4,705	844
Financial expenses paid		(12,577)	(11,645)
Taxes refunded/(paid)		(2,363)	(11,505)
Other cash flows from operating activities		(199)	(2,224)
Cash flows from operating activities		**32,459**	**23,548**
Acquisition etc. of intangible assets		(1,437)	(472)
Acquisition etc. of property, plant and equipment		(3,143)	(5,086)
Acquisition of fixed asset investments		(17)	(238)
Sale of fixed asset investments		0	32
Cash flows from investing activities		**(4,597)**	**(5,764)**
Free cash flows generated from operations and investments before financing		**27,862**	**17,784**
Repayments of loans etc.		(31,015)	(21,840)
Raising lease obligations		0	1,661
Cash flows from financing activities		**(31,015)**	**(20,179)**
Increase/decrease in cash and cash equivalents		**(3,153)**	**(2,395)**
Cash and cash equivalents beginning of year		4,711	7,106
Cash and cash equivalents end of year		**1,558**	**4,711**
Cash and cash equivalents at year-end are composed of:			
Cash		1,558	4,711
Cash and cash equivalents end of year		**1,558**	**4,711**

Notes to consolidated financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Revenue, Denmark	411,764	415,533
Revenue, exports	43,300	25,356
Total revenue by geographical market	**455,064**	**440,889**

2 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	490	480
Other assurance engagements	30	49
Tax services	30	31
Other services	70	221
	620	**781**

3 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	24,240	28,569
Pension costs	4,392	3,470
Other social security costs	888	1,634
Other staff costs	677	443
	30,197	**34,116**
Average number of full-time employees	161	102

	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Executive Board	2,954	2,980
	2,954	**2,980**

4 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	(12,350)	(5,000)
	(12,350)	**(5,000)**

5 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	6,979	237,018
Additions	306	0
Cost end of year	**7,285**	**237,018**
Amortisation and impairment losses beginning of year	(1,544)	(84,931)
Exchange rate adjustments	(22)	0
Amortisation for the year	(1,436)	(23,700)
Amortisation and impairment losses end of year	**(3,002)**	**(108,631)**
Carrying amount end of year	**4,283**	**128,387**

6 Development projects

Development projects relate to the development and implementation of a new ERP system. The project is progressing according to plan through the use of the ressources allocated by management to the development.

7 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	16,790	36,919	5,931	260
Exchange rate adjustments	0	0	0	(107)
Transfers	0	0	(1,909)	0
Additions	487	3,403	27	2,167
Disposals	0	(753)	(215)	(1,975)
Cost end of year	**17,277**	**39,569**	**3,834**	**345**
Depreciation and impairment losses beginning of year	(4,334)	(20,504)	(4,485)	0
Exchange rate adjustments	(112)	(121)	70	0
Transfers	0	0	1,909	0
Depreciation for the year	(1,160)	(2,851)	(433)	0
Reversal regarding disposals	0	513	109	0
Depreciation and impairment losses end of year	**(5,606)**	**(22,963)**	**(2,830)**	**0**
Carrying amount end of year	**11,671**	**16,606**	**1,004**	**345**
Recognised assets not owned by Entity	0	0	948,662	0

8 Contract work in progress

	2021 DKK'000	2020 DKK'000
Contract work in progress	35,044	228,681
Progress billings	0	(196,256)
Transferred to liabilities other than provisions	0	21,179
	35,044	**53,604**

9 Deferred tax

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	(2,718)	(3,698)
Recognised in the income statement	(1,345)	(248)
Recognised directly in equity	357	1,228
End of year	**(3,706)**	**(2,718)**

Deferred tax has been recognised in the balance sheet as follows	2021 DKK'000	2020 DKK'000
Deferred tax assets	4,054	3,840
Deferred tax liabilities	(7,760)	(6,558)
	(3,706)	**(2,718)**

Tax assets relates to differences between accounting and tax values and tax losses carried forward.

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

11 Other provisions

The Company provides warranty of 5 years on finished and delivered bathroom pods. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Other provisions mainly consists of warranty claims.

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Lease liabilities	0	0	885
Debt to other credit institutions	10,000	18,000	74,533
Other payables	0	0	1,450
	10,000	**18,000**	**76,868**

13 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	(6,546)	(2,374)
Increase/decrease in receivables	13,219	(12,179)
Increase/decrease in trade payables etc.	10,355	22,889
Other changes	(1,623)	(5,580)
	15,405	**2,756**

14 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	22,107,286	27,238,193

15 Contingent liabilities

Following assets provide security for banks:
- Company charge of nominally TDKK 5.000 provide security in property, plant and equipment, inventories and trade recievables with a carrying value of TDKK 138.451.
- Land and buildings, and inventory with a carrying value of TDKK 42.878.

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

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Badelement A/S	Denmark	A/S	100
Badelement Polska Sp. z o.o.	Poland	Sp. z o.o.	100
Badelement Norge AS	Norge	AS	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	6,943	8,479
Other external expenses		(1,064)	(1,285)
Gross profit/loss		**5,879**	**7,194**
Staff costs	2	(5,248)	(6,275)
Other operating expenses		(44)	(30)
Operating profit/loss		**587**	**889**
Income from investments in group enterprises		20,500	20,500
Other financial expenses	3	(3,033)	(4,033)
Profit/loss before tax		**18,054**	**17,356**
Tax on profit/loss for the year	4	537	611
Profit/loss for the year	5	**18,591**	**17,967**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Other fixtures and fittings, tools and equipment		0	67
Property, plant and equipment	6	**0**	**67**
Investments in group enterprises		295,831	295,831
Deferred tax	8	537	0
Financial assets	7	**296,368**	**295,831**
Fixed assets		**296,368**	**295,898**
Receivables from group enterprises		11,084	8,687
Tax receivable		0	867
Prepayments	9	77	57
Receivables		**11,161**	**9,611**
Cash		**57**	**78**
Current assets		**11,218**	**9,689**
Assets		**307,586**	**305,587**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		63	63
Share premium		132,114	132,114
Retained earnings		86,758	68,167
Equity		**218,935**	**200,344**
Debt to other credit institutions		74,473	84,155
Other payables		368	264
Non-current liabilities other than provisions	10	**74,841**	**84,419**
Current portion of non-current liabilities other than provisions	10	10,000	18,000
Trade payables		30	19
Other payables	11	3,780	2,805
Current liabilities other than provisions		**13,810**	**20,824**
Liabilities other than provisions		**88,651**	**105,243**
Equity and liabilities		**307,586**	**305,587**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		
Transactions with related parties	15		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	63	132,114	68,167	200,344
Profit/loss for the year	0	0	18,591	18,591
Equity end of year	**63**	**132,114**	**86,758**	**218,935**

Notes to parent financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Revenue, Denmark	6,943	8,479
Total revenue by geographical market	**6,943**	**8,479**

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	4,378	5,207
Pension costs	838	1,031
Other social security costs	32	37
	5,248	**6,275**

Average number of full-time employees	**4**	**5**

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Total amount for management categories	2,954	2,980
	2,954	**2,980**

3 Other financial expenses

	2021 DKK'000	2020 DKK'000
Other interest expenses	2,712	3,710
Exchange rate adjustments	1	3
Other financial expenses	320	320
	3,033	**4,033**

4 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	0	(608)
Change in deferred tax	(537)	(3)
	(537)	**(611)**

5 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	18,591	17,967
	18,591	**17,967**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	150
Disposals	(150)
Cost end of year	**0**
Depreciation and impairment losses beginning of year	(83)
Depreciation for the year	(20)
Reversal regarding disposals	103
Depreciation and impairment losses end of year	**0**
Carrying amount end of year	**0**

7 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	295,831
Cost end of year	**295,831**
Carrying amount end of year	**295,831**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Deferred tax

Changes during the year	2021 DKK'000
Recognised in the income statement	537
End of year	**537**

Deferred tax relates to tax loss carryforwards.

The company expects the tax losses to be used in the next 3-5 years.

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

10 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Debt to other credit institutions	10,000	18,000	74,473
Other payables	0	0	368
	10,000	**18,000**	**74,841**

11 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	328	334
Wages and salaries, personal income taxes, social security costs, etc. payable	180	560
Holiday pay obligation	102	109
Other costs payable	3,170	1,802
	3,780	**2,805**

12 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	120,074	276,958

13 Contingent liabilities

Following assets provide security for banks:

Shares in subsidiaries with a carrying value of TDKK 295.831.

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

14 Related parties with controlling interest

Baldo Zehn Holding GmbH, Germany owns the majority of shares in the Entity, thus exercising control.

15 Transactions with related parties

	Subsidiaries DKK'000
Sales	6,943
Dividend	20,500

For transactions regarding remuneration of management we refer to note 2.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.s financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in the translation reserve in equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

The cost of raw materials and consumables equals landed cost.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.