



## Baldo Acquisition ApS

Levysgade 14, st.  
8700 Horsens  
CVR No. 38640569

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 30.06.2023

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**Henning Aabo Jørgensen**

Chairman of the General Meeting

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# Entity details

## Entity

Baldo Acquisition ApS

Levysgade 14, st.

8700 Horsens

Business Registration No.: 38640569

Registered office: Horsens

Financial year: 01.01.2022 - 31.12.2022

## Supervisory Board

Peter Schulz

Wolfgang Ziegler

## Excecutive Board

Hans Henrik Nielsen

Henning Aabo Jørgensen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

# Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Baldo Acquisition ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 27.01.2023

## Executive Board

**Hans Henrik Nielsen**

**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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 27.01.2023

**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

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
<b>Key figures</b>					
Revenue	350,660	455,064	440,889	465,635	360,136
Gross profit/loss	19,375	69,178	74,971	79,592	60,601
Operating profit/loss	(43,805)	(1,579)	10,869	13,134	1,251
Net financials	(10,775)	(7,872)	(10,802)	(7,622)	(7,976)
Profit/loss for the year	(48,030)	(12,350)	(5,000)	(854)	(10,551)
Balance sheet total	282,750	330,206	366,468	381,162	400,922
Investments in property, plant and equipment	7,518	6,084	5,086	3,550	5,380
Equity	64,224	105,702	120,269	131,956	129,262
Cash flows from operating activities	3,791	32,459	23,548	37,008	13,390
Cash flows from investing activities	(3,530)	(4,597)	(5,764)	4,992	8,346
Cash flows from financing activities	(1,026)	(31,015)	(20,179)	(26,801)	(6,128)
Average number of employees	162	161	102	80	77
<b>Ratios</b>					
Gross margin (%)	5.53	15.20	17.00	17.09	16.83
Net margin (%)	(13.70)	(2.71)	(1.13)	(0.18)	(2.93)
Equity ratio (%)	22.71	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 advisory in connection to selling and producing prefabricated bathroom pods and related activities.

### Development in activities and finances

The income statement of the Group for 2022 shows a loss of TDKK 48,030, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 64,224.

### Profit/loss for the year in relation to expected developments

The expectations for the year 2022 were to realize orders in new markets and continue growth on the Norwegian market. The Group realized continued growth on the Norwegian market but the Danish market was characterized by postponed orders due to uncertainties in the building sector, mainly due to significantly increased inflation, instability in the supply channels and the sudden Ukrainian war. As a result, the Group experienced a drop in sales compared to 2021. Further, the Group experienced increasing prices from suppliers, the cost of which could not be fully passed on to customers, affecting profitability.

In the past year, extensive work has been done on better utilization of the Group's ERP system, including creating transparency in supply prices, inventory, quotation calculations, production planning, etc. There has also been a focus on strengthening processes.

The Group also completed and implemented a cost saving and efficiency plan in the middle of the year including the closing of one of the factories in Poland. These improvements will benefit the Group in the coming years.

### Outlook

Expectations for 2023 is to further strengthen internal business processes and consolidate the business around an expected revenue growth of 5-10%.

Further, the Group expects an improvement in earnings in 2023 thanks to the cost improvements initiated in during 2022.

### Special risks

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

The Group is not exposed to changes in interest rates due to its operations, investments and financing. It is the Group policy not to speculate in financial movements.

The Group has substantial trading in EUR, NOK, SEK and mainly PLN which exposes the Group to currency exchange risks. The Group hedges currency risks through forward exchange contracts covering the coming year.

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

### Knowledge resources

The Group emphasizes a maintained focus on delivering high quality products. Hence, quality systems, standard processes and quality checks in production and other areas are prioritized. Process automation and a work force with accurate skills set to maintain a high level of competencies are key focus areas.

### 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 comprises subsidiaries in Denmark; Badelement A/S, Poland; Badelement Poland Sp. Z.o.o. and Norway; Badelement Norge AS.

### Statutory report on corporate social responsibility

The Group produces prefabricated Bathrooms for installation into primarily new multi-floor buildings. Production takes place in the Polish subsidiary using components from sub-suppliers. Other functions such as Sales, Design, Procurement, Freight/Logistics and Service are performed in Denmark. The Group employs 162 people, and the primary market is the Danish building sector. The German private equity fund Findos' ownership share is 80% since 2017.

The Group operates in highly regulated markets where 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. 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 matter and labour as well as being exposed to corruption and bribery is very limited.

Based on its business model and the fact that the most important market 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 of the opinion that its potential exposure to corruption and bribery is low. Based on the extensive local and national environmental and climate regulations and the voluntary agreements in the labour market, it is assessed that Group policies on environmental, climate, social matters and labour will not create any additional value, neither to the Group nor to society.

### Statutory report on the underrepresented gender

The Board of Supervisors consists of a total of two members. The Group aim is to have at least one woman on the Board of Supervisors by 2024.

So far, the Group has employed, and will continue to employ, the most suitable board members, executive directors 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 objectives. The members of the Board of Supervisors are recruited with this in mind to ensure a long-lasting attachment to the Group. Efforts are made to maintain the stability and continuity on the Board of Supervisors.

No new members joined the Board of Directors in 2022, which means that the female representation on the Board of Directors remains 0% as in 2022.

The male representation at other management levels in Badelement A/S covers 91% of the positions, but it is the objective to have a mixed diversity amongst best qualified managers.

**Statutory report on data ethics policy**

During 2022 the Group has maintained focus on IT security. The IT administration is outsourced to an external 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 are trained in the programs.

The Group has a personal data policy in compliance with the GDPR rules to handle data with respect of confidentiality. Further, the Group assesses its personal data log structures periodically for maintenance and updating. Data ethics will have a continued 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 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	350,660	455,064
Costs of raw materials and consumables		(292,685)	(355,038)
Other external expenses	3	(38,600)	(30,848)
<b>Gross profit/loss</b>		<b>19,375</b>	<b>69,178</b>
Staff costs	4	(27,824)	(30,197)
Depreciation, amortisation and impairment losses		(30,149)	(29,499)
Other operating expenses		(5,207)	(11,061)
<b>Operating profit/loss</b>		<b>(43,805)</b>	<b>(1,579)</b>
Other financial income		6,354	4,705
Other financial expenses		(17,129)	(12,577)
<b>Profit/loss before tax</b>		<b>(54,580)</b>	<b>(9,451)</b>
Tax on profit/loss for the year		6,550	(2,899)
<b>Profit/loss for the year</b>	5	<b>(48,030)</b>	<b>(12,350)</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	7	2,796	4,283
Goodwill		104,687	128,387
<b>Intangible assets</b>	6	<b>107,483</b>	<b>132,670</b>
Land and buildings		12,332	11,671
Plant and machinery		14,632	16,606
Other fixtures and fittings, tools and equipment		949	1,004
Prepayments for property, plant and equipment		276	345
<b>Property, plant and equipment</b>	8	<b>28,189</b>	<b>29,626</b>
Deposits		592	528
<b>Financial assets</b>		<b>592</b>	<b>528</b>
<b>Fixed assets</b>		<b>136,264</b>	<b>162,824</b>
Raw materials and consumables		38,568	36,968
Prepayments for goods		689	0
<b>Inventories</b>		<b>39,257</b>	<b>36,968</b>
Trade receivables		64,977	76,309
Contract work in progress	9	21,399	35,044
Deferred tax	10	5,139	4,054
Other receivables		14,231	12,944
Prepayments	11	690	505
<b>Receivables</b>		<b>106,436</b>	<b>128,856</b>
<b>Cash</b>		<b>793</b>	<b>1,558</b>
<b>Current assets</b>		<b>146,486</b>	<b>167,382</b>
<b>Assets</b>		<b>282,750</b>	<b>330,206</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		63	63
Share premium		0	132,114
Translation reserve		1,991	2,515
Reserve for fair value adjustments of hedging instruments		(3,212)	(10,288)
Reserve for development costs		1,857	3,108
Retained earnings		63,525	(21,810)
<b>Equity</b>		<b>64,224</b>	<b>105,702</b>
Deferred tax	10	1,394	7,760
Other provisions	12	11,117	10,224
<b>Provisions</b>		<b>12,511</b>	<b>17,984</b>
Lease liabilities		548	885
Debt to other credit institutions		63,673	74,533
Other payables		0	1,450
<b>Non-current liabilities other than provisions</b>	13	<b>64,221</b>	<b>76,868</b>
Current portion of non-current liabilities other than provisions	13	10,132	10,368
Payables to other credit institutions		26,719	25,365
Contract work in progress	9	29,319	13,476
Trade payables		38,794	41,717
Payables to group enterprises		8,120	0
Tax payable		1,464	2,264
Other payables		27,246	36,462
<b>Current liabilities other than provisions</b>		<b>141,794</b>	<b>129,652</b>
<b>Liabilities other than provisions</b>		<b>206,015</b>	<b>206,520</b>
<b>Equity and liabilities</b>		<b>282,750</b>	<b>330,206</b>
Uncertainty relating to recognition and measurement	1		
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Group relations	18		
Subsidiaries	19		

# Consolidated statement of changes in equity for 2022

	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	2,515	(10,288)	3,108
Transferred from share premium	0	(132,114)	0	0	0
Exchange rate adjustments	0	0	(524)	0	0
Other entries on equity	0	0	0	9,072	0
Tax of entries on equity	0	0	0	(1,996)	0
Transfer to reserves	0	0	0	0	31
Dissolution of reserves	0	0	0	0	(1,282)
Profit/loss for the year	0	0	0	0	0
<b>Equity end of year</b>	<b>63</b>	<b>0</b>	<b>1,991</b>	<b>(3,212)</b>	<b>1,857</b>

	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	(21,810)	105,702
Transferred from share premium	132,114	0
Exchange rate adjustments	0	(524)
Other entries on equity	0	9,072
Tax of entries on equity	0	(1,996)
Transfer to reserves	(31)	0
Dissolution of reserves	1,282	0
Profit/loss for the year	(48,030)	(48,030)
<b>Equity end of year</b>	<b>63,525</b>	<b>64,224</b>



# Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		(43,805)	(1,579)
Amortisation, depreciation and impairment losses		29,510	29,067
Working capital changes	14	30,507	15,405
<b>Cash flow from ordinary operating activities</b>		<b>16,212</b>	<b>42,893</b>
Financial income received		6,354	4,705
Financial expenses paid		(17,129)	(12,577)
Taxes refunded/(paid)		(1,699)	(2,363)
Other cash flows from operating activities		53	(199)
<b>Cash flows from operating activities</b>		<b>3,791</b>	<b>32,459</b>
Acquisition etc. of intangible assets		(32)	(1,437)
Acquisition etc. of property, plant and equipment		(7,518)	(3,143)
Sale of property, plant and equipment		4,084	0
Acquisition of fixed asset investments		(64)	(17)
<b>Cash flows from investing activities</b>		<b>(3,530)</b>	<b>(4,597)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>261</b>	<b>27,862</b>
Loans raised		8,120	0
Repayments of loans etc.		(9,146)	(31,015)
<b>Cash flows from financing activities</b>		<b>(1,026)</b>	<b>(31,015)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(765)</b>	<b>(3,153)</b>
Cash and cash equivalents beginning of year		1,558	4,711
<b>Cash and cash equivalents end of year</b>		<b>793</b>	<b>1,558</b>
Cash and cash equivalents at year-end are composed of:			
Cash		793	1,558
<b>Cash and cash equivalents end of year</b>		<b>793</b>	<b>1,558</b>

# Notes to consolidated financial statements

## 1 Uncertainty relating to recognition and measurement

The carrying amount of goodwill has been tested for impairment by use of a discounted cash flow model (DCF-model). This test is based on the Company's budget and forecasts as well as on a projection thereof in the subsequent years. The test does not show any need of impairment.

## 2 Revenue

	2022 DKK'000	2021 DKK'000
Revenue, Denmark	292,994	411,853
Revenue, exports	57,666	43,211
<b>Total revenue by geographical market</b>	<b>350,660</b>	<b>455,064</b>

The group only has one business area.

## 3 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	559	490
Other assurance engagements	30	30
Tax services	41	30
Other services	759	70
	<b>1,389</b>	<b>620</b>

## 4 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	21,781	24,240
Pension costs	4,428	4,392
Other social security costs	817	888
Other staff costs	798	677
	<b>27,824</b>	<b>30,197</b>
Average number of full-time employees	162	161

	Remuneration of manage- ment 2022 DKK'000	Remuneration of manage- ment 2021 DKK'000
Executive Board	2,937	2,954
	<b>2,937</b>	<b>2,954</b>

## 5 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(48,030)	(12,350)
	<b>(48,030)</b>	<b>(12,350)</b>

## 6 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	7,285	237,018
Additions	31	0
<b>Cost end of year</b>	<b>7,316</b>	<b>237,018</b>
Amortisation and impairment losses beginning of year	(3,002)	(108,631)
Exchange rate adjustments	(35)	0
Amortisation for the year	(1,483)	(23,700)
<b>Amortisation and impairment losses end of year</b>	<b>(4,520)</b>	<b>(132,331)</b>
<b>Carrying amount end of year</b>	<b>2,796</b>	<b>104,687</b>

## 7 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 resources allocated by management to the development.

## 8 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	17,277	39,569	3,834	345
Exchange rate adjustments	0	0	0	(5)
Transfers	0	0	(3)	0
Additions	3,236	1,542	426	2,314
Disposals	(1,800)	(746)	(59)	(2,378)
<b>Cost end of year</b>	<b>18,713</b>	<b>40,365</b>	<b>4,198</b>	<b>276</b>
Depreciation and impairment losses beginning of year	(5,606)	(22,963)	(2,830)	0
Exchange rate adjustments	(211)	(301)	(24)	0
Depreciation for the year	(1,119)	(2,813)	(395)	0
Reversal regarding disposals	555	344	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(6,381)</b>	<b>(25,733)</b>	<b>(3,249)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>12,332</b>	<b>14,632</b>	<b>949</b>	<b>276</b>
Recognised assets not owned by Entity	0	0	161	0

## 9 Contract work in progress

	2022 DKK'000	2021 DKK'000
Contract work in progress	21,399	35,044
	<b>21,399</b>	<b>35,044</b>

## 10 Deferred tax

	2022 DKK'000	2021 DKK'000
<b>Changes during the year</b>		
Beginning of year	(3,706)	(2,718)
Recognised in the income statement	5,456	(1,345)
Recognised directly in equity	1,995	357
<b>End of year</b>	<b>3,745</b>	<b>(3,706)</b>

	2022 DKK'000	2021 DKK'000
<b>Deferred tax has been recognised in the balance sheet as follows</b>		
Deferred tax assets	5,139	4,054
Deferred tax liabilities	(1,394)	(7,760)
	<b>3,745</b>	<b>(3,706)</b>

**Deferred tax assets**

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

**11 Prepayments**

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

**12 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.

**13 Non-current liabilities other than provisions**

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Lease liabilities	132	368	548
Debt to other credit institutions	10,000	10,000	63,673
	<b>10,132</b>	<b>10,368</b>	<b>64,221</b>

**14 Changes in working capital**

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(2,289)	(6,546)
Increase/decrease in receivables	30,577	13,219
Increase/decrease in trade payables etc.	2,219	10,355
Other changes	0	(1,623)
	<b>30,507</b>	<b>15,405</b>

**15 Derivative financial instruments**

Other receivables include the fair value of foreign exchange forward transactions of T.DKK. 6.697. The foreign exchange forward transactions have been entered to secure the company's purchases of goods against unexpected exchange rate adjustment. The foreign exchange forward transactions secure the exchange rate of PLN 11,0 million for the coming nine months after year end, which in a total amounts to PLN 99,0 million.

The financial instruments are entered with the company's bank.

**16 Unrecognised rental and lease commitments**

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	5,204	7,987

### 17 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 receivables with a carrying value of TDKK 132,423.

- Land and buildings, and inventory with a carrying value of TDKK 51,859.

Investments in group enterprises has been provided as security for bank debt with a carrying amount of DKK 73,676k (2021: DKK 84,475k). The carrying amount of investments in group enterprises provided as security amounts to DKK 295,831k (2021: DKK 295,831k)

### 18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Baldo Acquisition ApS, Levysgade 14, st., 8700 Horsens

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Baldo Acquisition ApS, Levysgade 14, st., 8700 Horsens

### 19 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 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	9,691	6,943
Other external expenses		(2,921)	(1,064)
<b>Gross profit/loss</b>		<b>6,770</b>	<b>5,879</b>
Staff costs	3	(5,868)	(5,248)
Other operating expenses		0	(44)
<b>Operating profit/loss</b>		<b>902</b>	<b>587</b>
Income from investments in group enterprises		0	20,500
Other financial expenses	4	(4,627)	(3,033)
<b>Profit/loss before tax</b>		<b>(3,725)</b>	<b>18,054</b>
Tax on profit/loss for the year	5	968	537
<b>Profit/loss for the year</b>	6	<b>(2,757)</b>	<b>18,591</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		295,831	295,831
Deferred tax	8	1,505	537
<b>Financial assets</b>	7	<b>297,336</b>	<b>296,368</b>
<b>Fixed assets</b>		<b>297,336</b>	<b>296,368</b>
Receivables from group enterprises		4,807	11,084
Prepayments	9	80	77
<b>Receivables</b>		<b>4,887</b>	<b>11,161</b>
<b>Cash</b>		<b>53</b>	<b>57</b>
<b>Current assets</b>		<b>4,940</b>	<b>11,218</b>
<b>Assets</b>		<b>302,276</b>	<b>307,586</b>



**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		63	63
Share premium		0	132,114
Retained earnings		216,115	86,758
<b>Equity</b>		<b>216,178</b>	<b>218,935</b>
Debt to other credit institutions		63,676	74,475
Other payables		0	368
<b>Non-current liabilities other than provisions</b>	<b>10</b>	<b>63,676</b>	<b>74,843</b>
Current portion of non-current liabilities other than provisions	10	10,000	10,000
Trade payables		437	29
Payables to group enterprises		8,120	0
Other payables	11	3,865	3,779
<b>Current liabilities other than provisions</b>		<b>22,422</b>	<b>13,808</b>
<b>Liabilities other than provisions</b>		<b>86,098</b>	<b>88,651</b>
<b>Equity and liabilities</b>		<b>302,276</b>	<b>307,586</b>
Uncertainty relating to recognition and measurement	1		
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 2022

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	63	132,114	86,758	218,935
Transferred from share premium	0	(132,114)	132,114	0
Profit/loss for the year	0	0	(2,757)	(2,757)
<b>Equity end of year</b>	<b>63</b>	<b>0</b>	<b>216,115</b>	<b>216,178</b>

# Notes to parent financial statements

## 1 Uncertainty relating to recognition and measurement

The carrying amount of Investments in group enterprises has been tested for impairment by use of a discounted cash flow model (DCF-model). This test is based on the Company's budget and forecasts as well as on a projection thereof in the subsequent years. The test does not show any need of impairment.

## 2 Revenue

	2022 DKK'000	2021 DKK'000
Revenue, Denmark	9,691	6,943
<b>Total revenue by geographical market</b>	<b>9,691</b>	<b>6,943</b>

The company only has one business area.

## 3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	4,998	4,378
Pension costs	865	838
Other social security costs	33	32
Other staff costs	(28)	0
	<b>5,868</b>	<b>5,248</b>
Average number of full-time employees	<b>4</b>	<b>4</b>

	Remuneration of Manage- ment 2022 DKK'000	Remuneration of Manage- ment 2021 DKK'000
Executive Board	2,937	2,954
	<b>2,937</b>	<b>2,954</b>

**4 Other financial expenses**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial expenses from group enterprises	120	0
Other interest expenses	2,723	2,712
Exchange rate adjustments	24	1
Other financial expenses	1,760	320
	<b>4,627</b>	<b>3,033</b>

**5 Tax on profit/loss for the year**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Change in deferred tax	(947)	(537)
Adjustment concerning previous years	(21)	0
	<b>(968)</b>	<b>(537)</b>

**6 Proposed distribution of profit and loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Retained earnings	(2,757)	18,591
	<b>(2,757)</b>	<b>18,591</b>

**7 Financial assets**

	<b>Investments in group enterprises DKK'000</b>
Cost beginning of year	295,831
<b>Cost end of year</b>	<b>295,831</b>
<b>Carrying amount end of year</b>	<b>295,831</b>

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

**8 Deferred tax**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	537	0
Recognised in the income statement	968	537
<b>End of year</b>	<b>1,505</b>	<b>537</b>

Deferred tax relates to tax loss carryforwards.

**Deferred tax assets**

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 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Debt to other credit institutions	10,000	10,000	63,676
	<b>10,000</b>	<b>10,000</b>	<b>63,676</b>

**11 Other payables**

	2022 DKK'000	2021 DKK'000
VAT and duties	815	328
Wages and salaries, personal income taxes, social security costs, etc. payable	386	180
Holiday pay obligation	106	102
Other costs payable	2,558	3,169
	<b>3,865</b>	<b>3,779</b>

**12 Unrecognised rental and lease commitments**

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	120,074	120,074

**13 Contingent liabilities**

Following assets provide security for banks:

Investments in group enterprises has been provided as security for the parent company's bank debt with a carrying amount of DKK 100,312k (2021: DKK 109,818k). Subsidiaries provided as security is included in the consolidated financial statements with net assets of DKK 51,412k (2021: DKK 106,301k).

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**

	<b>Subsidiaries</b>
	<b>DKK'000</b>
Sales	<u>9,691</u>

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:

	<b>Useful life</b>
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.

### **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.

### **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.

### **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.