

To the General Meeting of
Bauwerk Group AG, St. Margrethen SG

Zurich, 11. March 2021

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Bauwerk Group AG, St. Margrethen SG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for the year ended 31 December 2020.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31. December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of inventory

Area of focus The total balance of net inventories as of 31 December 2020 amounts to CHF 76.051 million representing approximately 31% of the total assets of the consolidated financial statements of Bauwerk Group AG. We focused on this position because the net inventories are material to the consolidated financial statements, involve a high level of judgment and are subject to uncertainty due to market demand changes and exchange rates.

See the "Valuation guidelines/valuation principles" on page 14 and Note 11 "Inventories" in the notes to the consolidated financial statements on page 22.

Our audit response We assessed the process, methods and assumptions used to identify slow moving, excess or obsolete items and to calculate the related allowance. We compared the assumptions used to determine the allowance with historical data from the past. We tested the reliability of the underlying data used by management to calculate the inventory allowance, including re-performing the aging calculation driven by the system. We also tested the accuracy of the calculation. Furthermore, we compared the net realizable value with the carrying value for a representative sample of products to identify a need for impairment.

Our audit procedures did not lead to any reservations regarding the valuation of inventories.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Enclosures

- ▶ Consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes)

Bauwerk Group AG, St. Margrethen

Annual Report 2020

Company profile

Bauwerk Group AG operates as the parent company of the Bauwerk Group and holds its parent undertaking, Bauwerk Parkett AG, St. Margrethen, a 100% investment.

In addition to its operating activities, Bauwerk Parkett AG, St. Margrethen thus holds interests in the following companies:

- Bauwerk Parkett Vertriebs GmbH, Salzburg (A)
- Bauwerk Parkett GmbH, Bodelshausen (D)
- Bauwerk France Sarl, Viviers Du Lac (F)
- Bauwerk Boen Logistics GmbH, Bodelshausen (D)
- Bauwerk Boen Group Asia Ltd, Hong Kong (HK)
- Bauwerk Boen d.o.o., Durdevac (HR)
- Boen AS, Tveit (NO)
- Bauwerk Parquet Aftersales S.r.l., Milano (IT)
- Boen Sverige AB, Vellinge (SE)
- Boen Bruk AS, Tveit (NO)
- UAB Bauwerk Boen, Vilnius (LT)
- Boen Deutschland GmbH, Mölln (D)
- Boen Parkett Deutschland GmbH & Co, Mölln (D)
- Boen UK Ltd, Hartlebury (UK)
- Boen Hardwood Flooring Inc., Daytona Beach (US)
- AO Dominga Nik, Jasenskoe (RU)

The parent Bauwerk Parkett AG – based in St. Margrethen (Switzerland) – was founded in 1944. The company has been developing and producing massive parquet and two-layer parquet for full-area bonding for more than 70 years.

The Bauwerk Group consists of a sales organization - with the two brands Bauwerk and Boen - and a shared and uniform supply chain and shared service organisation.

The Bauwerk trademark organisation focuses on the target group of floor layers, the two-layer parquet to be bonded over the entire surface and the classic mosaic parquet, while the Boen trademark organisation focuses on the wholesale target group and the worldwide three-layer parquet business. Another mainstay of the Boen trademark organisation is sports flooring made of wood. Both trademark organisations complement their line of merchandise by massive parquet and commercial products such as baseboards and other items for the installation of side products relevant for parquet flooring.

The Bauwerk Group focuses its production activities in three locations in Europe. Thus, it produces high-quality country style floorboards made of two-layer parquet in St. Margrethen/Switzerland and all other parquet flooring in Kietavsikes/Lithuania and in the factory in Durdevac/Croatia.

Under the brands, Bauwerk and Boen, the Bauwerk Group sells approx. 8.2 million m² of parquet flooring per year. The markets Switzerland, Norway, Germany, Austria, the United Kingdom, France, Sweden, Italy, USA and Asia are served by local subsidiaries. Some key group functions, such as Group Management, Controlling, Human Resources, IT, Research & Development, and Procurement & Logistics, are located at the group's administrative headquarters in Switzerland.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

The Bauwerk Group has about 1,600 employees at the end of 2020.

These consolidated financial statements are a translation. The legally binding consolidated financial statements approved by the Board of Directors is the German version of this report.

Report to shareholders

Dear shareholders

In a very difficult market environment and despite declining sales volumes mainly due to the effects of the Covid 19 pandemic (-6.3%), the Bauwerk Group succeeded in increasing its operating result before depreciation and amortization EBITDA for the financial year 2020 by 140 basis points to a gratifying 11.9%.

The consolidated net turnover of the Bauwerk Group amounted to CHF 261.4 million, 7.1% below previous year (CHF 281.4 million). Adjusted for currency effects when applying the prior-year exchange rates, the decline in turnover amounted to 3.5%.

Thanks to the measures implemented in previous years to increase efficiency in the plants and briefly lower material costs, the gross margin could be improved by 50 basis points in the challenging pandemic year. The savings introduced immediately at the beginning of the pandemic, together with lower travel and marketing expenses (fewer trade fairs and exhibitions), had a positive impact on operating costs. Allowances for short time work and similar state contributions totaling around CHF 2 million contributed to the reducing of personnel costs.

Due to these positive effects, the operating result before depreciation and amortization EBITDA of CHF 31.2 million was 5.3% higher than in the previous year (CHF 29.6 million). The resulting EBITDA margin amounted to 11.9% (10.5% in the previous year).

Adjusted for one-time effects, mainly costs related to organizational adjustments and currency effects, the adjusted EBITDA amounted to CHF 33.2 million, corresponding to an EBITDA margin of 12.7%. In the previous year, the adjusted EBITDA margin was 10.9%. Net income amounted to CHF 11.8 million and is 8.8% below the previous year (CHF 12.9 million), in particular due to a greater burden on the financial result due to negative exchange rate effects and a tax burden that was over CHF 2 million higher.

In terms of regional distribution, sales in the important DACH region declined slightly overall, while sales in Scandinavia fell by 16%. In the export markets outside Europe, especially Asia and the USA, which continued to contribute around 5% to group sales, sales also declined by 23% in the first quarter, not least due to construction stops in China.

In the current year, the Bauwerk Group achieved a significant increase in free operating cash flow (cash flow from operating and investing activities) to CHF 38.4 million (previous year CHF 18.1 million). In addition to the positive result, lower investments in property, plant and equipment and intangible assets also contributed to this. On the one hand, the investment programs in the production infrastructure were completed in 2019, on the other hand, Capex investments were deliberately stopped in 2020 due to liquidity considerations. In addition, stocks were CHF 15 million lower as of the reporting date and also accounts receivables were lower than compared to the end of 2019.

After reducing net liabilities, including subordinated shareholder loans, by a total of CHF 17.5 million, cash and cash equivalents increased by CHF 20.7 million to CHF 34.5 million (previous year CHF 13.8 million). The equity ratio including subordinated shareholder loans improved to 46.0% (previous year 45.0%).

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

As the economic developments are currently difficult to predict, particularly in connection with the global corona pandemic, the Bauwerk Group is presently not providing an outlook for the current year. However, the group sees itself in a good position thanks to its comprehensive product portfolio, its good market position and the introduced and already implemented efficiency measures in production with a normalization of the situation, to be able to maintain sales and profitability.

We thank our employees for their great commitment, dedication and professionalism. Our thanks also go to our business partners, whose great trust enabled the Bauwerk Group to successfully sell our Group's parquet products in a market environment that continues to be challenging.

St. Margrethen, April 2021

Alexander Zschokke, President of the Board of Directors

Klaus Brammertz, CEO

Income statement 2020

(In CHF 1,000)

	Note	2020	2019
Gross turnover	1	277,851	298,783
Sales reductions	1	-16,432	-17,400
Net turnover	1	261,419	281,383
Other operating income	2	3,085	1,706
Inventory changes in finished and unfinished goods		-6,196	4,127
Cost of goods sold		-114,441	-136,193
Personnel expenses		-61,224	-64,063
Other operating expenses	3	-51,477	-57,371
Operating result before depreciation and amortisation (EBITDA)		31,166	29,589
Depreciation of tangible fixed assets	13	-10,457	-10,910
Amortisation of intangible assets	14	-1,234	-1,051
Operating result (EBIT)		19,475	17,628
Financial income	4	181	106
Financial expenses	5	-5,957	-4,365
Financial result		-5,776	4,259
Ordinary result		13,699	13,369
Extraordinary income	6	0	13
Extraordinary expenses	6	0	-765
Earnings before taxes		13,699	12,617
Taxes	7	-1,922	296
Profit/loss		11,777	12,913
Result per share in CHF (undiluted and diluted)	23	0.15	0.17

Balance sheet as of 31 December 2020

(In CHF 1,000)

	Note	<u>31/12/20</u>	<u>31/12/19</u>
Assets			
Cash and cash equivalents	8	34,486	13,784
Accounts receivable	9	27,505	28,841
Provision for bad debts	9	-2,423	-2,299
Other receivables	10	3,272	3,515
Inventories	11	76,051	91,734
Prepayments and accrued income	12	877	1,367
Current assets		<u>139,768</u>	<u>136,942</u>
Tangible fixed assets	13	99,308	106,547
Intangible assets	14	4,458	4,502
Financial assets	15	2,073	2,273
Non-current assets		<u>105,839</u>	<u>113,322</u>
Total assets		<u><u>245,607</u></u>	<u><u>250,264</u></u>

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

(In CHF 1,000)

	Note	<u>31/12/20</u>	<u>31/12/19</u>
Equity and liabilities			
Current financial liabilities	16	727	17,409
Accounts payable	17	10,633	11,134
Other short-term liabilities	18	5,647	6,323
Short-term provisions	21	570	483
Accrued liabilities and deferred income	20	13,292	10,494
Current liabilities		<u>30,869</u>	<u>45,843</u>
Long-term financial liabilities	16	109,638	110,348
Other long-term liabilities	19	300	421
Long-term provisions	21	10,214	11,098
Non-current liabilities		<u>120,152</u>	<u>121,867</u>
Total liabilities		<u>151,021</u>	<u>167,710</u>
Share capital		76,394	76,394
Capital reserves		15,056	15,056
Own shares	22	-994	-994
Retained earnings incl. currency translation differences		-7,647	-20,815
Profit/loss		11,777	12,913
Total equity		<u>94,586</u>	<u>82,554</u>
Total equity and liabilities		<u><u>245,607</u></u>	<u><u>250,264</u></u>

Cash flow statement

(In CHF 1,000)

	Note	2020	2019
Profit/loss		11,777	12,913
Depreciation/amortisation and impairment losses	13/14	11,691	11,961
Gain/losses from the disposal of non-current assets		-50	-240
Other non-cash changes		874	-2,836
Increase/release of long-term provisions	21	-383	-1,205
Cash flow from operating activities before change in net working capital		23,909	20,593
Changes in accounts receivable		1,460	5,415
Changes in other receivables	10	243	1,272
Changes in inventories	11	15,683	1'593
Changes in prepayments and accrued income	12	490	639
Changes in accounts payable	17	-501	-3,475
Changes in other current liabilities	18	-676	-572
Changes in accrued liabilities and deferred income and short-term provisions	20/21	2,888	696
Cash flow from operating activities		43,496	26,161
Purchases/proceeds from sale of investments (net)	24	-110	-747
Investments in financial assets	15	0	0
Disinvestments in financial assets	15	450	425
Investments in tangible fixed assets	13	-4,452	-8,538
Disinvestments in tangible fixed assets	13	213	1,748
Investments in intangible assets	14	-1,205	-961
Disinvestments in intangible assets	14	0	0
Cash flow from investing activities		-5,104	8,072
Purchase/sale of own shares	22	0	0
Increase in short-term financial liabilities	16	0	0
Repayment of current financial liabilities	16	-5,792	-4,152
Increase in non-current financial liabilities	16	0	0
Repayment of non-current financial liabilities	16	-11,600	-7,452
Changes in other non-current liabilities	19	-121	-76
Cash flow from financing activities		-17,513	-11,680
Total cash flow		20,879	6,409

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

(In CHF 1,000)

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents at the beginning of the year	13,784	7,667
Change in cash and cash equivalents	20,879	6,409
Foreign currency effect	-177	-292
Cash and cash equivalents at year-end *	<u>34,486</u>	<u>13,784</u>

*) Consisting of debit cash items, i.e. not containing current bank accounts with credit balances.

Statement of changes in equity

In CHF 1,000	Share capital	Capital reserves	Own shares	Goowill recognition	Retained earnings	Currency differences	Total
Equity as of 31/12/2019	76,394	15,056	-994	-56,711	72,612	-23,803	82,554
Offset of goodwill from acquisitions*	0	0	0	319	0	0	319
Group result	0	0	0	0	11,777	0	11,777
Currency translation differences	0	0	0	0	0	-64	-64
As of 31/12/20	76,394	15,056	-994	-56,392	84,389	-23,867	94,586

In CHF 1,000	Share capital	Capital reserves	Own shares	Goowill recognition	Retained earnings	Currency differences	Total
Equity as of 31/12/2018	76,394	15,056	-994	-55,228	59,699	-18,460	76,467
Offset of goodwill from acquisitions*	0	0	0	-1'483	0	0	-1'483
Group result	0	0	0	0	12'913	0	12'913
Currency translation differences	0	0	0	0	0	-5'343	-5'343
As of 31/12/19	76,394	15,056	-994	-56'711	72'612	-23'803	82'554

*) see comments under note 24.7

The share capital of Bauwerk Group AG as of 31 December 2020 is made up of 76,393,650 registered shares (previous year 76,393,650) of CHF 1.00 per share. The share capital is fully paid up.

The sum of non-distributable reserves contained in retained earnings is TCHF 348 (previous year TCHF 336). These are reserves formed in accordance with legal requirements.

Consolidation and valuation principles

Accounting principles

General

The consolidated financial statements of the Bauwerk Group and the accounting principles applied are in accordance with the full set of accounting and reporting recommendations of Swiss GAAP FER.

Due to rounding, the numbers presented throughout this document do not necessarily correspond exactly with the totals.

The consolidated financial statements were prepared based on the stand-alone financial statements of the subsidiaries which, in turn, comply with local accounting principles and were adjusted to the uniform group accounting policies for the purpose of consolidation. The uniform reporting date for all group companies is the 31 December.

The general valuation principles are based on historical costs. Intercompany transactions, balances and unrealised gains and losses from transactions between group companies are eliminated in full.

Capital consolidation

The consolidated financial statements include the financial statements of Bauwerk Group AG as well as of all subsidiaries in accordance with the following rules:

- Companies in which Bauwerk Group AG owns the majority of shares or assumes managerial responsibility are fully consolidated. The purchase method is used, i.e. the purchase price is offset against revalued net assets at the time of acquisition.
- Companies which carry out a commercial activity under the joint management of Bauwerk Group AG and a partner within the framework of a contractual agreement (joint venture, voting rights capital right usually 50%) are proportionately consolidated. As of 31 December 2020, no such companies are included in the scope of consolidation.
- Companies in which Bauwerk Group AG's investment is at least 20% but less than 50% are included using the equity method. In such cases, the share of equity is shown under the item "Investments in associated companies" and the share of profit or loss under the item "Share in profit or loss of associated companies" in the consolidated financial statements. As of 31 December 2020, no such companies are included in the scope of consolidation.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

Consolidation base

The table below shows all subsidiaries included in the consolidated financial statements.

Company	Capital	Share of capital and votes	
		31/12/20	31/12/19
Bauwerk Parkett AG, CH-St. Margrethen	19,259,811 CHF	100%	100%
Bauwerk Parkett Vertriebs GmbH, A-Salzburg	10,000 EUR	100%	100%
Bauwerk Parkett GmbH, D-Bodelshausen	51,000 EUR	100%	100%
Bauwerk France Sarl, F-Viviers Du Lac	7,500 EUR	100%	100%
Bauwerk Parquet Aftersales S.r.l., IT-Milano	10,000 EUR	100%	100%
Boen AS, NO-Tveit	15,436'600 NOK	100%	100%
Boen Bruk AS, NO-Tveit	60,000,000 NOK	100%	100%
UAB Bauwerk Boen, LT-Vilnius	6,903,991 EUR	100%	100%
Boen Deutschland GmbH, D-Mölln	26,000 EUR	100%	100%
Boen Parkett Deutschland GmbH & Co KG, D-Mölln	3,600,000 EUR	100%	100%
Boen UK Ltd, GB-Hartlebury	2 GBP	100%	100%
Boen Hardwood Flooring Inc., US-Daytona Beach	266,000 USD	100%	100%
AO Dominga Nik, RU-Jasenskoe	189,696,000 RUB	100%	100%
Bauwerk Boen Group Asia Ltd, HK-Hong Kong	999 HKD	100%	100%
Boen Sverige AB, SE-Vellinge	100,000 SEK	100%	100%
Bauwerk Boen Logistics GmbH, D-Bodelshausen	25,000 EUR	100%	100%
Bauwerk Boen d.o.o., HR-Durdevac	2,010,000 HRK	100%	100%

Bauwerk Group AG, St. Margrethen

Consolidated financial statements

Foreign currency translation

The financial statements of the individual group companies are measured in the currency of the economic environment, in which these companies primarily operate (functional currency). Transactions in foreign currencies are converted to the functional currency at the prevailing exchange rate on the transaction date. Balance sheet items in foreign currency are converted using the year-end exchange rate. Any resulting gains and losses are recorded in the income statement. Foreign exchange gains or losses from the conversion of equity like intercompany loans are reported in equity.

The consolidated financial statements are presented in the reporting currency Swiss Francs (CHF). The individual financial statements to be consolidated are translated into the group currency at the effective date with the current rate method. This currency translation is carried out for the assets and liabilities at the year-end exchange rates, for equity at historical exchange rates and for the income statement and cash flow statement at average annual exchange rates. The translation differences are recognised in equity without affecting the income statement. In the event that a foreign entity is disposed, the cumulative translation differences recognized in equity, which are a result of the translation of the financial statements and intercompany loans, are reversed from the accounts and reported in the income statement as part of the gain or loss on the sale.

The main currency exchange rates used are as follows:

Currency	2020	2019
EUR, Current rate of exchange	1.0802	1.0855
EUR, Average rate of exchange	1.0705	1.1125
NOK, Current rate of exchange	0.1032	0.1100
NOK, Average rate of exchange	0.1000	0.1130
GBP, Current rate of exchange	1.2015	1.2760
GBP, Average rate of exchange	1.2040	1.2690
USD, Current rate of exchange	0.8803	0.9675
USD, Average rate of exchange	0.9384	0.9935
RUB, Current rate of exchange	0.0118	0.0155
RUB, Average rate of exchange	0.0131	0.0155
HRK, Current rate of exchange	0.1430	0.1460
HRK, Average rate of exchange	0.1420	0.1500
SEK, Current rate of exchange	0.1077	0.1035
SEK, Average rate of exchange	0.1022	0.1050

Cash flow statement

“Cash and cash equivalents”, consisting of debit cash items, i.e. containing no current bank accounts with credit balances, form the basis for presentation in the cash flow statement.

Valuation guidelines/valuation principles

General

The consolidated financial statements are prepared based on going concern principle, substance over form, accrual principle, matching of cost and revenue, prudence and gross principle in accordance with Swiss GAAP FER.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

Receivables

Receivables are valued at nominal value less allowances for bad debts. Individual valuation allowances are recognised for receivables exceeding CHF 1,000. For receivables of less than CHF 1,000, general valuation allowances are calculated using the following lump-sum rates:

Overdue period	Valuation allowance
15 – 60 days	25%
61 – 90 days	50%
91 days and more	100%

Inventories

Inventories are measured at the lower of acquisition or production cost and fair value less cost to sell. The acquisition or production costs comprise all direct and indirect costs of purchase, handling and processing as well as all other costs of bringing inventories to their current location or to its current condition. Supplier cash discounts and supplier bonuses are deducted from the corresponding acquisition values. Allowances are made for risks arising from non-marketable inventories, obsolete inventories or other impairments (damage, etc.). These allowances are based on historical experience. Interim profits from intragroup deliveries are eliminated.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

Tangible fixed assets

Tangible fixed assets are valued at acquisition or production cost less accumulated depreciation and impairment, if any. Borrowing costs arising in connection with the acquisition or the production of tangible fixed assets are not capitalised.

Depreciation is recognised using the straight-line method and usually takes into account the following useful lives:

Useful life	Years
Land and buildings	
Land	-
Office buildings	40-50
Production/storage buildings	20-25
Technical plant + machinery	
Technical plant	10-15
Machinery	10
Other tangible fixed assets	
Tools + equipment	4-10
Office equipment	5-10
IT hardware	3-5
Vehicles (cars)	5-7
Vehicles (forklift trucks)	5-10
Leasehold improvements	max. 10

Useful life is assessed each year and adjusted if necessary. In the reporting year no adjustment of the useful lives has been made.

Intangible assets

Intangible assets are valued at most by acquisition cost less necessary depreciation (for acquired intangible assets). If the carrying amount of the asset exceeds its recoverable amount, the carrying amount is to be reduced to the recoverable amount. Internally generated intangible assets as well as expenditures for research and development are not capitalised. Amortisation is recognised on a straight-line basis over the useful life of intangible assets, generally 3 to 5 years. If contractual limitations are placed on making use of these values, the asset is amortised over the contract period.

Goodwill

Goodwill consists of the excess purchase price over the fair value of the identifiable net assets acquired in acquisitions. The goodwill resulting from acquisitions is offset directly with equity at the time of acquisition. The effects of a theoretical capitalisation and amortization of goodwill are disclosed in the notes to the consolidated financial statements. In the event that shares of the group or associated companies are disposed, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognised as a gain or loss in the income statement. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated best

Bauwerk Group AG, St. Margrethen

Consolidated financial statements

possible at the date of acquisition. Accordingly, goodwill offset with equity is modified for adjustments resulting later from the final purchase price determination. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the group's share of the fair value of the net assets recognised.

Long term financial assets

Financial assets are recognised at acquisition cost less impairment, if any.

Impairment

The recoverability of non-current assets is assessed at each balance sheet date. If there are indications of a sustained impairment, the recoverable amount is calculated (impairment test). If the carrying amount exceeds the recoverable amount, an impairment loss is recognised.

Pension benefit obligations

Pension benefit obligations of group companies are recognised in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a group company is calculated as at balance sheet date. An economic benefit is recorded if it will be used for future pension contributions made by the company. An economic obligation is recognised if the requirements to record a provision are met (refer to the following explanations about provisions). Unrestricted employer contribution reserves are capitalised as an asset.

The Swiss subsidiaries of the group have their own legally independent pension schemes financed by employer and employee contributions (defined contribution plan). The economic impact of a funding surplus or deficit of pension schemes for the group, the change in employer contribution reserves and the contributions accrued for the period are recorded in the income statement as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the respective pension schemes prepared in accordance with Swiss GAAP FER 26.

Defined contribution pension plans of a Norwegian financial institution provide insurance for the employees of the Boen companies in Norway.

There are no other significant pension schemes in foreign countries. Certain foreign subsidiaries have unfunded pension schemes and recognise the respective benefit obligation as a provision directly in the balance sheet. Such pension liabilities are calculated using methods accepted in the respective countries with changes charged to income as personnel expenses. In addition, in certain countries there is comprehensive coverage with insurance companies where the paid insurance premiums are recorded as an expense.

Liabilities

Liabilities are recorded at nominal value.

Bauwerk Group AG, St. Margrethen

Consolidated financial statements

Provisions

Provisions are formed:

- if the group has a current legal or factual obligation due to past events,
- if it is likely that an outflow of resources would be necessary in order to fulfil the obligation, and
- if a reliable estimation is possible for the amount of the obligation.

Existing provisions are reviewed at each balance sheet date. Based on this review the provisions are increased, remain unchanged or are released. Provisions are classified as current or non-current based on the point in time of the expected outflow of resources.

Taxes/deferred taxes

The tax on income to be paid on the taxable profit of individual companies is accrued.

For deductible temporary differences, tax loss carryforwards and tax credits, deferred tax assets are recorded, if it is likely that they can be deducted from the future taxable profits. The provision for deferred taxes liabilities and the recognition of deferred tax assets are made using the applicable – or if tax rate changes are expected – using the expected tax rate according to the applicable local tax law.

Revenue recognition

Revenues are deemed realised upon delivery of goods or rendering of services.

Notes to the financial statements

Unless indicated otherwise, all figures are shown in CHF 1,000.

1. Net turnover

The Bauwerk Group consists of a single business segment only, the manufacturing and distribution of parquet and parquet-accessories. The net turnover of the Bauwerk Group breaks down by region as follows:

	2020	2019
GSA countries (Germany, Switzerland, Austria)	159,207	163,738
Scandinavia	35,722	42,696
Rest of Europe and rest of the world	53,013	57,409
Northamerica and Asia	13,477	17,540
Total	261,419	281,383

Sales deductions consist of the following:

	2020	2019
Gross turnover	277,851	298,783
Less: Sales deductions		
Cash discounts	-4,246	-4,578
Customer bonuses and commission	-12,021	-12,603
Losses from bad debts	-165	-219
Total	261,419	281,383

2. Other operating income

	2020	2019
Own work capitalised	136	75
Income from the sale of fixed assets	50	240
Income from services and rental	225	260
Income from recycling certificates	513	872
State contributions COVID 19	1,902	0
Other income	259	259
Total	3,085	1,706

Once again, recycling certificates could be sold, which resulted in proceeds of TCHF 513 (previous year TCHF 872). In connection with the pandemic triggered by COVID19, short-time work was implemented in various countries. The state programs to support the economy in the individual countries led to income of TCHF 1,902 in the reporting year. These are non-repayable grants such as short-time work allowances or grants with the obligation not to terminate existing employment relationships in the following three months. All requirements for the grants have been met and there are no further obligations or risks for the group.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

3. Other operating expenses

	2020	2019
Licenses	-2,118	-2,295
Freight, distribution and warehousing costs	-12,385	-14,219
Operating materials	-2,238	-2,608
Energy and fuel	-6,024	-7,117
Repair and maintenance	-7,848	-8,778
Insurances and fees	-1,450	-1,492
Rental and leasing	-4,720	-5,125
Office and administration	-4,907	-4,862
Marketing, business travel and representation costs	-6,290	-7,829
Others	-3,497	-3,046
Total	-51,477	-57,371

"Others" includes expenses in the amount of TCHF 1,952 (previous year TCHF 1,564) for operational special expenses, costs for warranties and debt collecting including any changes to the bad debt allowance of TCHF 1,422 (previous year net amount TCHF 1,357) as well as capital taxes of TCHF 124 (previous year TCHF 125).

The main position in regard of operational special expenses are the expenses in connection with the pandemic triggered by COVID 19 in the amount of TCHF 682. In addition, adjustments in the organization of the group led to expenses of TCHF 219 (previous year TCHF 0). Efficiency enhancement programs launched in previous years were implemented and resulted in expenses of TCHF 95 (previous year TCHF 267). Consulting services for topics such as sustainability, transfer pricing, etc. led to expenses in the reporting year of TCHF 294 (previous year TCHF 609).

4. Financial income

	2020	2019
Interest income from third parties	25	45
Interest income from related parties	10	10
Exchange rate effects	146	51
Total	181	106

The interest income from affiliated companies is made up exclusively of interest income from shareholder loans granted (also refer to note 15).

5. Financial expenses

	2020	2019
Interest expenses, bank charges and fees	-3,415	-3,981
Exchange rate effects	-2,542	-384
Total	-5,957	-4,365

Interest expenses include TCHF 829 (previous year TCHF TCHF 1,171) for shareholder loans at an interest rate of 3.25% (previous year 3.25%).

In 2019 as well as in the reporting year, currency differences on the translation of equity loans were recorded in equity (also refer to the statement of changes in equity).

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

6. Extraordinary income and expenses

	2020	2019
Insurance benefits restoration of the property in Tveit (NO) after the flooding	0	12
Other	0	2
Total extraordinary income	0	14

There was no extraordinary income in the reporting year. In the previous year, insurance benefits in Norway in connection with a flood disaster resulted in income of TCHF 12.

	2020	2019
Costs for restructuring and adjustment of the sales organisation	0	-49
Costs for reorganization of Shared Services + Supply Chain	0	-276
Costs for acquisition projects	0	-430
Other	0	-11
Total extraordinary expenses	0	-766

There were no extraordinary expenses in the reporting year. In the previous year, adjustments in the sales organization (TCHF 49), restructuring and relocations in the Services and Operations division (TCHF 276) and detailed reviews of possible acquisition objects (TCHF 430) resulted in one-off charges.

7. Taxes

Tax expenses mainly include the tax on income to be paid on the net profit as well as the change of deferred taxes. Due to the uncertainty regarding the future realizability of loss carryforwards, no deferred taxes on loss carryforwards are capitalised. There are tax loss carryforwards in the amount of TCHF 3,559 in group companies (previous year TCHF 7,269) whose utilisation is dependent on future economic development.

The total tax loss carryforwards account for gross deferred tax assets of TCHF 709 (previous year TCHF 1,384), whereof TCHF 0 (previous year TCHF 0) are capitalised.

To calculate deferred taxes on temporary differences between the values of balance sheet positions determined according to Swiss GAAP FER principles and those determined according to tax law, the respective current tax rates of the individual group companies are used. The change of provisions for deferred taxes is recognised through tax expense/income.

	2020	2019
Current tax on income	-2,677	-929
Deferred taxes	755	1,225
Other taxes	0	0
Total	-1,922	296

The expected tax rate of the Bauwerk Group is calculated as weighted average from the tax rates from all relevant tax authorities. Therefore, the effective tax rate of the group can be analysed as followed:

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

	2020	2019
	In %	In %
Expected weighted average tax rate	19.6	17.6
Utilization of unrecognized loss carryforwards from prior years	-5.5	-4.9
Effects of non-tax-deductible income / expenses	1.6	-2.4
Effects of changes in taxes from previous years	0.7	-0.7
Other new assessments of temporary differences	-0.5	-14.3
Effect from unrecognized losses from the current financial year	-1.0	1.9
Other effects	-0.9	0.5
Effective tax rate	14.0	-2.3

In May 2019, the Federal Act on Tax Reform and AHV Financing (“TRAF”) was accepted by Swiss voters. Thus, effective 1 January 2020, the Canton of St. Gallen reduced its tax rate from 17.4% to 14.5%. The new tax rate of 14.5% has been taken in consideration for deferred tax calculation as of 31 December 2019. The change of tax rate in the Canton of St. Gallen has been presented in 2019 under “Other new assessments of temporary differences” in the table above.

The effective tax rate based on the earnings before taxes in the reporting year amounts to 14.0% (previous year -2.3%).

8. Cash and cash equivalents

The company can freely dispose of all reported cash and cash equivalents. In addition, net credit lines of TCHF 30,226 in total (previous year TCHF 25,132) are available (net, i.e. after deducting bank guarantees and sureties provided which therefore have to be covered).

Tenant security deposits and other investments with limited availability are shown within financial assets according to their maturity (see note 15).

9. Accounts receivable

	31/12/20	31/12/19
Receivables, third parties	27,505	28,841
Provision for bad debts	-2,423	-2,299
Total	25,082	26,542

10. Other receivables

	31/12/20	31/12/19
Social security	322	465
VAT	1,297	1,174
Security deposits, other deposits	438	596
Prepayments to suppliers	1,031	983
Other	183	297
Total	3,272	3,515

Security deposits and other deposits include a security deposit paid to the Swiss Federal Customs Administration (“eidgenössische Oberzolldirektion”) for the processing of export transactions in the amount of TCHF 300 (previous year TCHF 300).

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

Prepayments to suppliers were made in particular to suppliers of materials, especially to suppliers of raw materials. These prepayments may fluctuate significantly for business-related reasons.

Moreover, the item "Other" is mainly made up of vendors with a debit balance, open current accounts and advances for expenses.

11. Inventories

	31/12/20	31/12/19
Raw materials	30,348	40,319
Semi-finished goods	18,480	21,633
Finished goods	28,025	30,652
Trading goods	2,828	2,414
Inventories, gross	79,681	95,018
Less: Value adjustments	-3,630	-3,284
Total	76,051	91,734

12. Prepayments and accrued income

	31/12/20	31/12/19
Current tax on income and capital tax	0	156
Outstanding offsetting, refunds, etc.	74	23
Personnel expenses	3	16
Insurances and fees	73	42
Rental	30	38
Administration	60	325
Marketing and distribution	100	117
Financing commission	442	626
Other	95	24
Total	877	1'367

Commission incurred as of 22 May 2018 for the issuance of the corporate bond has been accrued and will be released over the duration of the bond. As of 31 December 2020, the accrual amounts to TCHF 442 (previous year TCHF 626).

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

13. Development of tangible fixed assets

	Un- developed land	Land + Buildings	Plant + mach.	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2020
Acquisition costs opening balance	0	121,893	112,452	19,307	2,061	255,713
Acquisitions	0	532	2,088	619	1,214	4,452
Disposals	0	-22	-643	-637	0	-1,302
Reclassifications	0	781	1,562	13	-2,356	0
Exchange differences	0	-907	-1,151	-133	-47	-2,238
As of 31/12/20	0	122,278	114,308	19,167	872	256,624
Cum depreciation opening balance	0	-56,686	-78,187	-14,292	-1	-149,166
Acquisitions	0	-3,967	-5,063	-1,427	0	-10,457
Disposals	0	0	532	611	0	1,143
Reclassifications	0	0	0	0	0	0
Exchange differences	0	521	561	81	0	1,163
As of 31/12/20	0	-60,133	-82,156	-15,026	-1	-157,316
Tangible fixed assets as of 31/12/20 (net)	0	62,145	32,152	4,141	870	99,308
	Un- developed land	Land + Buildings	Plant + mach.	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2019
Acquisition costs opening balance	1,352	122,821	111,384	19,491	3,441	258,490
Acquisitions	0	888	4,509	1,675	1,467	8,538
Disposals	-1,352	-30	-3,552	-1,612	0	-6,546
Reclassifications	0	182	2,437	160	-2,779	0
Exchange differences	0	-1,968	-2,326	-407	-68	-4,769
As of 31/12/19	0	121,893	112,452	19,307	2,061	255,713
Cum depreciation opening balance	0	-53,820	-77,506	-14,602	-1	-145,929
Acquisitions	0	-3,760	-5,626	-1,524	0	-10,910
Disposals	0	26	3,409	1,603	0	5,038
Reclassifications	0	-53	112	-59	0	0
Exchange differences	0	921	1,427	289	0	2,637
As of 31/12/19	0	-56,686	-78,187	-14,292	-1	-149,166
Tangible fixed assets as of 31/12/19 (net)	0	65,207	34'265	5'015	2'060	106'547

The following additional information is provided:

- Tangible fixed assets include leased assets in the amount of TCHF 465 (previous year TCHF 534).
- No interest was capitalised during the business year.
- In the reporting year, unscheduled write-downs have been made on "Land + Buildings" and "Plant + Machinery" total amounting to TCHF 543 (previous year TCHF 0).

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

14. Development of intangible assets

IT Software

	2020	2019
Acquisition costs opening balance	12,016	11,481
Acquisitions	1,205	961
Disposals	-49	-397
Exchange differences	-26	-29
As of 31/12/	13,146	12,016
Cum. amortisation opening balance	-7,514	-6,876
Acquisitions	-1,234	-1,051
Disposals	49	397
Exchange differences	10	16
As of 31/12/	-8,690	-7,514
Intangible assets as of 31/12/ (net)	4,458	4,502

The following additional information is provided:

- No interest was capitalised during the business year.
- No impairment losses have been recognised in the reporting year (previous year TCHF 0).
- The goodwill resulting from acquisitions is offset against the group equity at the time of acquisition. The theoretical period of amortization is 5 - 10 years and is linear. The effects on the annual financial statements of a theoretical capitalisation and amortization of goodwill can be found in the tables under note 24.8.

15. Development of financial assets

	31/12/20	31/12/19
Opening balance	2,273	2,698
Acquisitions	254	420
Disposals	-454	-845
Total	2,073	2,273

Financial assets are made up of the following:

	31/12/20	31/12/19
Loans to third parties	0	20
Loans to related parties	775	775
Rent deposit	230	230
Other	1,068	1,248
Total	2,073	2,273

Loans to related parties consist of loans to shareholders in the amount of TCHF 775 (previous year TCHF 775). The interest on these loans was 1.25% (previous year: 1.25%).

Bauwerk Group AG, St. Margrethen Consolidated financial statements

"Rent deposits" includes tenant security deposits (blocked accounts) for lease contracts concluded in Switzerland for a period of more than 12 months.

The item "Other" includes deferred tax assets in the amount of TCHF 944 (previous year TCHF 986).

16. Current / Non-current financial liabilities

Current accounts with banks, bank loans and other credits and loans with maturities of less than 12 months are shown under current financial liabilities. This item is made up of the following:

	31/12/20	31/12/19
Mortgage loans / bank loans	500	11,750
Financial liabilities from finance lease	227	159
Bank overdraft	0	5,500
Total current financial liabilities	727	17,409

The mortgage loan in the amount of TCHF 11,750 that expired in May of the reporting year on the company property of Bauwerk Parkett AG in St. Margrethen has been replaced by a new mortgage loan in the amount of TCHF 11,750.

In the reporting year, the planned amortization of TCHF 250 (previous year: TCHF 500) has been made on the mortgage loan.

Non-current financial liabilities are made up of the following:

	31/12/20	31/12/19
Mortgage loans / bank loans	11,000	0
Bond (22 May 2018 – 22 May 2023)	80,000	80,000
Shareholder loans (Expiry 31 May 2023)	18,400	30,000
Financial liabilities from finance lease	238	348
Total non-current financial liabilities	109,638	110,348

In the reporting year, the shareholder loans have been amortised by TCHF 11,600 (previous year TCHF 7,308). The interest on the shareholder loans is 3.25% (previous year 3.25%) as of December 31.

17. Accounts payable

	31/12/20	31/12/19
Accounts payable, third parties	10,633	11,134
Total	10,633	11,134

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

18. Other current liabilities

Other current liabilities are made up of the following:

	31/12/20	31/12/19
Social security	1,491	1,357
VAT / Import tax	1,478	1,409
Prepayments from customers	1,254	790
Related parties	829	1,171
Other	595	1,596
Total	5,647	6,323

The liabilities to related parties are the interest on shareholder loans calculated as of 31 December 2020 in the amount of TCHF 829 (previous year TCHF 1,171).

The item "Other" consists mainly of debtors with a credit balance, open current accounts and tax settlements.

19. Other non-current liabilities

Other non-current liabilities are made up of the following:

	31/12/20	31/12/19
Liabilities from grants and subsidies	300	421
Total	300	421

This position includes long-term liabilities accrued from investment grants and investment subsidies.

20. Accrued liabilities and deferred income

	31/12/20	31/12/19
Current tax on income	2,585	889
Sales deductions	2,387	2,249
Personnel	4,981	4,219
Interest	932	933
Other		
- Energy	18	16
- Insurance and fees	224	305
- Rental and ancillary rental costs	127	150
- Administration	441	273
- Marketing and advertisement	659	425
- Other expenses	938	1,035
Total	13,292	10,494

Sales deductions include accrued liabilities for open cash discounts, customer bonuses as well as commissions.

The position "Personnel" includes accruals for holidays, overtime, bonuses and gratuities, commissions and other personnel expenses.

The accruals reported under the position "Other expenses" mainly comprise other expenses not yet cleared as of year-end. These items can fluctuate considerably depending on the settlement. This includes, among others, state subsidies in Croatia amounting to TCHF 420 (previous year: TCHF 463) and accruals for pending value added tax payments in the amount of TCHF 281 (previous year TCHF 0). In the

Bauwerk Group AG, St. Margrethen Consolidated financial statements

comparative year, this included license invoices not yet billed in the amount of TCHF 473.

21. Development of provisions

Provisions have developed as follows:

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2020
Opening balance	609	81	8,165	2,727	11,581
Creation	204	50	14	163	431
Utilisation	-4	0	-54	-110	-168
Release	-32	0	-681	-340	-1,053
Exchange differences	1	0	-3	-5	-7
As of 31/12/20	777	132	7,441	2,434	10,785
Thereof, current	380	0	62	128	570
Thereof, non-current	397	132	7,379	2,307	10,214

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2019
Opening balance	622	68	9,325	2,008	12,022
Creation	50	17	286	973	1,326
Utilisation	-7	0	-35	-176	-218
Release	-56	0	-1,415	-53	-1,524
Exchange differences	-1	-4	4	-25	-25
As of 31/12/19	608	81	8,165	2,727	11,581
Thereof, current	229	0	171	83	483
Thereof, non-current	379	81	7,994	2,644	11,098

Provisions for guarantees are provisions for risks arising from guarantees and claims to be remedied.

Other provisions are made up of the following:

	31/12/20	31/12/19
Severance pay, bonuses, length of service and anniversaries	1,067	764
Repair / restoration of leased premises	500	500
Repair / restoration property St. Margrethen	461	461
Agreed purchase price of Boen Sverige AB	403	832
Other	3	170
Total	2,434	2,727

In the reporting year, a further tranche of the conditional purchase price for Boen Sverige AB in the amount of TCHF 110 has been paid out and offset against the existing provision.

A review of the conditional purchase price for Boen Sverige AB as of December 31, 2020 resulted in a reduction of TCHF 319 of the open payments to be cleared in coming years (see also Appendix 24.7) and thus in the provision made for this.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

22. Own shares

Own shares / value (in TCHF)

	2020	2019
1 January	994	994
Repurchases	0	0
Sales	0	0
31 December	994	994

Own shares / number

	2020	2019
1 January	342,882	342,882
Repurchases	0	0
Sales	0	0
31 December	342,882	342,882

As of 31 December 2020, the Company holds 342,882 own registered shares with a nominal value of CHF 1.00 each (previous year: 342,882 own registered shares). The total acquisition costs amount to TCHF 994 (previous year TCHF 994) and are shown separately in equity.

23. Result per share in CHF

	31/12/20	31/12/19
Net income – Bauwerk Group AG in TCHF	11,777	12,913
Result per share in CHF	0.15	0.17
Average number of shares outstanding ^{*)}	76,050,768	76,050,768

^{*)} undiluted and diluted

24. Further information

24.1. Pledged assets

To collateralise the mortgage loan (see note 16) in the amount of TCHF 11,500 (previous year TCHF 11,750), the real estate with a book value of TCHF 36,263 (previous year TCHF 36,931) is pledged as of year-end 2020.

24.2. Lease liabilities (operating leases)

The maturity structure for operating lease liabilities (rental for exhibitions, vehicles, etc.) is shown below:

	31/12/20	31/12/19
Up to 12 months (2020)	3,226	3,257
12 – 24 months (2021)	1,611	2,898
25 – 36 months (2022)	987	1,386
37 – 48 months (2023)	622	730
Later	506	712
Total	6,952	8,983

Bauwerk Group AG, St. Margrethen Consolidated financial statements

24.3. Contingent assets and contingent liabilities

The following contingent liabilities exist as of the balance sheet date:

	31/12/20	31/12/19
Other guarantees	658	656
Total	658	656

For the most part, these are guarantees granted to lessors for long-term lease contracts for exhibitions, warehouse space, etc. Included is also a bank guarantee for state subsidies for high-tech investments deposited with the Croatian subsidiary in the amount of TCHF 584 (previous year TCHF 542).

24.4. Investment commitments and other obligations not to be shown on the balance sheet

There are no investment obligations or other off-balance sheet obligations to be reported here.

24.5. Pension funds of Swiss companies

All persons entitled to payments from the pension fund of Bauwerk Parkett AG (HIAG Pensionskasse) are employees of Bauwerk Parkett AG, St. Margrethen. This is a defined contribution pension plan. The coverage ratio in accordance with Art. 44(1) of the BVV2 was 148.3% (previous year 139.9%) as of the balance sheet date.

	31/12/20	31/12/19
Liabilities due to social security instruments	198	408
Actuarial excessive cover	20,218	16,927
Current economic benefit/economic obligation	0	0

Pension costs from pension funds are made up of the following:

	2020	2019
Costs of employer contributions	1,320	1,338
Pension expenses in personnel expenses	1,320	1,338

24.6. Pension funds of Norwegian companies

As of 1 July 2015, the defined benefit plans for all active and retired employees were discontinued and transferred to the defined contribution plans. Nine former employees of Boen Broek AS who are disabled remain in the old pension plan. This old pension plan could be terminated in the comparative year without any economic obligation.

24.7. Acquisition and Sale of Shareholding

There were no purchases or sales of investments in the current year. On 31 March 2019, the prior partner for the Swedish market, Boen Sverige AB, has been acquired. The goodwill connected with this transaction amounts to TCHF 1,479 (see also note 24.8) and will be amortised over a period of 5 years.

From the agreed purchase price amounting to TCHF 1'564, TCHF 110 have been settled via bank payment in the reporting year (previous year TCHF 732). An impairment test carried out on December 31, 2020 revealed a reduction in the

Bauwerk Group AG, St. Margrethen Consolidated financial statements

purchase price by TCHF -319 in accordance with the agreement. The outstanding amount of TCHF 403 will be settled in the years 2021-2023 (see also note 21).

24.8. Effects of a theoretical activation of goodwill

Theroetical asset register – Goodwill	2020	2019
Theoretical net book value of goodwill at the beginning of the financial year	15,395	19,662
Acquisition value		
Status at the beginning of the financial year	56,711	55,228
Acquisitions		1,479
Disposals	-319	0
Adjustments	0	4
Status at the end of the financial year	56,392	56,711
Cum. amortisation		
Status at the beginning of the financial year	-41,316	-35,566
Acquisitions	-4,432	-5,750
Disposals	0	0
Status at the end of the financial year	-45,748	-40,316
Theoretical net book value of goodwill at the end of the financial year	10,644	15,395

The disposals in the reporting year in the amount of TCHF -319 and the additions in the comparative year in the amount of TCHF 1,479 relate to the acquisition of Boen Sverige AB in 2019 (see the explanations under Note 24.7).

Effect on equity	2020	2019
Reported equity according to balance sheet	94,586	82,554
Theoretical capitalisation Net book value Goodwill	10,644	15,395
Theoretical equity incl. revaluated Goodwill	105,230	97,949
Theoretical self-financing level	41.07%	36.87%
Impact on operating profit (EBIT)		
	2020	2019
Operating profit (EBIT) according to income statement	19,475	17,628
Theoretical amortization goodwill	-4,432	-5,750
Operating profit (EBIT) incl. theoretical amortization goodwill	15,043	11,878

24.9. Minority interests

As of December 31, 2020, there were no minority interests.

Bauwerk Group AG, St. Margrethen
Consolidated financial statements

24.10. Events after the balance sheet date

Until the approval of the consolidated financial statement by the Board of Directors on 11 March 2021, no significant events occurred that could affect the informative value of the 2020 financial statements or that would need to be disclosed here.

All Bauwerk Group Annual Report content is available in German and English and can also be accessed on our website www.bauwerk-parkett.com
The German download version of this report is legally binding.