

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

Zurich, 15 March 2023

## Report of the statutory auditor

### Report on the audit of the consolidated financial statements



#### Opinion

We have audited the consolidated financial statements of Bauwerk Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, the consolidated statement of changes in equity and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.



#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



#### Key audit matters

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 responsibilities for the audit of the consolidated financial statements” 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 and Disclosure of Acquisition of Somerset Hardwood Flooring Inc. and the related purchase price allocation**

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**Area of focus** The acquisition of Somerset Hardwood Flooring Inc. in 2022 resulted in newly acquired net assets of CHF 76.732 million. The purchase price amounted to CHF 76.082 million. The transaction resulted in negative goodwill (badwill) of CHF 0.650 million, which is offset directly against equity.

The acquisition was significant due to the absolute size of the acquired assets, the assumptions made in connection with the measurement of the acquired net assets and with regard to the proper presentation in the notes to the financial statements.

See the “Valuation guidelines/valuation principles” on page 13 and Note 24.6 “Acquisition and sale of investments” in the notes to the consolidated financial statements on page 25.

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**Our audit response** With respect to the appropriate accounting and disclosure for the acquisition in the financial year 2022, we, among other procedures, read the purchase agreements and held discussions with management to gain an understanding of the transaction. We reviewed the measurement of the acquired assets and liabilities at fair value. Furthermore, we tested the allocation of the purchase price to the net assets and the resulting badwill. Furthermore, we evaluated the adequacy of the disclosures in the notes for completeness and accuracy.

Our audit procedures did not lead to any reservations regarding the valuations carried out as part of the purchase price allocation.

## Valuation of inventory

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**Area of focus** The total balance of net inventories as of 31 December 2022 amounts to 138.264 million representing approximately 41% of the total assets of the consolidated financial statements of Bauwerk Group AG. We focus 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 12 and Note 11 “Inventories” in the notes to the consolidated financial statements on page 18.

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**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. We also tested the accuracy of the calculation. Furthermore, we compared the net realizable value with the carrying value for a sample of products to identify a need for impairment.

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



### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Board of Directors' responsibilities for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law and SA-CH 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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 cash flows, consolidated statement of changes in equity and notes)

# **Bauwerk Group AG, St. Margrethen**

Annual Report 2022

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## Company profile

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

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

- Bauwerk Group Austria Vertriebs GmbH, Salzburg (AT)
- Bauwerk Parkett Deutschland GmbH, Bodelshausen (DE)
- Bauwerk Group France Sarl, Viviers Du Lac (FR)
- Bauwerk Group Italia Aftersales S.r.l., Milano (IT)
- Boen AS, Tveit (NO)
- Boen Bruk AS, Tveit (NO)
- UAB Bauwerk Group Lietuva, Vilnius (LT)
- Boen Deutschland GmbH, Mölln (DE)
- Boen Parkett Deutschland GmbH & Co, Mölln (DE)
- Bauwerk Group UK Ltd, Hartlebury (UK)
- Boen Hardwood Flooring Inc., Daytona Beach (US)
- AO Dominga Nik, Jasenskoe (RU)
- Bauwerk Group Asia Ltd, Hong Kong (HK)
- Bauwerk Group Sverige AB, Vellinge (SE)
- Bauwerk Group Hrvatska d.o.o., Durdevac (HR)
- Bauwerk Group Energy d.o.o., Durdevac (HR)
- Bauwerk Group US Holding Inc., Somerset KY (US)
- Bauwerk Group US LLC, Somerset KY (US)
- Somerset Hardwood Flooring Inc., Somerset KY (US)
- Crossville Hardwoods LLC, Crossville TN (US)
- Eagle Hardwoods Inc., Somerset KY (US)
- Cumberland Fiber Products Inc., Somerset KY (US)
- CWC Creditors Inc., Somerset KY (US)
- Outdoor Lumber Inc., Somerset KY (US)

The parent Bauwerk Group Schweiz 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 75 years.

Under the brands Bauwerk, Boen and Somerset, the Bauwerk Group sells approx. 9.3 million m<sup>2</sup> 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.

The Bauwerk trademark organisation focuses on the target groups of floor layers, while the Boen trademark organisation focuses on the wholesale target group. Another mainstay of both trademark organisations 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 Somerset brand focuses on the wholesale trade in North America.

The Bauwerk Group focuses its production activities in three locations in Europe and in two in the USA. Thus, it produces high-quality country style floorboards made of two-layer parquet in St. Margrethen/Switzerland and all other parquet flooring for the trademarks Bauwerk and Boen in Kietaviškės/Lithuania and in the factory in Durdevac/Croatia. The plants in Somerset (Kentucky) and Crossville (Tennessee) produce solid and engineered wooden floorings for the Somerset brand

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. The Bauwerk Group has about 1'900 employees at the end of 2022.

*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**

After Bauwerk Group had already faced major challenges in the previous year due to the shortage of raw materials and restrictions in the supply chains caused by the pandemic, the war in Ukraine that broke out in February 2022 and the associated economic effects led to further substantial increases in material, transportation, and operating costs. To secure the gross margin and thus a solid profitability, several significant price increases had to be made and consistently implemented within the first half of the year, which - especially in combination with rising interest rates and high inflation - led to a noticeable decrease in the demand for parquet.

The consolidated net turnover of the Bauwerk Group increased by 15.3% to CHF 347.8 million (previous year CHF 301.7 million). Adjusted for currency effects (applying the prior-year exchange rates), growth amounted to 20.0%. Sales include CHF 43.3 million from Somerset Hardwood Flooring (acquired on May 1, 2022), which corresponds to 14.4 percentage points of the currency-adjusted growth. Excluding the sales-volumes of Somerset Hardwood Flooring, total volumes decreased by -12.7% compared to the previous year (previous year +13.8%). Therefore, the achieved organic growth in sales is solely attributable to the price increases executed in the second half of the previous year and the first half year 2022.

The operating result EBITDA amounted to CHF 32.2 million, compared to CHF 35.7 million in the previous year, resulting in an EBITDA margin of 9.2% (previous year 11.8%). This includes a negative operating result of Somerset Hardwood Flooring in the amount of CHF -7.0 million, mainly coming from weak gross margins in the second half of the year due to significant price corrections on the wood and parquet market. Net income in the year under review amounted to CHF 7.8 million, CHF 8.7 million below the previous year result (CHF 16.5 million). Somerset Hardwood Flooring contributed a loss of CHF -8.6 million to the total result.

In terms of regional distribution, sales in the important DACH region increased by around 3.5%, while both Scandinavia grew by 13.5%. Sales in the rest of Europe decreased by about 9%. With the acquisition of Somerset Hardwood Flooring, the proportion of sales not generated in Europe increased to 15% (previous year 6%).

Increases in current assets associated with the price increases, in particular inventories, and the acquisition of Somerset Hardwood Flooring led to a strongly negative operating free cash flow (cash flow from business and investment activities) of CHF -96.1 million. After raising net liabilities of CHF 73.6 million, the decrease in cash and cash equivalents was CHF -23.2 million. The equity ratio including the subordinated shareholder loan was 37.8% as of the reporting date (previous year 45.4%).

Due to the existing macroeconomic risks and the tense geopolitical situation, 2023 is expected to be a challenging year for the construction industry and in particular for the parquet industry. The Bauwerk Group is therefore refraining from providing an outlook for the current year, but is confident that, thanks to its good positioning and market position, it will continue to be able to achieve solid results in the medium term.

We would like to thank our employees for their hard work, great commitment and professionalism. Our thanks also go to our business partners, whose great trust has enabled the Bauwerk Group to successfully sell parquet products from our Group in a market environment that remains challenging.

St. Margrethen, March 2023

Alexander Zschokke, President of the Board of Directors

Patrick Hardy, CEO



## **Income statement 2022**

(In CHF 1'000)	Note	2022	2021
Gross turnover	1	368'391	319'779
Sales reductions	1	-20'571	-18'044
<b>Net turnover</b>	1	<b>347'820</b>	<b>301'735</b>
Other operating income	2	861	1'103
Inventory changes in finished and unfinished goods		22'498	-5'521
Cost of goods sold		-193'513	-137'352
Personnel expenses		-79'763	-67'103
Other operating expenses	3	-65'746	-57'165
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>32'157</b>	<b>35'697</b>
Depreciation of tangible fixed assets	13	-11'524	-9'759
Amortisation of intangible assets	14	-1'285	-1'350
<b>Operating result (EBIT)</b>		<b>19'348</b>	<b>24'588</b>
Financial income	4	131	126
Financial expenses	5	-8'011	-5'319
<b>Financial result</b>		<b>-7'880</b>	<b>-5'193</b>
<b>Ordinary result</b>		<b>11'468</b>	<b>19'395</b>
Extraordinary result	6	0	0
<b>Earnings before taxes</b>		<b>11'468</b>	<b>19'395</b>
Taxes	7	-3'650	-2'929
<b>Net result</b>		<b>7'818</b>	<b>16'466</b>
Interests of shareholders Bauwerk Group AG		8'159	16'466
Minority interests		-341	0
Result per share in CHF (undiluted and diluted)	23	0.11	0.22

## Balance sheet as of 31 December 2022

(In CHF 1'000)	Note	<u>31.12.22</u>	<u>31.12.21</u>
<b>Assets</b>			
Cash and cash equivalents	8	15'233	38'522
Accounts receivable	9	37'721	32'555
Provision for bad debts	9	-2'573	-2'089
Other receivables	10	4'513	6'234
Inventories	11	138'264	73'834
Prepayments and accrued income	12	1'567	1'227
<b>Current assets</b>		<b><u>194'725</u></b>	<b><u>150'283</u></b>
Tangible fixed assets	13	132'429	94'784
Intangible assets	14	6'520	5'616
Financial assets	15	1'267	1'326
<b>Non-current assets</b>		<b><u>140'216</u></b>	<b><u>101'726</u></b>
<b>Total assets</b>		<b><u>334'941</u></b>	<b><u>252'009</u></b>

**Bauwerk Group AG, St. Margrethen**  
**Consolidated financial statements**

(In CHF 1'000)	Note	<u>31.12.22</u>	<u>31.12.21</u>
<b>Equity and liabilities</b>			
Current financial liabilities	16	147'307	617
Accounts payable	17	11'214	14'060
Other short-term liabilities	18	7'051	7'995
Short-term provisions	21	780	870
Accrued liabilities and deferred income	20	12'935	13'987
<b>Current liabilities</b>		<b><u>179'287</u></b>	<b><u>37'529</u></b>
Long-term financial liabilities	16	24'545	97'460
Other long-term liabilities	19	63	177
Long-term provisions	21	19'570	10'277
<b>Non-current liabilities</b>		<b><u>44'178</u></b>	<b><u>107'914</u></b>
<b>Total liabilities</b>		<b><u>223'465</u></b>	<b><u>145'443</u></b>
Share capital		76'394	76'394
Capital reserves		15'056	15'056
Own shares	22	-2'907	-2'832
Retained earnings incl. currency translation		12'110	1'482
Net result		8'159	16'466
<b>Equity shareholders Bauwerk Group AG</b>		<b><u>108'812</u></b>	<b><u>106'566</u></b>
Minority interests		2'664	0
<b>Total equity</b>		<b><u>111'476</u></b>	<b><u>106'566</u></b>
<b>Total equity and liabilities</b>		<b><u><u>334'941</u></u></b>	<b><u><u>252'009</u></u></b>

## Cash flow statement

(In CHF 1'000)	<i>Note</i>	<u>2022</u>	<u>2021</u>
Net result		7'818	16'466
Depreciation/amortisation and impairment losses	13/14	12'809	11'107
Gain/losses from the disposal of non-current assets		-68	-25
Other non-cash changes		-2'187	-83
Increase/release of long-term provisions	21	233	-2
<b>Cash flow from operating activities before change in net working capital</b>		<b><u>18'605</u></b>	<b><u>27'463</u></b>
Changes in accounts receivable		3'758	-5'384
Changes in other receivables	10	2'350	-2'962
Changes in inventories	11	-28'021	2'217
Changes in prepayments and accrued income	12	178	-350
Changes in accounts payable	17	-7'775	3'427
Changes in other current liabilities	18	-1'273	2'348
Changes in accrued liabilities and deferred income and short-term provisions	20/21	-2'118	1'000
<b>Cash flow from operating activities</b>		<b><u>-14'296</u></b>	<b><u>27'759</u></b>
Purchases/proceeds from sale of investments (net), less acquired cash and cash equivalents	24	-69'823	-110
Investments in financial assets	15	-104	-96
Disinvestments in financial assets	15	113	842
Investments in tangible fixed assets	13	-10'061	-7'633
Disinvestments in tangible fixed assets	13	268	354
Investments in intangible assets	14	-2'225	-2'514
Disinvestments in intangible assets	14	7	0
<b>Cash flow from investing activities</b>		<b><u>-81'825</u></b>	<b><u>-9'156</u></b>
Purchase/sale of own shares	22	-75	-1'838
Increase in current financial liabilities	16	67'000	0
Repayment of current financial liabilities	16	-310	-238
Increase in non-current financial liabilities	16	15'000	0
Repayment of non-current financial liabilities	16	-7'915	-12'050
Changes in other non-current liabilities	19	-114	-123
<b>Cash flow from financing activities</b>		<b><u>73'586</u></b>	<b><u>-14'249</u></b>
<b>Total cash flow</b>		<b><u>-22'535</u></b>	<b><u>4'354</u></b>

**Bauwerk Group AG, St. Margrethen**  
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(In CHF 1'000)	<u>2022</u>	<u>2021</u>
Cash and cash equivalents at the beginning of the year	38'522	34'486
Change in cash and cash equivalents	-22'535	4'354
Foreign currency effect	-754	-318
<b>Cash and cash equivalents at year-end *</b>	<b><u>15'233</u></b>	<b><u>38'522</u></b>

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

## Statement of changes in equity

Equity shareholders Bauwerk Group AG									
In CHF 1'000	Share capital	Capital Res.	Own Shares	Goodwill Recogn.	Ret. Earnings	Currency Diff.	Total	Minority Interests	Total Equity
<b>Equity as of 31.12.21</b>	<b>76'394</b>	<b>15'056</b>	<b>-2'832</b>	<b>-56'606</b>	<b>100'855</b>	<b>-26'301</b>	<b>106'566</b>	<b>0</b>	<b>106'566</b>
Changes from acquis.	0	0	0	0	0	0	0	3'161	3'161
Purchase own shares	0	0	-75	0	0	0	-75	0	-75
Offsetting Goodwill	0	0	0	834	0	0	834	0	834
Net result	0	0	0	0	8'159	0	8'159	-341	7'818
Currency Diff.	0	0	0	0	0	-6'672	-6'672	-156	-6'828
<b>Equity as of 31.12.22</b>	<b>76'394</b>	<b>15'056</b>	<b>-2'907</b>	<b>-55'772</b>	<b>109'014</b>	<b>-32'973</b>	<b>108'812</b>	<b>2'664</b>	<b>111'476</b>

Equity shareholders Bauwerk Group AG									
In CHF 1'000	Share capital	Capital Res.	Own Shares	Goodwill Recogn.	Ret. Earnings	Currency Diff.	Total	Minority Interests	Total Equity
<b>Equity as of 31.12.20</b>	<b>76'394</b>	<b>15'056</b>	<b>-994</b>	<b>-56'392</b>	<b>84'389</b>	<b>-23'867</b>	<b>94'586</b>	<b>0</b>	<b>94'586</b>
Purchase own shares	0	0	-1'838	0	0	0	-1'838	0	-1'838
Offsetting Goodwill	0	0	0	-214	0	0	-214	0	-214
Net result	0	0	0	0	16'466	0	16'466	0	16'466
Currency Diff.	0	0	0	0	0	-2'434	-2'434	0	-2'434
<b>Equity as of 31.12.21</b>	<b>76'394</b>	<b>15'056</b>	<b>-2'832</b>	<b>-56'606</b>	<b>100'855</b>	<b>-26'301</b>	<b>106'566</b>	<b>0</b>	<b>106'566</b>

\*) see comments under note 24.7

The share capital of Bauwerk Group AG as of 31 December 2022 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 371 (previous year TCHF 359). 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 completely.

#### **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 2022, 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 2022, 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	
			31.12.22	31.12.21
Bauwerk Group Schweiz AG, CH-St. Margrethen		19'259'811 CHF	100%	100%
Bauwerk Group Österreich GmbH, A-Salzburg	1)	10'000 EUR	100%	100%
Bauwerk Parkett Deutschland GmbH, D-Bodelshausen	2)	51'000 EUR	100%	100%
Bauwerk Group France Sarl, F-Viviers Du Lac	3)	7'500 EUR	100%	100%
Bauwerk Group Italia 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 Group Lietuva, 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%
Bauwerk Group 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 Group Asia Ltd, HK-Hong Kong		999 HKD	100%	100%
Bauwerk Group Sverige AB, SE-Stockholm	4)	100'000 SEK	100%	100%
Bauwerk Boen Logistics GmbH, D-Bodelshausen	5)	-	0%	100%
Bauwerk Group Hrvatska d.o.o., HR-Durdevac		2'010'000 HRK	100%	100%
Bauwerk Group Energy d.o.o., HR-Durdevac		20'000 HRK	100%	100%
Bauwerk Group US Holding Inc., US-Somerset KY		1 USD	100%	100%
Bauwerk Group US LLC, US-Somerset KY	6)	0 USD	96.04%	0%
Somerset Hardwood Flooring Inc., US-Somerset KY	7)	0 USD	96.04%	0%
Crossville Hardwoods LLC, US-Crossville TN	7)	0 USD	96.04%	0%
Eagle Hardwoods Inc., US-Somerset KY	7)	0 USD	96.04%	0%
Cumberland Fiber Products Inc., US-Somerset KY	7)	0 USD	96.04%	0%
CWC Creditors Inc., US-Somerset KY	7)	0 USD	96.04%	0%
Outdoor Lumber Inc., US-Somerset KY	7)	0 USD	96.04%	0%

1) Name change (former: Bauwerk Parkett Vertriebs GmbH)

2) Name change (former: Bauwerk Deutschland GmbH)

3) Name change (former: Bauwerk France Sarl)

4) Name change (former: Boen Sverige AB)

5) As of 1 January 2022, the company has been merged with Bauwerk Parkett Deutschland GmbH

6) In April 2022, the company was founded

7) The companies («Somerset-group») were acquired as of 1 May 2022



## **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 case 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:

<b>Currency</b>	<b>2022</b>	<b>2021</b>
EUR, Current rate of exchange	0.9847	1.0350
EUR, Average rate of exchange	1.0047	1.0810
NOK, Current rate of exchange	0.0937	1.1035
NOK, Average rate of exchange	0.0995	1.1064
GBP, Current rate of exchange	1.1102	1.2300
GBP, Average rate of exchange	1.1790	1.2580
USD, Current rate of exchange	0.9232	0.9120
USD, Average rate of exchange	0.9551	0.9150
RUB, Current rate of exchange	0.0128	0.0121
RUB, Average rate of exchange	0.0143	0.0124
HRK, Current rate of exchange	0.1307	0.1375
HRK, Average rate of exchange	0.1333	0.1440
SEK, Current rate of exchange	0.0885	0.1010
SEK, Average rate of exchange	0.0946	0.1070

#### **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 day and more	100%

### Inventories

Inventories are measured at the lower of acquisition or production cost and fair value less selling costs. 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.

### 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
<b>Land and buildings</b>	
Land	-
Officed buildings	40-50
Production / storage buildings	20-25
<b>Technical plant + machinery</b>	
Technical plant	10-15
Machinery	10
<b>Other tangible fixed assets</b>	
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 / Badwill**

Any positive difference between the acquisition cost and the revalued net assets acquired is to be designated as goodwill. If the acquisition costs are lower than the revalued net assets acquired, this will result in negative goodwill ("badwill"). The goodwill/badwill resulting from acquisitions is offset directly with equity at the time of acquisition. The effects of a theoretical capitalisation and amortization of goodwill/badwill are disclosed in the notes to the consolidated financial statements. In case of disposal, goodwill/negative goodwill offset against equity at the acquisition date is to be considered at original acquisition cost when determining the profit or loss related to the disposal. Purchase price components contingent on future events are part of the acquisition costs at the acquisition date provided that cash outflows are likely. Conditional purchase price components are subsequently measured at each balance sheet date, with changes resulting in the adjustment of goodwill/negative goodwill offset against equity. 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 has to be 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 economical impact of pension schemes for a group company is calculated at balance sheet date. An economical 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 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 are 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**

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#### **Provisions**

Provisions are built:

- 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. No deferred tax assets are recognized for tax loss carryforwards.

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:

	2022	2021
GSA countries (Germany, Switzerland, Austria)	178'604	172'635
Scandinavia	49'661	43'773
Rest of Europe and rest of the world	61'011	66'325
North America and Asia	58'544	19'002
<b>Total</b>	<b>347'820</b>	<b>301'735</b>

Sales deductions consist of the following:

	2022	2021
Gross turnover	368'391	319'779
Less: Sales deductions		
Cash discounts	-4'789	-4'661
Customer bonuses and commission	-15'253	-13'163
Losses from bad debts	-529	-220
<b>Total</b>	<b>347'820</b>	<b>301'735</b>

### 2. Other operating income

	2022	2021
Own work capitalised	151	100
Income from the sale of fixed assets	68	26
Income from services and rental	218	208
Income from recycling certificates	135	161
State contributions COVID 19	17	61
Other income	272	547
<b>Total</b>	<b>861</b>	<b>1'103</b>

Once again, recycling certificates could be sold, which resulted in proceeds of TCHF 135 (previous year TCHF 161). The government programs triggered by COVID19 to support the economy in the individual countries resulted in an income of TCHF 17 in the reporting year (previous year TCHF 61)

In the reporting year, there was no income from the reversal of provisions that were no longer required (previous year TCHF 364).

### 3. Other operating expenses

	2022	2021
Licenses	-2'019	-2'325
Freight, distribution and warehousing costs	-13'815	-13'530
Operating materials	2'886	-3'656
Energy and fuel	-10'131	-6'408
Repair and maintenance	-10'655	-8'660
Insurances and fees	-2'304	-1'429
Rental and leasing	-4'803	-4'929
Office and administration	-6'515	-5'591
Marketing, business travel and representation costs	-7'366	-6'496
Others	-5'252	-4'141
<b>Total</b>	<b>-65'746</b>	<b>-57'165</b>

## Bauwerk Group AG, St. Margrethen Consolidated financial statements

"Others" includes expenses in the amount of TCHF 4'687 (previous year TCHF 2'615) for operational expenses, costs for guarantees and debt collecting including any changes to the bad debt allowance of TCHF 565 (previous year net amount TCHF 1'528)

The expenses for projects and operating expenses include the following items, among others:

- TCHF 67 (previous year TCHF 307) for special costs caused by the COVID19 pandemic
- TCHF 899 (previous year TCHF 48) for organizational adjustments within the group
- TCHF 1'096 (previous year TCHF 689) for detailed reviews of potential acquisition objects
- TCHF 1'835 (previous year TCHF 0) for the special costs incurred in connection with the Russia/Ukraine-conflict and the associated sanctions and restrictions
- TCHF 249 (previous year TCHF 447) for consulting services for topics such as sustainability, transfer pricing, etc.

Also included in the previous year are expenses for a compensation claim in the amount of TCHF 411 against a commercial agent of the Boen brand in Austria. The contract with the long-standing sales representative was terminated on December 31, 2021 for sales policy reasons.

### 4. Financial income

	2022	2021
Interest income from third parties	128	117
Interest income from related parties	3	8
<b>Total</b>	<b>131</b>	<b>126</b>

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

### 5. Financial expenses

	2022	2021
Interest expenses, bank charges and fees	-3'600	-2'799
Exchange rate effects	-4'411	-2'520
<b>Total</b>	<b>-8'011</b>	<b>-5'319</b>

Interest expenses include TCHF 424 (previous year TCHF 251) for shareholder loans (see also Note 16 for information on the interest rates applied).

In 2021 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).

### 6. Extraordinary income and expenses

As in the previous year, there was no extraordinary income or expense in the year under review.

### 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 15'391 in group companies (previous year TCHF 3'488) whose utilisation is dependent on future economic development.

The total tax loss carryforwards account for gross deferred tax assets of TCHF 3'393 (previous year TCHF 691), 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, using the expected tax rate according to the applicable local tax law. The change of provisions for deferred taxes is recognised through tax expense/income.

	2022	2021
Current tax on income	-3'205	-3'063
Deferred taxes	-445	134
<b>Total</b>	<b>-3'650</b>	<b>-2'929</b>

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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:

	<b>2022</b>	<b>2021</b>
	<b>ln %</b>	<b>ln %</b>
<b>Expected weighted average tax rate</b>	<b>9.6</b>	<b>17.4</b>
Utilization of unrecognized loss carryforwards from prior years	-0.2	-0.7
Effects of non-tax-deductible income / expenses	-0.6	-1.6
Effects of changes in taxes from previous years	1.9	0.5
Other new assessments of temporary differences	-0.1	0.5
Effect from unrecognized losses from the current financial year	26.4	0.4
Other effects	-5.2	-1.4
<b>Effective tax rate</b>	<b>31.8</b>	<b>15.1</b>

The effective tax rate based on the earnings before taxes in the reporting year amounts to 31.8% (previous year 15.1%). The reconciliation item "Other effects" includes in particular the effect of -5.2% (previous year -1.4%) due to a tax benefit for investments in Croatia.

### 8. Cash and cash equivalents

The company can freely dispose of all reported cash and cash equivalents. In addition, net credit lines of TCHF 10'502 in total (previous year TCHF 21'805) 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 receivables

	<b>31.12.22</b>	<b>31.12.21</b>
Receivables, third parties	37'721	32'555
Provision for bad debts	-2'573	-2'089
<b>Total</b>	<b>35'148</b>	<b>30'466</b>

### 10. Other receivables

	<b>31.12.22</b>	<b>31.12.21</b>
Social security	515	347
VAT	1'798	3'139
Security deposits, other deposits	440	427
Prepayments to suppliers	1'527	2'124
Related parties	150	0
Other	83	197
<b>Total</b>	<b>4'513</b>	<b>6'234</b>

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

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.

Receivables from related parties relate to loans to shareholders that are due for repayment in 2023. Interest on these loans was 1.25% (previous year 1.25%).

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

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**11. Inventories**

	<b>31.12.22</b>	<b>31.12.21</b>
Raw materials	66'757	33'922
Semi-finished goods	28'448	16'564
Finished goods	45'063	23'405
Trading goods	2'164	2'541
<b>Inventories, gross</b>	<b>142'432</b>	<b>76'432</b>
./. Value adjustments	-4'168	-2'599
<b>Total</b>	<b>138'264</b>	<b>73'834</b>

**12. Prepayments and accrued income**

	<b>31.12.22</b>	<b>31.12.21</b>
Current tax on income and capital tax	47	68
Outstanding offsetting, refunds, etc.	19	124
Personnel expenses	6	0
Insurances and fees	680	214
Rental and leasing	3	12
Office and administration	576	404
Marketing and distribution	94	97
Financing commission	76	260
Related parties	2	0
Other	64	48
<b>Total</b>	<b>1'567</b>	<b>1'227</b>

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 2022, the accrual amounts to TCHF 76 (previous year TCHF 260).

The deferral from related parties relates to accrued interest from loans to shareholders.



**13. Development of tangible fixed assets**

	Un- developed land	Land. + buildings	Plant + mach.	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2022
<b>Acquisition costs</b>						
<b>opening balance</b>	<b>0</b>	<b>120'592</b>	<b>112'850</b>	<b>19'313</b>	<b>3'130</b>	<b>255'886</b>
Changes in scope of consolidation	0	17'435	25'326	128	815	43'704
Acquisitions	0	1'336	1'747	904	6'074	10'061
Disposals	0	-7	154	-372	-2	-535
Reclassifications	0	547	1'804	27	-2'378	0
Exchange differences	0	-3'468	-4'602	-568	-224	-8'863
<b>As of 31.12.22</b>	<b>0</b>	<b>136'434</b>	<b>136'971</b>	<b>19'433</b>	<b>7'415</b>	<b>300'253</b>
<b>Cum depreciation</b>						
<b>opening balance</b>	<b>0</b>	<b>-61'339</b>	<b>-84'104</b>	<b>-15'656</b>	<b>-1</b>	<b>-161'101</b>
Acquisitions	0	-3'682	-6'918	-924	0	-11'524
Disposals	0	7	0	325	1	335
Reclassifications	0	0	0	0	0	0
Exchange differences	0	1'550	2'466	449	0	4'466
<b>As of 31.12.22</b>	<b>0</b>	<b>-63'464</b>	<b>-88'555</b>	<b>-15'805</b>	<b>0</b>	<b>-167'824</b>
<b>Tangible fixed assets as of 31.12.22 (net)</b>	<b>0</b>	<b>72'971</b>	<b>48'416</b>	<b>3'627</b>	<b>7'415</b>	<b>132'429</b>

	Un- developed land	Land. + buildings	Plant + mach.	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2021
<b>Acquisition costs</b>						
<b>opening balance</b>	<b>0</b>	<b>122'278</b>	<b>114'308</b>	<b>19'167</b>	<b>872</b>	<b>256'624</b>
Acquisitions	0	1'032	1'531	1'016	4'053	7'633
Disposals	0	-988	-1'000	-531	-4	-2'523
Reclassifications	0	534	1'024	139	-1'697	0
Exchange differences	0	-2'263	-3'011	-480	-93	-5'847
<b>As of 31.12.21</b>	<b>0</b>	<b>120'592</b>	<b>112'850</b>	<b>19'313</b>	<b>3'130</b>	<b>255'886</b>
<b>Cum depreciation</b>						
<b>opening balance</b>	<b>0</b>	<b>-60'133</b>	<b>-82'156</b>	<b>-15'026</b>	<b>-1</b>	<b>-157'317</b>
Acquisitions	0	-3'444	-4'815	-1'500	0	-9'759
Disposals	0	930	771	493	0	2'194
Reclassifications	0	0	0	0	0	0
Exchange differences	0	1'308	2'095	377	0	3'781
<b>As of 31.12.21</b>	<b>0</b>	<b>61'339</b>	<b>-84'104</b>	<b>-15'656</b>	<b>-1</b>	<b>-161'101</b>
<b>Tangible fixed assets as of 31.12.21 (net)</b>	<b>0</b>	<b>59'253</b>	<b>28'747</b>	<b>3'657</b>	<b>3'129</b>	<b>94'785</b>

The following additional information are provided:

- Tangible fixed assets include leased assets in the amount of TCHF 218 (previous year TCHF 348).
- No interest was capitalised during the business year.
- In the reporting year, unscheduled write-downs of TCHF 746 (previous year TCHF 0) on the facilities of AO Dominga Nik, RU-Jasenskoe, were made.

**14. Development of intangible assets**

	<b>2022</b>	<b>2021</b>
<b>Acquisition costs opening balance as of 01.01.</b>	<b>15'617</b>	<b>13'146</b>
Acquisitions	2'225	2'514
Disposals	-7	-23
Exchange differences	-94	-21
<b>As of 31.12.</b>	<b>17'741</b>	<b>15'617</b>
<b>Cum. amortisation opening balance as of 01.01.</b>	<b>-10'001</b>	<b>-8'690</b>
Acquisitions	-1'285	-1'348
Disposals	0	23
Exchange differences	65	14
<b>As of 31.12.</b>	<b>-11'221</b>	<b>-10'001</b>
<b>Intangible assets as of 31.12. (net)</b>	<b>6'520</b>	<b>5'616</b>

The following additional information are 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 24.7

**15. Development of financial assets**

	<b>31.12.22</b>	<b>31.12.21</b>
Opening balance	1'326	2'073
Acquisitions	104	96
Disposals	-163	-843
<b>Total</b>	<b>1'267</b>	<b>1'326</b>

Financial assets are made up of the following:

	<b>31.12.22</b>	<b>31.12.21</b>
Loans to related parties	100	250
Rent deposit	220	243
Deferred tax assets	916	772
Other	31	60
<b>Total</b>	<b>1'267</b>	<b>1'326</b>

Loans to related parties consist of loans to shareholders in the amount of TCHF 100 (previous year TCHF 250). The interest on these loans was 1.25% (previous year: 1.25%).

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

**16. Current / non-current financial liabilities**

Current bank accounts, bank loans, other loans, shareholder loans with maturities of less than 12 months and the bond maturing in May 2023 are reported under current financial liabilities.

This item is made up of the following:

	<b>31.12.22</b>	<b>31.12.21</b>
Mortgage loans	250	500
Bank loans	57'000	0
Financial liabilities from finance lease	57	117
Bond (22 May 2018 – 22 May 2023)	80'000	0
Shareholder loans (Expiry 31 May 2023)	10'000	0
<b>Total current financial liabilities</b>	<b>147'307</b>	<b>617</b>

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

	<b>31.12.22</b>	<b>31.12.21</b>
Mortgage loans	9'500	9'500
Bond (22 May 2018 – 22 May 2023)	0	80'000
Shareholder loans (Expiry 31 May 2023)	0	7'850
Shareholder loans	15'000	0
Financial liabilities from finance lease	45	110
<b>Total non-current financial liabilities</b>	<b>24'545</b>	<b>97'460</b>

In the year under review, the agreed amortization of TCHF 250 (previous year: TCHF 1'500) was paid on the mortgage loan.

For the payment of the acquisition of Somerset Hardwood Flooring Inc. at the end of April, bank loans of TCHF 45'000 were taken (see also Note 24.6). Further bank loans amounting to TCHF 12'000 were obtained to finance operationally necessary adjustments to current assets.

The shareholder loan existing as of December 31, 2021 was fully amortized in the first quarter of the reporting year (previous year TCHF 10'550). The interest on this loan was 2.75% (previous year 2.75%).

Also, to finance the acquisition mentioned above, two new shareholder loans were taken out:

- TCHF 10'000 (expiry 31 May 2023), interest rate of 1.75%
- TCHF 15'000 (open expiry), which is subordinated to the bank loans and has an interest rate of 2.75%

The intention is to replace the bond expiring in May with bank loans of the same amount and to extend the final maturity of the bank loans expiring in 2023 and the short-term shareholder loan.

**17. Accounts payable**

	<b>31.12.22</b>	<b>31.12.21</b>
Accounts payable, third parties	11'214	14'060
<b>Total</b>	<b>11'214</b>	<b>14'060</b>

**18. Other current liabilities**

Other current liabilities are made up of the following:

	<b>31.12.22</b>	<b>31.12.21</b>
Social security	2'412	1'827
VAT / import tax	1'177	3'739
Prepayments from customers	723	1'455
Related parties	424	0
Other	2'315	974
<b>Total</b>	<b>7'051</b>	<b>7'995</b>

The liabilities to related parties are the interest on shareholder loans calculated as of 31 December 2022 in the amount of TCHF 424 (previous year TCHF 0).

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

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**19. Other non-current liabilities**

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

	<b>31.12.22</b>	<b>31.12.21</b>
Liabilities from grants and subsidies	63	177
<b>Total</b>	<b>63</b>	<b>177</b>

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

**20. Accrued liabilities and deferred income**

	<b>31.12.22</b>	<b>31.12.21</b>
Current tax on income	1'643	3'127
Sales deductions	2'232	2'013
Personnel	5'479	5'898
Energy and fuel	117	18
Repair and maintenance	206	16
Insurances and fees	79	54
Rental and leasing	115	106
Office and administration	378	317
Marketing and distribution	666	629
Interest	912	932
Other	1'108	877
<b>Total</b>	<b>12'935</b>	<b>13'987</b>

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 as well as other personnel expenses.

The accruals reported under the position "Other expenses" mainly comprise other expenses not yet charged as of year-end. These items can fluctuate considerably depending on the settlement. This includes expenses deferred in the reporting year for the detailed review of possible acquisition objects in the amount of TCHF 801. In the comparative year, this includes state in Croatia amounting to TCHF 417 and TCHF 393 for the compensation claim due to the termination of the contract with a sales representative of the Boen brand in Austria.

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**21. Development of provisions**

Provisions have developed as follows

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2022
<b>Opening balance</b>	<b>1'268</b>	<b>171</b>	<b>7'136</b>	<b>2'572</b>	<b>11'147</b>
Changes in scope of consolidation	78	0	8'254	1'847	10'179
Creation	4	34	678	81	798
Utilisation	-52	0	-307	-770	-1'128
Release	-20	0	-65	-23	-108
Exchange differences	-2	-9	-393	-134	-538
<b>As of 31.12.22</b>	<b>1'276</b>	<b>196</b>	<b>15'304</b>	<b>3'573</b>	<b>20'350</b>
<b>Thereof, current</b>	<b>646</b>	<b>0</b>	<b>34</b>	<b>100</b>	<b>780</b>
<b>Thereof, non-current</b>	<b>630</b>	<b>196</b>	<b>15'270</b>	<b>3'474</b>	<b>19'570</b>

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2021
<b>Opening balance</b>	<b>777</b>	<b>132</b>	<b>7'441</b>	<b>2'434</b>	<b>10'785</b>
Creation	502	46	294	207	1'049
Utilisation	-5	0	-314	0	-319
Release	-5	0	-285	-33	-323
Exchange differences	-1	-7	0	-37	-45
<b>As of 31.12.21</b>	<b>1'268</b>	<b>171</b>	<b>7'136</b>	<b>2'572</b>	<b>11'147</b>
<b>Thereof, current</b>	<b>627</b>	<b>0</b>	<b>118</b>	<b>125</b>	<b>870</b>
<b>Thereof, non-current</b>	<b>641</b>	<b>171</b>	<b>7'018</b>	<b>2'447</b>	<b>10'277</b>

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

Other provisions are made up of the following:

	31.12.22	31.12.21
Severance pay, bonuses, length of service and anniversaries	967	1'126
Repair / restoration of leased premises	475	475
Repair / restoration property St. Margrethen	278	461
Agreed purchase price of Boen Sverige AB	0	507
Agreed purchase price of Bauwerk Group US LLC	1'754	0
Other	99	3
<b>Total</b>	<b>3'573</b>	<b>2'572</b>

In the reporting year, the final tranche of the conditional purchase price for Boen Sverige AB was paid out in the amount of TCHF 323 (previous year TCHF 110) and offset against the existing provision. The remaining provision was reversed when the final tranche was paid out.

Other provisions now include TCHF 1'754 for future contingent purchase price payments for Somerset Hardwood Flooring Inc., which was acquired on May 1, 2022 (see also note 24.6).

## 22. Own shares

Own shares / value (in TCHF)

	2022	2021
1 January	2'832	994
Repurchases	75	1'837
Sales	0	0
<b>31 December</b>	<b>2'907</b>	<b>2'832</b>

Own shares / number

	2022	2021
1 January	939'402	342'882
Repurchases	32'595	596'520
Sales	0	0
<b>31 December</b>	<b>971'997</b>	<b>939'402</b>

As of 31 December 2022, the Company holds 971'997 own registered shares with a nominal value of CHF 1.00 each (previous year: 939'402 own registered shares). The total acquisition costs amount to TCHF 2'907 (previous year TCHF 2'831) and are shown separately in the equity. During the reporting year, 32'595 own registered shares were acquired at an average transaction price of CHF 2.30 per share

## 23. Result per share in CHF

	31.12.22	31.12.21
Net result shareholders Bauwerk Group AG in TCHF	8'159	16'466
Net result per share in CHF	0.11	0.22
Average number of shares outstanding *)	75'438'398	75'945'885

\*) diluted and undiluted

## 24. Further information

### 24.1 Pledged assets

To collateralise the mortgage loan (see note 16) in the amount of TCHF 9'750 (previous year TCHF 10'00), the real estate with a book value of TCHF 36'117 (previous year TCHF 35'988) is pledged as of year-end 2022.

### 24.2 Lease liabilities (operating leases)

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

	31.12.22	31.12.21
Up to 12 months (2023)	1'933	2'289
12 – 24 months (2024)	1'392	1'533
25 – 36 months (2025)	898	1'036
37 – 48 months (2026)	565	670
Later	431	414
<b>Total</b>	<b>5'219</b>	<b>5'942</b>

### 24.3 Contingent assets and contingent liabilities

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

	31.12.22	31.12.21
Other guarantees	77	632
<b>Total</b>	<b>77</b>	<b>632</b>

For the most part, these are guarantees granted to lessors for long-term lease contracts for exhibitions, warehouse space, etc. Within the reporting year, the guarantee of TCHF 561 given to the Croatian subsidiary in the previous year for state subsidies due to investments in high-tech was cancelled.

#### 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 Group Schweiz AG, St. Margrethen. This is a defined contribution pension plan. The coverage ratio in accordance with Art. 44(1) of the BVV2 was 135.9% (previous year 149.1%) as of the balance sheet date.

	<b>31.12.22</b>	<b>31.12.21</b>
Liabilities due to social security instruments	439	204
Actuarial excessive cover	11'716	22'575
Current economic benefit/economic obligation	0	0

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

	<b>2022</b>	<b>2021</b>
Costs of employer contributions	1'315	1'291
<b>Pension expenses in personnel expenses</b>	<b>1'315</b>	<b>1'291</b>

#### 24.6 Acquisition and sale of investments

As of May 1, 2022, Somerset Hardwood Flooring, based in Somerset / Kentucky (USA), consisting of the companies listed below, was purchased from private ownership.

- Somerset Hardwood Flooring Inc., US-Somerset KY
- Crossville Hardwoods LLC, US-Crossville TN
- Eagle Hardwoods inc., US-Somerset KY
- Cumberland Fiber Products Inc., US-Somerset KY
- CWC Creditors Inc., US-Somerset KY
- Outdoor Lumber Inc., US-Somerset KY

The current values of the acquired assets and liabilities break down as follows:

	TCHF
Current assets	52'577
Fixed assets	43'704
Current liabilities	-6'239
Non-current liabilities	-10'149
<b>Total net assets (100%)</b>	<b>79'893</b>
Purchase price (96%)	76'082
Less acquired net assets (96%)	-76'732
<b>Badwill</b>	<b>-650</b>
Purchase price (96%)	76'082
Less acquired cash and cash equivalents	-6'582
<b>Net outflow cash</b>	<b>69'500</b>

The transaction resulted in a net badwill of TCHF 650, which was offset against equity at the time of the acquisition. The badwill is released (see shadow calculation in note 24.7) over a period of 5 years.

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 24.7) and will be amortised over a period of 5 years. An impairment test, carried out in the reporting year, revealed a reduction in the outstanding purchase price (previous year TCHF 507) by TCHF 184 to TCHF 323. This final tranche was paid out in December 2022.

## 24.7 Effects of a theoretical activation of the goodwill

Theoretical asset register – Goodwill	2022	2021
<b>Theoretical net book value of goodwill at the beginning of the financial year</b>	<b>6'362</b>	<b>10'644</b>
<b>Acquisition value</b>		
Status at the beginning of the financial year	56'606	56'392
Acquisitions	-650	214
Disposals	-184	0
Adjustments	0	0
<b>Status at the end of the financial year</b>	<b>55'772</b>	<b>56'606</b>
<b>Cum. amortisation</b>		
Status at the beginning of the financial year	-50'244	-45'748
Acquisitions	-4'154	-4'496
Disposals	0	0
<b>Status at the end of the financial year</b>	<b>-54'398</b>	<b>-50'244</b>
<b>Theoretical net book value of goodwill at the end of the financial year</b>	<b>1'374</b>	<b>6'362</b>

The final determination of the (conditional) purchase price of the former Boen Sverige AB in the reporting year led to a disposal of TCHF 184 (see Note 24.6). In the comparative year, an addition of TCHF 214 was recorded.

The badwill arising from the acquisition of Somerset Hardwood Flooring amounts to TCHF 650. The badwill is released over a period of 5 years (see note 24.6).

Effect on equity	2022	2021
<b>Reported equity according to balance sheet</b>	<b>111'476</b>	<b>106'566</b>
Theoretical capitalisation Net book value Goodwill	1'374	6'362
<b>Theoretical equity incl. revaluated Goodwill</b>	<b>112'850</b>	<b>112'928</b>
Theoretical self-financing level	33.54%	43.71%
<b>Impact on operating profit (EBIT)</b>		
Operating profit (EBIT) according to income statement	19'348	24'588
Theoretical amortization goodwill	-4'154	-4'496
<b>Operating profit (EBIT) incl. theoretical amortization goodwill</b>	<b>15'194</b>	<b>20'092</b>

## 24.8 Minority interests

3.96% of the shares in the group company Bauwerk Group US LLC are held by third parties.

## 24.9 Events after the balance sheet date

Until the approval of the consolidated financial statement by the Board of Directors on 15 March 2023, no significant events occurred that could affect the informative value of the 2022 financial statements or that would need to be disclosed here.

*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.*