



Grohe A/S

Sluseholmen 8, 2.
2450 København SV
CVR No. 52503310

Annual report 01.04.2020 - 31.03.2021

The Annual General Meeting adopted the
annual report on 09.07.2021

Lars Tinneberg Pedersen
Chairman of the General Meeting

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Entity details

Entity

Grohe A/S

Sluseholmen 8, 2.

2450 København SV

CVR No.: 52503310

Registered office: København

Financial year: 01.04.2020 - 31.03.2021

Board of Directors

Lars Tinneberg Pedersen

Per Olof Jonas Persson Brennwald

Poul Christian Pedersen

Rogier Johan Sebastien van Dis

Executive Board

Rogier Johan Sebastien van Dis

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Grohe A/S for the financial year 01.04.2020 - 31.03.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021.

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

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

Copenhagen, 09.07.2021

Executive Board

Rogier Johan Sebastien van Dis

Board of Directors

Lars Tinneberg Pedersen

Per Olof Jonas Persson Brennwald

Poul Christian Pedersen

Rogier Johan Sebastien van Dis

Independent auditor's report

To the shareholders of Grohe A/S

Opinion

We have audited the financial statements of Grohe A/S for the financial year 01.04.2020 - 31.03.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 09.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Jørgensen Baes

State Authorised Public Accountant
Identification No (MNE) mne14956

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	472,808	429,307	435,781	404,872	324,275
Gross profit/loss	138,804	137,365	137,361	126,477	104,977
Operating profit/loss	13,515	16,830	17,151	15,695	11,975
Net financials	1,033	(3,910)	(1,431)	(3,522)	(1,597)
Profit/loss for the year	10,753	9,552	12,130	10,300	7,470
Total assets	176,815	152,790	162,866	121,260	108,635
Investments in property, plant and equipment	4,377	4,699	6,465	4,539	6,709
Equity	43,275	33,237	30,361	25,609	21,632
Ratios					
Gross margin (%)	29.36	32.00	31.52	31.24	32.37
Net margin (%)	2.27	2.22	2.78	2.54	2.30
Return on equity (%)	28.11	30.04	43.34	43.61	36.90
Equity ratio (%)	24.47	21.75	18.64	21.12	19.91

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

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The object of GROHE A/S is to sell and market sanitary fittings and accessories domestically and abroad as well as related activities.

For more than 20 years GROHE A/S has operated as the Nordic center of excellence in charge of the markets in Denmark, Norway, Sweden, Finland & Iceland in the areas of management, economics, marketing, logistics and service.

Development in activities and finances

In 2020/21, the Company's revenue was DKK 472,808 thousand against DKK 429,308 thousand the year before. The increase in turnover was at a very satisfying level and it helped to further strengthen the Company's position in the Nordic markets. The income statement for 2020/21 shows a profit of DKK 10,753 thousand against a profit of DKK 9,552 thousand in 2019/20, which is considered satisfactory as the Company continued its investments to further gain market shares in the future. According to the annual report for 2019/20, Management forecasted a profit before tax at the level of DKK 10-15 million.

Outlook

Profit before tax for 2021/22 is expected to reach a level of DKK 12-17 million.

Particular risks

The Company's activities are not associated with any particular risks in the industry.

Intellectual capital resources

The Company's long-standing activities on the market for sales and marketing of sanitary fittings have built skilled and experienced members of staff.

Environmental performance

The Company's impact on the external environment is considered limited.

Foreign branches

The Company has established branches in Norway and Sweden and has a permanent establishment in Finland.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The spread of COVID-19 virus did not substantially affect the Company's activities in 2020/21 and is also not expected to negatively influence the performance in 2021/22.

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue		472,807,793	429,307,062
Cost of sales		(334,004,271)	(291,941,768)
Gross profit/loss		138,803,522	137,365,294
Distribution costs		(81,722,710)	(84,634,625)
Administrative expenses		(43,723,265)	(35,900,370)
Other operating income	2	157,771	0
Operating profit/loss		13,515,318	16,830,299
Other financial income	3	4,128,528	1,602,144
Other financial expenses	4	(3,096,014)	(5,511,703)
Profit/loss before tax		14,547,832	12,920,740
Tax on profit/loss for the year	5	(3,794,567)	(3,369,088)
Profit/loss for the year	6	10,753,265	9,551,652

Balance sheet at 31.03.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Other fixtures and fittings, tools and equipment		9,389,406	10,023,052
Property, plant and equipment	7	9,389,406	10,023,052
Deposits		450,401	0
Financial assets	8	450,401	0
Fixed assets		9,839,807	10,023,052
Manufactured goods and goods for resale		7,531,840	8,018,999
Inventories		7,531,840	8,018,999
Trade receivables		77,443,259	111,541,492
Receivables from group enterprises		19,888,338	859,193
Deferred tax	9	1,054,369	628,909
Other receivables		1,072,213	1,001,423
Tax receivable		0	223,386
Prepayments	10	1,015,961	1,148,763
Receivables		100,474,140	115,403,166
Cash		58,969,417	19,344,301
Current assets		166,975,397	142,766,466
Assets		176,815,204	152,789,518

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital	11	2,500,000	2,500,000
Retained earnings		10,774,859	30,737,006
Proposed dividend		30,000,000	0
Equity		43,274,859	33,237,006
Trade payables		16,569,953	8,344,102
Payables to group enterprises		45,675,267	39,475,900
Tax payable		1,680,979	0
Other payables	12	69,614,146	71,732,510
Current liabilities other than provisions		133,540,345	119,552,512
Liabilities other than provisions		133,540,345	119,552,512
Equity and liabilities		176,815,204	152,789,518
Staff costs	1		
Unrecognised rental and lease commitments	13		
Related parties with controlling interest	14		
Non-arm's length related party transactions	15		
Group relations	16		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2,500,000	30,737,006	0	33,237,006
Exchange rate adjustments	0	(715,412)	0	(715,412)
Profit/loss for the year	0	(19,246,735)	30,000,000	10,753,265
Equity end of year	2,500,000	10,774,859	30,000,000	43,274,859

Notes

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	53,619,650	52,124,455
Pension costs	6,305,363	7,030,098
Other social security costs	2,772,622	2,730,779
Other staff costs	396,793	803,986
	63,094,428	62,689,318
Average number of full-time employees	99	93

According to section 98b (3) (2) of the Danish Financial Statements Act, remuneration to management is not disclosed.

2 Other operating income

Other operating income solely consist of extraordinary COVID19-compensation for incurred costs in Sweden and Norway.

3 Other financial income

	2020/21 DKK	2019/20 DKK
Other interest income	5,285	6,688
Exchange rate adjustments	4,123,243	1,595,456
	4,128,528	1,602,144

4 Other financial expenses

	2020/21 DKK	2019/20 DKK
Other interest expenses	422,316	239,688
Exchange rate adjustments	2,467,086	5,044,105
Other financial expenses	206,612	227,910
	3,096,014	5,511,703

5 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	3,332,592	3,074,928
Change in deferred tax	515,684	246,819
Adjustment concerning previous years	(53,709)	47,341
	3,794,567	3,369,088

6 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Ordinary dividend for the financial year	30,000,000	0
Retained earnings	(19,246,735)	9,551,652
	10,753,265	9,551,652

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	17,155,128
Exchange rate adjustments	524,604
Additions	4,376,794
Disposals	(5,947,617)
Cost end of year	16,108,909
Depreciation and impairment losses beginning of year	(7,132,076)
Exchange rate adjustments	(169,224)
Depreciation for the year	(3,781,043)
Reversal regarding disposals	4,362,840
Depreciation and impairment losses end of year	(6,719,503)
Carrying amount end of year	9,389,406

8 Financial assets

	Deposits DKK
Additions	450,401
Cost end of year	450,401
Carrying amount end of year	450,401

9 Deferred tax

	2020/21 DKK	2019/20 DKK
Property, plant and equipment	122,740	562,909
Inventories	787,347	0
Receivables	78,282	0
Liabilities other than provisions	66,000	66,000
Deferred tax	1,054,369	628,909

Changes during the year	2020/21 DKK
Beginning of year	628,909
Recognised in the income statement	515,684
Recognised directly in equity	(90,224)
End of year	1,054,369

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

11 Share capital

	Number	Par value DKK	Nominal value DKK
Shares	100	10,000	1,000,000
Shares	4	50,000	200,000
Shares	2	100,000	200,000
Shares	3	200,000	600,000
Shares	100	500	500,000
	209		2,500,000

12 Other payables

	2020/21 DKK	2019/20 DKK
VAT and duties	8,370,000	16,331,023
Wages and salaries, personal income taxes, social security costs, etc payable	2,461,984	1,145,728
Holiday pay obligation	9,504,828	8,390,737
Other costs payable	49,277,334	45,865,022
	69,614,146	71,732,510

13 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	16,680,002	9,019,282

14 Related parties with controlling interest

Grohe International GmbH, Germany

15 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No

such transactions have been conducted in the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
LIXIL Corporation, 36F, Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, 100-6036 Tokyo, Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Grohe International GmbH, Feldmühleplatz 15, 40545 Düsseldorf, Germany

Accounting policies

Reporting class

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

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

The financial statements are presented in DKK.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

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

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

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

Income statement

Revenue

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

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

Other financial income

Other financial income comprises net capital or exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

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

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

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

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement as such statement is prepared by the Parent.