



Grohe A/S

Ved Stigbordene 32, 2.
2450 Copenhagen
CVR No. 52503310

Annual report 01.04.2021 - 31.03.2022

The Annual General Meeting adopted the
annual report on 29.08.2022

Lars Tinneberg Pedersen
Chairman of the General Meeting

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Entity details

Entity

Grohe A/S

Ved Stigbordene 32, 2.

2450 Copenhagen

Business Registration No.: 52503310

Registered office: Copenhagen

Financial year: 01.04.2021 - 31.03.2022

Board of Directors

Poul Christian Pedersen

Rogier Johan Sebastien van Dis

Lars Tinneberg Pedersen

Per Olof Jonas Persson Brennwald

Executive Board

Rogier Johan Sebastien van Dis, CEO

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 01.04.2021 - 31.03.2022.

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 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022.

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

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

Copenhagen, 24.08.2022

Executive Board

Rogier Johan Sebastien van Dis
CEO

Board of Directors

Poul Christian Pedersen

Rogier Johan Sebastien van Dis

Lars Tinneberg Pedersen

Per Olof Jonas Persson Brennwald

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 01.04.2021 - 31.03.2022, 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 31.03.2022 and of the results of its operations for the financial year 01.04.2021 - 31.03.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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, 24.08.2022

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

	2021/22	2020/21	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	542,425	472,808	429,307	435,781	404,872
Gross profit/loss	153,672	138,804	137,365	137,361	126,477
Operating profit/loss	17,696	13,515	16,830	17,151	15,695
Net financials	(1,808)	1,033	(3,910)	(1,431)	(3,522)
Profit/loss for the year	12,330	10,753	9,552	12,130	10,300
Total assets	173,154	156,972	152,790	162,866	121,260
Investments in property, plant and equipment	3,969	4,377	4,699	6,465	4,539
Equity	25,576	43,275	33,237	30,361	25,609
Ratios					
Gross margin (%)	28.33	29.36	32.00	31.52	31.24
Net margin (%)	2.27	2.27	2.22	2.78	2.54
Return on equity (%)	35.82	28.11	30.04	43.34	21.11
Equity ratio (%)	14.77	27.57	21.75	18.64	21.12

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 2021/22, the Company's revenue was DKK 542,425 thousand against DKK 472,808 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 2021/22 shows a profit of DKK 12,330 thousand against a profit of DKK 10,753 thousand in 2020/21, which is considered satisfactory as the Company continued its investments to further gain market shares in the future. According to the annual report for 2020/21, Management forecasted a profit before tax at the level of DKK 12-17 million.

Profit/loss for the year in relation to expected developments

The result for 2021/21 is in line with the expectation mentioned in the annual report for 2020/21.

Outlook

Profit before tax for 2022/23 is expected to reach a level of DKK 10-15 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.

Knowledge 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.

Statutory report on corporate social responsibility

The Company refers to the CSR and sustainability policies of its parent company GROHE AG in Germany. More information can be found via the following link: <https://www.grohe.com/en/corporate/about-company/sustainability/social-projects/>

Statutory report on the underrepresented gender

Diversity and inclusion is one of the most important focus areas for the Company. More specifically the Company's strategy is to build an inclusive workplace for everyone, everywhere, regardless of gender identity, age, family or parental status, disability, ethnicity, race, sexual orientation or any other valued differences. The

Company has at a global level set a goal to have a 50:50 gender ratio for Directors and Executive Officers as well as 30% female representation in managerial positions. The Company has locally already achieved a 50:50 gender ratio measured on all fulltime and part-time employees. The Company also already has a small predominance of women being in leading positions. Leading position is defined when having minimum 1 fulltime direct report.

Statutory report on data ethics policy

The Company refers to the data ethics policy of its parent company GROHE AG in Germany. More information can be found via the following link: <https://www.grohe.com/en/corporate/privacy.html>.

Events after the balance sheet date

No events have occurred after the balance sheet to this date which would influence the evaluation of this annual report.

Income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Revenue	1	542,424,846	472,807,793
Cost of sales		(388,753,188)	(334,004,271)
Gross profit/loss		153,671,658	138,803,522
Distribution costs		(88,438,386)	(81,722,710)
Administrative expenses	2	(47,537,134)	(43,723,265)
Other operating income		0	157,771
Operating profit/loss		17,696,138	13,515,318
Other financial income	4	3,416,241	4,128,528
Other financial expenses	5	(5,224,648)	(3,096,014)
Profit/loss before tax		15,887,731	14,547,832
Tax on profit/loss for the year	6	(3,557,697)	(3,794,567)
Profit/loss for the year	7	12,330,034	10,753,265

Balance sheet at 31.03.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Other fixtures and fittings, tools and equipment		9,420,149	9,389,406
Property, plant and equipment	8	9,420,149	9,389,406
Deposits		1,672,814	1,522,614
Financial assets	9	1,672,814	1,522,614
Fixed assets		11,092,963	10,912,020
Manufactured goods and goods for resale		11,976,542	7,531,840
Inventories		11,976,542	7,531,840
Trade receivables		105,457,685	77,443,259
Receivables from group enterprises		24,667,332	44,768
Deferred tax	10	1,318,225	1,054,369
Tax receivable		3,036,110	0
Prepayments	11	1,825,422	1,015,961
Receivables		136,304,774	79,558,357
Cash		13,779,642	58,969,417
Current assets		162,060,958	146,059,614
Assets		173,153,921	156,971,634

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital	12	2,500,000	2,500,000
Retained earnings		13,075,918	10,774,859
Proposed dividend		10,000,000	30,000,000
Equity		25,575,918	43,274,859
Trade payables		11,298,945	16,569,953
Payables to group enterprises		48,645,716	25,831,697
Tax payable		1,431,510	1,680,979
Other payables	13	86,201,832	69,614,146
Current liabilities other than provisions		147,578,003	113,696,775
Liabilities other than provisions		147,578,003	113,696,775
Equity and liabilities		173,153,921	156,971,634
Staff costs	3		
Unrecognised rental and lease commitments	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	2,500,000	10,774,859	30,000,000	43,274,859
Ordinary dividend paid	0	0	(30,000,000)	(30,000,000)
Exchange rate adjustments	0	(28,975)	0	(28,975)
Profit/loss for the year	0	2,330,034	10,000,000	12,330,034
Equity end of year	2,500,000	13,075,918	10,000,000	25,575,918

Notes

1 Revenue

Grohe A/S is part of the international Grohe Group. The company is a distribution channel for sales to the Nordic market. The company has therefore only sales to nordic countries.

2 Fees to the auditor appointed by the Annual General Meeting

Referring to section 96(3) of the Danish Financial Statements Act, the Company has not prepared the note regarding the fees to the auditor appointed by the general meeting, since it has been included in the consolidated financial statements prepared by the smallest group.

3 Staff costs

	2021/22	2020/21
	DKK	DKK
Wages and salaries	61,219,169	53,619,650
Pension costs	7,980,327	6,305,363
Other social security costs	3,340,000	2,772,622
Other staff costs	793,216	396,793
	73,332,712	63,094,428
Average number of full-time employees	115	99

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

4 Other financial income

	2021/22	2020/21
	DKK	DKK
Other interest income	1,307	5,285
Exchange rate adjustments	3,414,934	4,123,243
	3,416,241	4,128,528

5 Other financial expenses

	2021/22	2020/21
	DKK	DKK
Other interest expenses	439,636	422,316
Exchange rate adjustments	4,647,545	2,467,086
Other financial expenses	137,467	206,612
	5,224,648	3,096,014

6 Tax on profit/loss for the year

	2021/22	2020/21
	DKK	DKK
Current tax	3,925,431	3,332,592
Change in deferred tax	(263,856)	515,684
Adjustment concerning previous years	(103,878)	(53,709)
	3,557,697	3,794,567

7 Proposed distribution of profit and loss

	2021/22	2020/21
	DKK	DKK
Ordinary dividend for the financial year	10,000,000	30,000,000
Retained earnings	2,330,034	(19,246,735)
	12,330,034	10,753,265

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	16,108,909
Exchange rate adjustments	(7,112)
Additions	3,969,174
Disposals	(714,962)
Cost end of year	19,356,009
Depreciation and impairment losses beginning of year	(6,719,503)
Exchange rate adjustments	2,580
Depreciation for the year	(3,642,030)
Reversal regarding disposals	423,093
Depreciation and impairment losses end of year	(9,935,860)
Carrying amount end of year	9,420,149

9 Financial assets

	Deposits DKK
Cost beginning of year	1,522,614
Exchange rate adjustments	10,755
Additions	139,445
Cost end of year	1,672,814
Carrying amount end of year	1,672,814

10 Deferred tax

	2021/22 DKK	2020/21 DKK
Property, plant and equipment	137,810	122,740
Inventories	1,107,156	787,347
Receivables	7,259	78,282
Liabilities other than provisions	66,000	66,000
Deferred tax	1,318,225	1,054,369

Changes during the year	2021/22 DKK
Beginning of year	1,054,369
Recognised in the income statement	263,856
End of year	1,318,225

Deferred tax assets

Deferred tax assets consists of temporary differences between accounting values and tax values of certain assets and liabilities as specified above. Management expects to be able to take advantage of the temporary difference in the near future.

11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

12 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

13 Other payables

	2021/22 DKK	2020/21 DKK
VAT and duties	11,191,894	8,370,000
Wages and salaries, personal income taxes, social security costs, etc payable	1,575,467	2,461,984
Holiday pay obligation	7,090,005	9,504,828
Other costs payable	66,344,466	49,277,334
	86,201,832	69,614,146

14 Unrecognised rental and lease commitments

	2021/22	2020/21
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	19,935,671	16,680,002

15 Related parties with controlling interest

Grohe International GmbH, Feldmühleplatz 15, 40545 Düsseldorf, Germany

16 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.

17 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 presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

The financial statements are presented in DKK.

When presenting the financial statements, management has identified that the comparative figures did not include elimination of internal accounts with branches in the balance sheet. Reclassifications in the comparative figures for DKK 17.6 million have been made on the presentation of the financial statements, so that the comparative figures in the balance sheet has decreased by this amount.

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.