

## **GROHE A/S**

**Ved Stigbordene 32, 2. th 2450 Copenhagen**

**CVR NR. 52 50 33 10**

---

**Annual report 01.04.2022 - 31.03.2023**

---

**The Annual General Meeting adopted  
the annual report on 08.09.2023**

*Lars Pedersen*

---

**Lars Tinneberg Pedersen**  
Chairman of the General Meeting

## TABLE OF CONTENTS

	Page
Entity details	2
Management Statement	3
Independent auditor's reports	4
Management commentary	7
Income statement	10
Balance sheet	11
Statement of changes in equity for 2022/23	13
Notes	14
Accounting policies applied	19

## ENTITY DETAILS

### **Entity**

Grohe A/S

Ved Stigbordene 32, 2. th

2450 Copenhagen SV

Business Registration No.: 52503310

Registered office: Copenhagen

Financial year: 01.04.2022 - 31.03.2023

### **Board of Directors**

Poul Christian Pedersen

Rogier Johan Sebastien van Dis

Lars Tinneberg Pedersen

### **Executive Board**

Rogier Johan Sebastien van Dis, CEO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

## STATEMENT BY MANAGEMENT

The Executive Board has today considered and approved the annual report of Grohe A/S for the financial year 01.04.2022 - 31.03.2023.

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 31.03.2023 and of the results of its operations for the financial year 01.04.2022 - 31.03.2023.

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, 08.09.2023

### Executive Board

*Rogier van Dis*

**Rogier Johan Sebastien van Dis**  
CEO

### Board of Directors

*Poul Christian Pedersen*

**Poul Christian Pedersen**

*Rogier van Dis*

**Rogier Johan Sebastien van Dis**

*Lars Pedersen*

**Lars Tinneberg Pedersen**

# 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 01.04.2022 - 31.03.2023, 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 01.04.2022 - 31.03.2023 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

## INDEPENDENT AUDITOR'S REPORT

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.

## INDEPENDENT AUDITOR'S REPORT

### 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, 08.09.2023

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

*Jan Larsen*

Jan Larsen  
State-Authorised Public Accountant  
Identification number (MNE) mne16541

## MANAGEMENT COMMENTARY

### Financial Highlights

DKK'000

Key figures:	2022/23	2021/22	2020/21	2019/20	2018/19
Revenue	492.136	542.425	472.808	429.307	435.781
Gross profit	145.050	153.672	138.804	137.365	137.361
Operating profit	16.827	17.696	13.515	16.830	17.151
Net financials	-4.789	-1.808	1.033	-3.910	-1.431
Profit for the year	9.633	12.330	10.753	9.552	12.130
Total assets	150.184	173.154	156.972	152.790	162.866
Investments in property, plant and equipment	4.997	3.969	4.377	4.699	6.465
Equity	25.066	25.576	43.275	33.237	30.361
<b>Ratios (%):</b>					
Gross margin (%)	29,47	28,33	29,36	32,00	31,52
Net margin (%)	1,96	2,27	2,27	2,22	2,78
Return on equity (%)	38,04	35,82	28,11	30,04	43,34
Equity ratio (%)	16,69	14,77	27,57	21,75	18,64

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

#### Gross margin (%):

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

#### Net margin (%):

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

#### Return on equity (%):

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

#### Equity ratio (%):

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



## MANAGEMENT COMMENTARY

### **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 2022/23, the Company's revenue was DKK 492,136 thousand against DKK 542,425 thousand the year before. The decrease in turnover was caused by macro economic changes that led to delay of projects and less consumer spend in general. The income statement for 2022/23 shows a profit of DKK 9,633 thousand against a profit of DKK 12,330 thousand in 2021/22, which is considered satisfactory in a difficult market. According to the annual report for 2021/22, Management forecasted a profit before tax at the level of DKK 10-17 million.

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

The result for 2022/23 is in line with the expectation mentioned in the annual report for 2021/22.

### **Outlook**

Profit before tax for 2023/24 is expected to reach a level of DKK 7-12 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.**

### **Corporate social responsibility policies**

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/>

## **MANAGEMENT COMMENTARY**

### **Statement of 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>

### **Statement of 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.

### **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 to this date which would influence the evaluation of this annual report.

## INCOME STATEMENT FOR 2022/23

<u>Note</u>		2022/23	2021/22
		<u>DKK</u>	<u>DKK</u>
1	Revenue	492.135.908	542.424.846
	Cost of sales	<u>-347.085.890</u>	<u>-388.753.188</u>
	Gross profit	145.050.018	153.671.658
	Distribution costs	-88.616.161	-88.438.386
2	Administrative expenses	<u>-39.606.732</u>	<u>-47.537.134</u>
	Operating profit	16.827.125	17.696.138
4	Other financial income	3.937.246	3.416.241
5	Other financial expenses	<u>-8.725.813</u>	<u>-5.224.648</u>
	Profit before tax	12.038.558	15.887.731
6	Tax on profit for the year	<u>-2.405.473</u>	<u>-3.557.697</u>
7	<b>Profit for the year</b>	<b><u>9.633.085</u></b>	<b><u>12.330.034</u></b>

**BALANCE SHEET AT 31.03.2023****ASSETS**

<u>Note</u>	2022/23	2021/22
	<u>DKK</u>	<u>DKK</u>
Other fixtures and fittings, tools and equipment	<u>9.741.771</u>	<u>9.420.149</u>
8 PROPERTY, PLANT AND EQUIPMENT	<u>9.741.771</u>	<u>9.420.149</u>
Deposits	<u>1.647.092</u>	<u>1.672.814</u>
9 FINANCIAL ASSETS	<u>1.647.092</u>	<u>1.672.814</u>
<b>TOTAL FIXED ASSETS</b>	<u><b>11.388.863</b></u>	<u><b>11.092.963</b></u>
Manufactured goods and goods for resale	<u>10.957.986</u>	<u>11.976.542</u>
INVENTORIES	<u>10.957.986</u>	<u>11.976.542</u>
Trade receivables	102.881.921	105.457.685
Receivables from group enterprises	72.803	24.667.332
10 Deferred tax	1.511.211	1.318.225
Tax receivable	739.020	3.036.110
11 Prepayments	<u>1.769.610</u>	<u>1.825.422</u>
RECEIVABLES	<u>106.974.565</u>	<u>136.304.774</u>
CASH	<u>20.863.063</u>	<u>13.779.642</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>138.795.614</b></u>	<u><b>162.060.958</b></u>
<b>TOTAL ASSETS</b>	<u><b>150.184.477</b></u>	<u><b>173.153.921</b></u>

**BALANCE SHEET AT 31.03.2023****EQUITY AND LAIBILITIES**

<u>Note</u>	2022/23	2021/22
	<u>DKK</u>	<u>DKK</u>
12 Contributed capital	2.500.000	2.500.000
Proposed dividend	0	10.000.000
Retained earnings	<u>22.566.090</u>	<u>13.075.918</u>
<b>EQUITY</b>	<b><u>25.066.090</u></b>	<b><u>25.575.918</u></b>
Trade payables	11.398.888	11.298.945
Payables to group enterprises	41.858.245	48.645.716
Tax payable	1.301.119	1.431.510
13 Other payables	<u>70.560.135</u>	<u>86.201.832</u>
<b>CURRENT LIABILITIES OTHER THAN PROVISIONS</b>	<b><u>125.118.387</u></b>	<b><u>147.578.003</u></b>
<b>LIABILITIES OTHER THAN PROVISIONS</b>	<b><u>125.118.387</u></b>	<b><u>147.578.003</u></b>
<b>LIABILITIES AND EQUITY</b>	<b><u>150.184.477</u></b>	<b><u>173.153.921</u></b>
3 Staff costs		
14 Unrecognised rental and lease commitments		
15 Related parties with controlling interest		
16 Non-arm's length related party transactions		
17 Group Relations		

## STATEMENT OF CHANGES IN EQUITY FOR 2022/23

	<b>Contributed capital <u>DKK</u></b>	<b>Retained earnings <u>DKK</u></b>	<b>Proposed dividend <u>DKK</u></b>	<b>Total <u>DKK</u></b>
Equity beginning of year	2.500.000	13.075.918	10.000.000	25.575.918
Ordinary dividend paid	0	0	-10.000.000	-10.000.000
Exchange rate adjustments	0	-142.913	0	-142.913
Profit/loss for the year	0	9.633.085	0	9.633.085
<b>Equity end of year</b>	<b><u>2.500.000</u></b>	<b><u>22.566.090</u></b>	<b><u>0</u></b>	<b><u>25.066.090</u></b>

## 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.

	2022/23	2021/22
	<u>DKK</u>	<u>DKK</u>
<b>3 Staff costs</b>		
Wages and salaries	54.693.109	61.219.169
Pension costs	8.345.527	7.980.327
Other social security costs	3.598.604	3.340.000
Other staff costs	<u>971.451</u>	<u>793.216</u>
	<u>67.608.691</u>	<u>73.332.712</u>
Average number of full-time employees	<u>122</u>	<u>115</u>

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

**4 Other financial income**

Other interest income	15.705	1.307
Exchange rate adjustments	<u>3.921.541</u>	<u>3.414.934</u>
	<u>3.937.246</u>	<u>3.416.241</u>

**5 Other financial expenses**

Other interest expenses	431.311	439.636
Exchange rate adjustments	8.152.527	4.647.545
Other financial expenses	<u>141.975</u>	<u>137.467</u>
	<u>8.725.813</u>	<u>5.224.648</u>

## NOTES

	2022/23	2021/22
	<u>DKK</u>	<u>DKK</u>
<b>6 Tax on profit for the year</b>		
Current tax	2.805.151	3.925.431
Change in deferred tax	280.281	-263.856
Adjustment concerning previous years	-679.959	-103.878
	<u>2.405.473</u>	<u>3.557.697</u>
<b>7 Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	10.000.000
Retained earnings	9.633.085	2.330.034
	<u>9.633.085</u>	<u>12.330.034</u>
<b>8 Property, plant and equipment</b>		Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost beginning of year		19.356.009
Exchange rate adjustments		-513.359
Additions		4.996.734
Disposals		-3.539.755
Cost end of year		<u>20.299.629</u>
Depreciation and impairment losses beginning of year		-9.935.860
Exchange rate adjustments		258.869
Depreciation for the year		-4.078.684
Reversal regarding disposals		3.197.817
Depreciation and impairment losses end of year		<u>-10.557.858</u>
Carrying amount end of year		<u>9.741.771</u>



## NOTES

**9 Financial assets**

	Deposits <u>DKK</u>
Cost beginning of year	1.672.814
Exchange rate adjustments	-84.875
Additions	<u>59.153</u>
Carrying amount end of year	<u>1.647.092</u>

**10 Deferred tax**

	2022/23 <u>DKK</u>	2021/22 <u>DKK</u>
Property, plant and equipment	643.589	137.810
Inventories	700.767	1.107.156
Receivables	34.855	7.259
Liabilities other than provisions	<u>132.000</u>	<u>66.000</u>
	<u>1.511.211</u>	<u>1.318.225</u>
<b>Changes during the year</b>		
Beginning of year	1.318.225	1.054.369
Exchange rate adjustment	-87.295	0
Recognised in the income statement	<u>280.281</u>	<u>263.856</u>
	<u>1.511.211</u>	<u>1.318.225</u>

**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 advantage of the temporary difference in the near future.

**11 Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years.

## NOTES

**12 Share capital**

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
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	5.000	500.000
	<u>209</u>		<u>2.500.000</u>

**13 Other payables**

	<u>2022/23 DKK</u>	<u>2021/22 DKK</u>
VAT and duties	12.847.781	11.191.894
Wages and salaries, personal income taxes, social security costs, etc	1.475.584	1.575.467
Holiday pay obligation	7.622.094	7.090.005
Other costs payable	48.614.676	66.344.466
	<u>70.560.135</u>	<u>86.201.832</u>

**14 Unrecognised rental and lease commitments**

	<u>DKK</u>	<u>DKK</u>
Liabilities under rental or lease agreements until maturity in total	14.079.636	19.935.671

**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.

## NOTES

### 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,

## ACCOUNTING POLICIES

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

## ACCOUNTING POLICIES

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 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.

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
--	------------

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.

## ACCOUNTING POLICIES

### **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 tax-based value of assets and liabilities, for which the tax-based value of assets 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.

### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

## ACCOUNTING POLICIES APPLIED

### **Other financial liabilities**

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

### **Cash flow statement**

Referring to section 86 of the Danish Financial Statements Act, Grohe A/S has not prepared any cash flow statement.