

SAINT-GOBAIN ABRASIVES A/S

Dybendalsvænget 2, 2630 Taastrup

CVR no. 69 93 14 13

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 13.05.24

Catherine Anne Roe
Dirigent

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The Company

SAINT-GOBAIN ABRASIVES A/S
Dybendalsvænget 2
2630 Taastrup
Tel.: 46 75 52 44
Website: www.s-g-a.dk
Registered office: Taastrup
CVR no.: 69 93 14 13
Financial year: 01.01 - 31.12

Executive Board

Adrian John Hough

Board of Directors

Catherine Anne Roe, chairman
Adrian John Hough
Jörgen Norell
Joakim Anders Baringe

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Bank

Danske Bank

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for SAINT-GOBAIN ABRASIVES A/S.

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 Company's assets, liabilities and financial position as at 31.12.23 and of the results of the Company's activities for the financial year 01.01.23 - 31.12.23.

The annual report is submitted for adoption by the general meeting.

Taastrup, May 13, 2024

Executive Board

Adrian John Hough

Board of Directors

Catherine Anne Roe
Chairman

Adrian John Hough

Jörgen Norell

Joakim Anders Baringe

To the Shareholder of SAINT-GOBAIN ABRASIVES A/S**Opinion**

We have audited the financial statements of SAINT-GOBAIN ABRASIVES A/S for the financial year 01.01.23 - 31.12.23, which include income statement, balance sheet and notes, including accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion the annual accounts give a true and fair view of the Company's assets, liabilities and financial position as at 31.12.23 and of the results of the Company's activities for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We have carried out our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under these standards and requirements are described in more detail in the section "Auditor's responsibilities for the audit of the financial statements" of the audit report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Guidelines for Auditors' Ethical Conduct (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical obligations under these requirements and the IESBA Code.

We are of the opinion that the audit evidence obtained is sufficient and suitable as a basis for our conclusion.

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. Management is also responsible for the internal controls that management deems necessary to prepare annual accounts without material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the Company's ability to continue operations; to disclose matters relating to continued operations, where appropriate; and to prepare the financial statements on the basis of the accounting principle of continued operations, unless the management either intends to liquidate the Company, cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our aim is to obtain a high degree of assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report with a conclusion. A high level of assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with international standards on auditing and the additional requirements applicable in Denmark will always uncover material misstatements, where such exist. Misstatements may arise from fraud or error and may be considered material if they can reasonably be expected to influence, individually or in aggregate, the financial decisions taken by users of financial statements on the basis of the financial statements.

As part of an audit carried out in accordance with international standards on auditing and the additional requirements applicable in Denmark, we make professional assessments and maintain professional skepticism during the audit. In addition,

- we identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to support our conclusion. The risk of not detecting material misstatement caused by fraud is higher than material misstatement caused by error, as fraud may include conspiracy, forgery, deliberate omission, misrepresentation or breach of internal controls.
- we gain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express a conclusion about the effectiveness of the Company's internal control.
- we consider whether the accounting policies applied by management are appropriate and whether the accounting estimates and related information prepared by management are reasonable.
- we conclude whether management's preparation of the financial statements based on the accounting principle of continued operations is appropriate and whether, on the basis of the audit evidence obtained, there are material uncertainties associated with events or circumstances that may create significant doubts about the company's ability to continue operations. If we conclude that there is material uncertainty, we shall disclose in our audit report information to this effect in the financial statements or, if such information is not sufficient, modify our conclusion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may cause the Company to no longer be able to continue operations.

- we consider the overall presentation, structure and content of the financial statements, including the note information, as well as whether the financial statements reflect the underlying transactions and events in such a way as to give a true and fair view thereof

We communicate with senior management about, among other things, the planned scope and timing of the audit as well as significant audit observations, including any significant deficiencies in internal control that we identify during the audit.

Aarhus, May 13, 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorized Public Accountant
MNE-no. mne34459

Jonas Ellevang Andersen
State Authorized Public Accountant
MNE-no. mne50562

Income statement

Note		2023 DKK	2022 DKK
	Gross profit	15,117,370	16,108,279
2	Staff costs	-5,921,575	-5,412,116
	Operating profit	9,195,795	10,696,163
3	Financial income	637,081	838,358
4	Financial expenses	-464,132	-865,524
	Total net financials	172,949	-27,166
	Profit before tax	9,368,744	10,668,997
5	Tax on profit for the year	-2,077,805	-2,347,180
	Profit for the year	7,290,939	8,321,817
Proposed appropriation account			
	Proposed dividend for the financial year	6,562,000	7,491,000
	Retained earnings	728,939	830,817
	Total	7,290,939	8,321,817

Balance sheet

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
	Manufactured goods and goods for resale	431,604	217,611
	Total inventories	431,604	217,611
	Trade receivables	9,615,131	10,771,232
	Receivables from group enterprises	12,820,371	15,314,087
	Other receivables	35,910	35,910
	Prepayments	5,120	25,039
	Total receivables	22,476,532	26,146,268
	Cash	86,053	293,707
	Total current assets	22,994,189	26,657,586
	Total assets	22,994,189	26,657,586

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Share capital	600,000	600,000
	Retained earnings	8,069,214	7,340,275
	Proposed dividend for the financial year	6,562,000	7,491,000
	Total equity	15,231,214	15,431,275
	Trade payables	154,675	318,979
	Payables to group enterprises	1,849,480	1,792,423
	Income taxes	61,124	321,197
	Other payables	5,697,696	8,793,712
	Total short-term payables	7,762,975	11,226,311
	Total payables	7,762,975	11,226,311
	Total equity and liabilities	22,994,189	26,657,586

6 Contingent liabilities

7 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	600,000	7,340,275	7,491,000	15,431,275
Dividend paid	0	0	-7,491,000	-7,491,000
Net profit/loss for the year	0	728,939	6,562,000	7,290,939
Balance as at 31.12.23	600,000	8,069,214	6,562,000	15,231,214

1. Primary activities

The Company's main activity consists of sale of industrial abrasives. The products primarily comprise intragroup products, including Flexovit products and Norton brand.

The Company's products are sold primarily on the Danish market.

	2023 DKK	2022 DKK
2. Staff costs		
Wages and salaries	6,254,126	6,302,783
Pensions	468,798	500,094
Other social security costs	72,201	84,776
Forwarded wages and salaries	-873,550	-1,475,537
Total	5,921,575	5,412,116
Average number of employees during the year	9	10

3. Financial income

Interest, group enterprises	324,727	50,404
Foreign exchange gains	312,354	787,954
Total	637,081	838,358

	2023 DKK	2022 DKK
4. Financial expenses		
Interest, group enterprises	53,832	93,153
Other interest expenses	39,550	1,183
Foreign currency translation adjustments	309	0
Foreign exchange losses	370,441	771,188
Other financial expenses	410,300	772,371
Total	464,132	865,524

5. Tax on profit for the year

Current tax for the year	2,061,124	2,347,180
Adjustment of tax in respect of previous years	16,681	0
Total	2,077,805	2,347,180

6. Contingent liabilities*Lease commitments*

The Company has entered into operational leasing agreements. The total commitments is TDKK 498 over 12 to 31 months from the balance sheet day (2022: TDKK 793).

Other contingent liabilities

The Company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

7. Related parties

Controlling influence	Basis of influence
Saint-Gobain Abrasives S.A., Luxembourg	Parent company
Companie de Saint-Gobain, France	Ultimate parent company

8. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

Change in accounting policies

The Company has changed its accounting policies in the following areas:

Presentation of income/expenses in the income statement

The Company has reclassified expenses associated with other staff costs in the income statement. Other staff costs have previously been classified under "staff costs". From the current year, other staff costs are classified as "other external expenses", as management believes that this will provide a fairer presentation. Comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy has no impact on the net profit or loss for the year, equity or balance sheet total.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange

8. Accounting policies - continued -

rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

LEASES

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

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

8. Accounting policies - continued -**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The Company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Inventories**

Inventories are measured at cost calculated according to weighted average prices. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

8. Accounting policies - continued -**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

8. Accounting policies - continued -**Payables**

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.