

Saint-Gobain Abrasives A/S

Dybendalsvænget 2, 2630 Taastrup

CVR no. 69 93 14 13

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.04.23

Catherine Anne Roe
Dirigent

Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Income statement	8
Balance sheet	9 - 10
Statement of changes in equity	11
Notes	12 - 18

The Company

Saint-Gobain Abrasives A/S
Dybendalsvænget 2
2630 Taastrup
Tel.: +45 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

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 1 January - 31 December 2022 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 December 2022 and of the results of the Company's activities for the financial year 1 January - 31 December 2022.

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

Taastrup, April 28, 2023

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 1 January - 31 December 2022, comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 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 the 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 our report.

We are independent of the Company 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 responsibility 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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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 Company'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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Aarhus, April 28, 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

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

Income statement

Note		2022 DKK	2021 DKK
	Gross profit	16,156,654	14,950,085
2	Staff costs	-5,460,491	-5,299,725
	Operating profit	10,696,163	9,650,360
3	Financial income	838,358	191,511
4	Financial expenses	-865,524	-262,804
	Profit before tax	10,668,997	9,579,067
5	Tax on profit for the year	-2,347,180	-2,084,965
	Profit for the year	8,321,817	7,494,102
Proposed appropriation account			
	Proposed dividend for the financial year	7,491,000	6,745,000
	Retained earnings	830,817	749,102
	Total	8,321,817	7,494,102

Balance sheet

ASSETS		31.12.22	31.12.21
		DKK	DKK
Note			
	Manufactured goods and goods for resale	217,611	230,663
	Total inventories	217,611	230,663
	Trade receivables	10,771,232	7,920,670
	Receivables from group enterprises	15,314,087	15,575,613
	Other receivables	35,910	35,910
	Prepayments	25,039	98,764
	Total receivables	26,146,268	23,630,957
	Cash	293,707	0
	Total current assets	26,657,586	23,861,620
	Total assets	26,657,586	23,861,620

EQUITY AND LIABILITIES		31.12.22	31.12.21
		DKK	DKK
Note			
	Share capital	600,000	600,000
	Retained earnings	7,340,275	6,509,458
	Proposed dividend for the financial year	7,491,000	6,745,000
	Total equity	15,431,275	13,854,458
	Trade payables	318,979	508,608
	Payables to group enterprises	1,792,423	1,676,699
	Income taxes	321,197	507,985
	Other payables	8,793,712	7,313,870
	Total short-term payables	11,226,311	10,007,162
	Total payables	11,226,311	10,007,162
	Total equity and liabilities	26,657,586	23,861,620

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 1 January 31 December 2022				
Balance as at 01.01.22	600,000	6,509,458	6,745,000	13,854,458
Dividend paid	0	0	-6,745,000	-6,745,000
Net profit/loss for the year	0	830,817	7,491,000	8,321,817
Balance as at 31.12.22	600,000	7,340,275	7,491,000	15,431,275

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.

	2022 DKK	2021 DKK
2. Staff costs		
Wages and salaries	6,302,783	5,255,981
Pensions	500,094	422,004
Other social security costs	84,776	64,253
Other staff costs	48,375	49,069
Forwarded wages and salaries	-1,475,537	-491,582
Total	5,460,491	5,299,725
Average number of employees during the year	10	8

3. Financial income

Interest, group enterprises	50,404	3
Foreign exchange gains	787,954	191,508
Total	838,358	191,511

	2022 DKK	2021 DKK
4. Financial expenses		
Interest, group enterprises	93,153	74,137
Other interest expenses	1,183	18,170
Foreign exchange losses	771,188	170,497
Other financial expenses	772,371	188,667
Total	865,524	262,804

5. Tax on profit for the year

Tax on profit or loss for the year	2,347,180	2,107,985
Adjustment of tax in respect of previous years	0	-23,020
Total	2,347,180	2,084,965

6. Contingent liabilities*Lease commitments*

The Company has entered into operational leasing agreements. The total commitments is TDKK 793 over 12 to 43 months from the balance sheet day (2021: TDKK 442).

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.

The accounting policies have been applied consistently with previous years.

Reclassifications have been made in the comparative figures. The reclassifications have no effect on the profit for the year or equity.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

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

8. Accounting policies - continued -

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 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.

LEASES

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

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.

8. Accounting policies - continued -**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.

Staff costs

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

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.

8. Accounting policies - continued -

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.

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.

8. Accounting policies - continued -

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.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.