



MJK AUTOMATION ApS

Blokken 9, st.
3460 Birkerød
CVR No. 14382933

Annual report 2019

The Annual General Meeting adopted the
annual report on 11.09.2020

Carsten Saugmann Sønder
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	8
Balance sheet at 31.12.2019	9
Statement of changes in equity for 2019	11
Notes	12
Accounting policies	15

Entity details

Entity

MJK AUTOMATION ApS

Blokken 9, st.

3460 Birkerød

CVR No.: 14382933

Registered office: Rudersdal

Financial year: 01.01.2019 - 31.12.2019

Phone number: +45 45 56 06 56

Fax: 45 56 06 46

Board of Directors

Sean Donnelly, Chairman

Carsten Saugmann Sønder

Executive Board

Carsten Saugmann Sønder, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of MJK AUTOMATION ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Birkerød, 11.09.2020

Executive Board

Carsten Saugmann Sønder
Chief Executive Officer

Board of Directors

Sean Donnelly
Chairman

Carsten Saugmann Sønder

Independent auditor's report

To the shareholder of MJK AUTOMATION ApS

Opinion

We have audited the financial statements of MJK AUTOMATION ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 11.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

Primary activities

The Company is responsible for production, marketing, sales and servicing of MJK products and solutions for the handling of liquids to the Danish and international markets.

Development in activities and finances

The Company's revenue and operating profit have increased compared to 2018. Management considers the profit for the year to be satisfactory.

Events after the balance sheet date

The Company's operations after the balance sheet date have not been significantly affected by COVID-19. The Company has drawn up internal contingency plans and security measures and has followed the Danish government's instructions.

Thus, from the balance sheet date to this date, no events has occurred that would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		51,858,875	36,352,019
Staff costs	1	(29,141,403)	(30,211,140)
Depreciation, amortisation and impairment losses	2	(830,702)	(709,004)
Operating profit/loss		21,886,770	5,431,875
Other financial income		27	35,427
Other financial expenses		(273,949)	(67,373)
Profit/loss before tax		21,612,848	5,399,929
Tax on profit/loss for the year	3	(5,600,154)	(970,019)
Profit/loss for the year		16,012,694	4,429,910
Proposed distribution of profit and loss			
Retained earnings		16,012,694	4,429,910
Proposed distribution of profit and loss		16,012,694	4,429,910

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		879,970	854,704
Leasehold improvements		911,092	937,838
Property, plant and equipment	4	1,791,062	1,792,542
Deposits		1,109,327	1,087,575
Deferred tax		159,137	34,425
Other financial assets	5	1,268,464	1,122,000
Fixed assets		3,059,526	2,914,542
Raw materials and consumables		9,253,670	7,703,202
Work in progress		665,003	1,037,393
Manufactured goods and goods for resale		3,126,280	3,393,555
Inventories		13,044,953	12,134,150
Trade receivables		4,336,466	7,373,537
Receivables from group enterprises	6	39,005,343	26,462,053
Other receivables		11,062,273	3,688,298
Prepayments		35,091	170,533
Receivables		54,439,173	37,694,421
Cash		0	24,654
Current assets		67,484,126	49,853,225
Assets		70,543,652	52,767,767

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		500,000	500,000
Retained earnings		51,706,132	35,693,438
Equity		52,206,132	36,193,438
Other payables		946,896	0
Non-current liabilities other than provisions	7	946,896	0
Prepayments received from customers		79,668	0
Trade payables		5,158,310	5,407,282
Payables to group enterprises		620,035	3,845,268
Income tax payable		4,295,030	1,154,017
Other payables		7,237,581	6,167,762
Current liabilities other than provisions		17,390,624	16,574,329
Liabilities other than provisions		18,337,520	16,574,329
Equity and liabilities		70,543,652	52,767,767
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Related parties with controlling interest	10		
Group relations	11		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	35,693,438	36,193,438
Profit/loss for the year	0	16,012,694	16,012,694
Equity end of year	500,000	51,706,132	52,206,132

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	26,810,145	28,098,184
Pension costs	2,077,562	1,622,831
Other social security costs	253,696	490,125
	29,141,403	30,211,140
Average number of full-time employees	55	50

2 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Depreciation of property, plant and equipment	860,702	719,004
Profit/loss from sale of intangible assets and property, plant and equipment	(30,000)	(10,000)
	830,702	709,004

3 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	4,625,506	1,140,834
Change in deferred tax	124,712	47,150
Adjustment concerning previous years	849,936	(217,965)
	5,600,154	970,019

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,497,780	1,363,765
Additions	604,902	284,320
Disposals	(30,000)	0
Cost end of year	4,072,682	1,648,085
Depreciation and impairment losses beginning of year	(2,643,076)	(425,927)
Depreciation for the year	(549,636)	(311,066)
Depreciation and impairment losses end of year	(3,192,712)	(736,993)
Carrying amount end of year	879,970	911,092

5 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,087,575	34,425
Additions	21,752	0
Disposals	0	124,712
Cost end of year	1,109,327	159,137
Carrying amount end of year	1,109,327	159,137

6 Receivables from group enterprises

The company participates in a cash pool arrangement with group enterprises.

7 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	946,896
	946,896

8 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	5,914	5,251

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where XYLEM DENMARK HOLDINGS ApS serves as

the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Related parties with controlling interest

The following related parties have a controlling interest in Xylem Water Solutions Denmark ApS:

Xylem Denmark Holdings ApS, Blokken 9, 3450 Birkerød, owns 100%

Xylem Industries Sàrl, 11 Breedewues, L-1249 Senningerberg, Luxembourg. Owned by:

Xylem International Sàrl, 11 Breedewues, L-1249 Senningerberg, Luxembourg, 100% ownership, owned by:

Xylem Global Sàrl, 11 Breedewues, L-1249 Senningerberg, Luxembourg, 100% ownership, owned by:

Xylem Delaware Inc., Wilmington, DE 19899, USA, 100% ownership, owned by:

Xylem Inc., 1 International Drive, Rye Brook, NY 10573, USA, 100% Ownership.

11 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Xylem Inc. 1 International Drive, Rye Brook, NY 10573, USA.

Copy of the consolidated financial statements of Xylem Inc. are available on www.xyleminc.com

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

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.

Income statement

Gross profit or loss

With reference to the Danish Financial Statements Act, section 32, the Company has chosen to aggregate revenue, cost of sales and other external expenses into one line in the income statement; Gross profit.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed 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.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing, IT-costs, corporate costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and leasehold improvements comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income and net gains on transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and net losses on transactions in foreign currencies.

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.

The Company participates in a joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment and leasehold improvements 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	3-6 years
Leasehold improvements	5 years

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.

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. Cost of manufactured goods and work in progress consist of costs of raw materials, consumables and direct labour 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 write-downs for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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