



MJK Automation ApS

Blokken 9, st.
3460 Birkerød
CVR No. 14382933

Annual report 2021

The Annual General Meeting adopted the
annual report on 08.07.2022

Arnout Hendrik Spiegelberg
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	9
Balance sheet at 31.12.2021	10
Statement of changes in equity for 2021	12
Notes	13
Accounting policies	17

Entity details

Entity

MJK Automation ApS

Blokken 9, st.

3460 Birkerød

Business Registration No.: 14382933

Registered office: Rudersdal

Financial year: 01.01.2021 - 31.12.2021

Phone number: +45 45 56 06 56

Fax: 45 56 06 46

Board of Directors

Sean Donnelly

Arnout Hendrik Spiegelenberg

Jeanette Jørgensen

Executive Board

Arnout Hendrik Spiegelenberg

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 MJK Automation ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 08.07.2022

Executive Board

Arnout Hendrik Spiegelenberg

Board of Directors

Sean Donnelly

Arnout Hendrik Spiegelenberg

Jeanette Jørgensen

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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, 08.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant

Identification No (MNE) mne10944

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Gross profit/loss	35,491	43,914	51,942	36,352	32,506
Operating profit/loss	5,746	12,312	21,887	5,432	2,719
Net financials	(98)	(58)	(274)	(32)	(148)
Profit/loss for the year	4,604	10,411	16,013	4,430	1,797
Total assets	97,250	82,217	70,544	52,768	45,193
Investments in property, plant and equipment	810	887	889	905	1,609
Equity	58,846	62,617	52,206	36,193	30,988
Ratios					
Return on equity (%)	7.58	18.13	36.23	13.19	6.26
Equity ratio (%)	60.51	76.16	74.00	68.59	68.57

Financial highlights

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Total assets

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 gross profit has decreased by 19% (DKK 8.423k) and the operating profit has decreased by 53% (DKK 6.566k) compared to 2020.

Management considers the profit for the year to be unsatisfactory compared to 2020.

Profit/loss for the year in relation to expected developments

The profit for the year was DKK 4,604k (2020: DKK 10,411k).

Uncertainty relating to recognition and measurement

No material uncertainties are involved in the recognition or measurement of the Company's assets and liabilities.

Unusual circumstances affecting recognition and measurement

No unusual circumstances have been found to exist in the financial statements for 2021.

Outlook

The Company expects order intake in 2022 to be at same level as order intake in 2021.

Environmental performance

The Company participates in the Xylem Group's extensive environmental, safety and health program.

Events after the balance sheet date

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

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		35,491,017	43,914,168
Staff costs	1	(28,783,499)	(30,615,665)
Depreciation, amortisation and impairment losses	2	(961,286)	(986,352)
Operating profit/loss		5,746,232	12,312,151
Other financial income		0	6
Other financial expenses		(97,913)	(57,566)
Profit/loss before tax		5,648,319	12,254,591
Tax on profit/loss for the year	3	(1,044,223)	(1,844,040)
Profit/loss for the year	4	4,604,096	10,410,551

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired licences		135,821	115,492
Intangible assets	5	135,821	115,492
Other fixtures and fittings, tools and equipment		1,104,725	1,109,000
Leasehold improvements		470,865	606,386
Property, plant and equipment	6	1,575,590	1,715,386
Deposits		1,154,143	1,131,513
Deferred tax	8	257,675	171,112
Financial assets	7	1,411,818	1,302,625
Fixed assets		3,123,229	3,133,503
Raw materials and consumables		8,362,259	9,350,369
Work in progress		1,442,959	986,466
Manufactured goods and goods for resale		3,155,773	3,328,514
Inventories		12,960,991	13,665,349
Trade receivables		2,339,406	4,218,611
Receivables from group enterprises		78,519,185	40,415,851
Other receivables		51,031	20,364,920
Prepayments	9	255,945	419,075
Receivables		81,165,567	65,418,457
Current assets		94,126,558	79,083,806
Assets		97,249,787	82,217,309

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		500,000	500,000
Retained earnings		58,346,278	53,742,182
Proposed dividend		0	8,374,500
Equity		58,846,278	62,616,682
Other payables		2,484,852	2,853,496
Non-current liabilities other than provisions	10	2,484,852	2,853,496
Prepayments received from customers		528,410	0
Trade payables		4,782,115	5,975,553
Payables to group enterprises		20,734,217	623,975
Tax payable		1,347,572	2,715,519
Other payables		8,526,343	7,432,084
Current liabilities other than provisions		35,918,657	16,747,131
Liabilities other than provisions		38,403,509	19,600,627
Equity and liabilities		97,249,787	82,217,309
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Related parties with controlling interest	13		
Group relations	14		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	53,742,182	8,374,500	62,616,682
Ordinary dividend paid	0	0	(8,374,500)	(8,374,500)
Profit/loss for the year	0	4,604,096	0	4,604,096
Equity end of year	500,000	58,346,278	0	58,846,278

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	26,206,185	28,209,554
Pension costs	2,146,159	2,166,773
Other social security costs	431,155	239,338
	28,783,499	30,615,665
Average number of full-time employees	54	55

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	34,316	23,749
Depreciation of property, plant and equipment	926,970	962,603
	961,286	986,352

3 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	1,347,573	2,715,519
Change in deferred tax	(86,563)	(11,975)
Adjustment concerning previous years	(216,787)	(859,504)
	1,044,223	1,844,040

4 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	0	8,374,500
Retained earnings	4,604,096	2,036,051
	4,604,096	10,410,551

5 Intangible assets

	Acquired licences DKK
Cost beginning of year	139,240
Additions	54,746
Cost end of year	193,986
Amortisation and impairment losses beginning of year	(23,749)
Amortisation for the year	(34,416)
Amortisation and impairment losses end of year	(58,165)
Carrying amount end of year	135,821

Intangible assets consist of acquired software licenses.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,648,003	1,678,491
Additions	591,063	219,299
Disposals	(294,260)	0
Cost end of year	4,944,806	1,897,790
Depreciation and impairment losses beginning of year	(3,539,000)	(1,072,105)
Depreciation for the year	(595,341)	(354,820)
Reversal regarding disposals	294,260	0
Depreciation and impairment losses end of year	(3,840,081)	(1,426,925)
Carrying amount end of year	1,104,725	470,865

7 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,154,143	171,112
Additions	0	86,563
Cost end of year	1,154,143	257,675
Carrying amount end of year	1,154,143	257,675

8 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	171,112	159,137
Recognised in the income statement	86,563	11,975
End of year	257,675	171,112

9 Prepayments

Prepayments consist of prepaid expenses.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK
Other payables	2,484,852
	2,484,852

Non-current other payables consists frozen holiday funds.

11 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	2,648,451	3,884,077

12 Contingent liabilities

The Company 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 Company 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.

13 Related parties with controlling interest

The following related parties have a controlling interest in MJK Automation 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.

14 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

The consolidated financial statements are available from:

www.xyleminc.com

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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 Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of sales and other external expenses.

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, marketing costs, IT-costs and corporate costs, etc.

Staff costs

Staff costs comprise salaries and wages, and 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 intangible assets 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 currency gains.

Other financial expenses

Other financial expenses comprise interest expenses and currency losses.

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 is jointly taxed with all Danish group enterprises. 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**Intellectual property rights etc**

Intellectual property rights etc comprise acquired software licenses.

Intellectual property rights acquired are measured at cost less accumulated amortisation and are amortised over the estimated useful life.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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 consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation of and impairment losses relating to machinery and equipment used in the manufacturing process, and costs of factory administration. Finance costs are not included in cost.

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.

Prepayments

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Tax receivable or payable

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

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the financial statements do not include a cash flow statement as reference is made to the consolidated financial statements of Xylem Inc., USA, in which Xylem Water Solutions Denmark ApS is included.