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Sulzer Pumps Denmark A/S


Farum Gydevej 89, 3520 Farum

Company reg. no. 24 03 05 12

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the Jun-27-2022

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Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2021	
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	13

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Sulzer Pumps Denmark A/S for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Farum, 23 June 2022

Managing Director

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Ove Fjordmand


Board of directors

Alessandro Bertuzzo


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Timo Markus Korelin

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Sonja Stahl

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Independent auditor's report

To the Shareholder of Sulzer Pumps Denmark A/S

Opinion

We have audited the financial statements of Sulzer Pumps Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 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 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 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 judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- 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 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 23 June 2022

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company

Sulzer Pumps Denmark A/S
Farum Gydevej 89
3520 Farum

Company reg. no. 24 03 05 12

Financial year: 1 January - 31 December

Board of directors

Alessandro Bertuzzo
Timo Markus Korelin
Sonja Stahl

Managing Director

Ove Fjordmand

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Nordea Bank Danmark A/S

Management's review

The principal activities of the company

The principal activities of the company are sales and installation of pumps.

Development in activities and financial matters

Income or loss from ordinary activities after tax totals DKK -482.305 against DKK 20.216 last year.

Management considers the net profit for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	10.761.817	9.919.174
1 Staff costs	-11.194.558	-10.249.602
Depreciation and impairment of non-current assets	-50.805	-17.661
Operating profit	-483.546	-348.089
Other financial income	0	220.378
2 Other financial expenses	-132.558	-54.889
Pre-tax net profit or loss	-616.104	-182.600
3 Tax on net profit or loss for the year	133.799	202.816
Net profit or loss for the year	-482.305	20.216
Proposed appropriation of net profit:		
Transferred to retained earnings	0	20.216
Allocated from retained earnings	-482.305	0
Total allocations and transfers	-482.305	20.216

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
4 Other fixtures and fittings, tools and equipment	4.661.554	11.632
Total property, plant, and equipment	4.661.554	11.632
5 Deposits	548.588	660.811
Total investments	548.588	660.811
Total non-current assets	5.210.142	672.443
Current assets		
Manufactured goods and goods for resale	432.804	423.413
Total inventories	432.804	423.413
Trade receivables	12.670.775	12.873.492
Contract work in progress	794.755	702.937
Receivables from affiliated companies	20.029.974	31.368.910
Deferred tax assets	696.826	563.027
Tax receivables from affiliated companies	0	539
Prepayments	161.196	141.655
Total receivables	34.353.526	45.650.560
Cash and cash equivalents	674.150	1.833.000
Total current assets	35.460.480	47.906.973
Total assets	40.670.622	48.579.416

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
Contributed capital	501.000	501.000
Retained earnings	22.763.433	23.245.738
Total equity	23.264.433	23.746.738
Provisions		
Other provisions	689.748	72.000
Total provisions	689.748	72.000
Liabilities other than provisions		
Other payables	1.239.705	1.239.705
Total long term liabilities other than provisions	1.239.705	1.239.705
Bank loans	347	309
Prepayments received from customers	73.960	856.028
Trade payables	2.819.336	6.804.319
Payables to subsidiaries	7.889.496	8.170.878
Other payables	4.693.597	7.689.439
Total short term liabilities other than provisions	15.476.736	23.520.973
Total liabilities other than provisions	16.716.441	24.760.678
Total equity and liabilities	40.670.622	48.579.416

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	501.000	23.245.738	23.746.738
Retained earnings for the year	0	-482.305	-482.305
	501.000	22.763.433	23.264.433

Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
1. Staff costs		
Salaries and wages	11.025.378	10.168.603
Other costs for social security	92.678	42.647
Other staff costs	76.502	38.352
	<u>11.194.558</u>	<u>10.249.602</u>
Average number of employees	<u>14</u>	<u>14</u>
2. Other financial expenses		
Financial costs, group enterprises	31.185	40.745
Other financial costs	101.373	14.144
	<u>132.558</u>	<u>54.889</u>
3. Tax on net profit or loss for the year		
Adjustment of deferred tax for the year	-133.799	-202.816
	<u>-133.799</u>	<u>-202.816</u>
4. Other fixtures and fittings, tools and equipment		
Cost 1 January 2021	372.415	372.415
Additions during the year	4.700.727	0
Cost 31 December 2021	<u>5.073.142</u>	<u>372.415</u>
Amortisation and writedown 1 January 2021	-360.783	-343.122
Amortisation and depreciation for the year	-50.805	-17.661
Amortisation and writedown 31 December 2021	<u>-411.588</u>	<u>-360.783</u>
Carrying amount, 31 December 2021	<u>4.661.554</u>	<u>11.632</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
5. Deposits		
Cost 1 January 2021	660.811	660.811
Disposals during the year	<u>-112.223</u>	<u>0</u>
Cost 31 December 2021	<u>548.588</u>	<u>660.811</u>
Carrying amount, 31 December 2021	<u>548.588</u>	<u>660.811</u>

6. Contingencies

Contingent liabilities

The Company has entered into tenancy agreements and operating lease agreements with a total contractual obligation of T.DKK 9.182.

The Company has provided guarantees to its customers through financial institutions. At 31 December 2021, these guarantees amounted to T.DKK 13.895.

Accounting policies

The annual report for Sulzer Pumps Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for sales, advertising, administration, premises and loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial cost regarding gains and losses on payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Property, plant, and equipment

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Accounting policies

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Sulzer Pumps Denmark A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Sulzer Pumps Denmark A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

Liabilities other than provisions

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

Deferred income

Payments received concerning future income are recognised under deferred income.