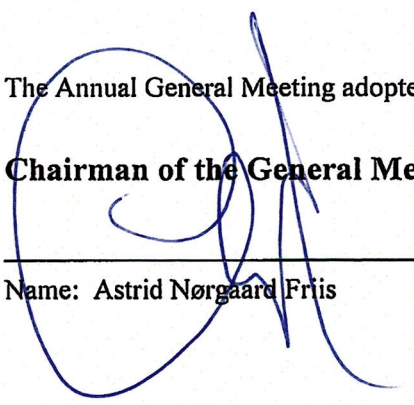


**Grundfos US ApS
Poul Due Jensens Vej 7
8850 Bjerringbro
Central Business Registration No 36 42 61 44**

Annual report 2018

The Annual General Meeting adopted the annual report on 27 May 2019.

Chairman of the General Meeting


Name: Astrid Nørgaard Friis

Contents

	<u>Page</u>
Company details	1
Management statement	2
Independent auditor's report	3
Management report	6
Accounting policies	7
Profit and loss account for 2018	9
Balance sheet as at 31.12.2018	10
Statement of change in equity	12
Notes	13

Company details

Company

Grundfos US ApS

Poul Due Jensens Vej 7

8850 Bjerringbro

Central Business Registration No: 36 42 61 44

Registered in: Viborg, Denmark

Executive Board

Mads Nipper, CEO

Stephane Laurent Gilles Simonetta

Mikael Andreas Holm Geday

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Management statement

The Executive Board has today considered and approved the annual report of Grundfos US ApS for the financial year 01.01.2018 to 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

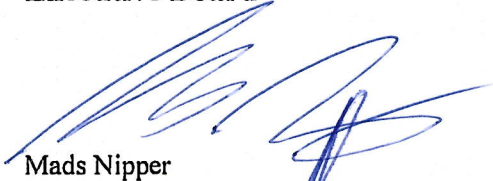
In our opinion, the annual accounts give a true and fair view of the Company's assets, liabilities and financial position at 31.12.2018 and of its financial performance for the financial year 01.01.2018 to 31.12.2018.

We believe that the management report contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Bjerringbro, 27 May 2019

Executive Board



Mads Nipper
CEO



Stephane Laurent Gilles Simonetta



Mikael Andreas Holm Geday

Independent auditor's report

To the shareholders of Grundfos US ApS

Opinion

We have audited the annual accounts of Grundfos US ApS for the financial year 01.01.2018 to 31.12.2018, which comprise the profit and loss account, balance sheet, statement of change in equity 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 to 31.12.2018 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 annual accounts* section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 annual accounts

Management is responsible for the preparation of annual accounts 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 annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, 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 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 annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.

As part of an audit 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 annual accounts, 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 annual accounts and, based on the audit evidence obtained, whether a material uncertainty exists related to events and 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts 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 report

Management is responsible for the management report.

Our opinion on the annual accounts does not cover the management report, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the management report is in accordance with the annual accounts 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 report.

Aarhus, 27 May 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

A blue ink signature of Lars Siggaard Hansen, written in a cursive style.

Lars Siggaard Hansen
State-Authorised Public Accountant
MNE no 32208

A blue ink signature of Jacob Tækker Nørgaard, written in a cursive style.

Jacob Tækker Nørgaard
State-Authorised Public Accountant
MNE no 40049

Management report

Primary activities

The Company's objective is to hold shares and other investments in Danish and foreign business enterprises, including in particular affiliated companies.

Development in activities and finances

Financial performance for the year was a loss of DKK 16 thousand, which is as expected.

For 2019, the Company expects financial performance to be at the same level as in 2018.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

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.

Consolidated financial statements

Referring to S 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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 on recognition and measurement.

Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to this financial period.

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 balance sheet date, are recognised in the profit and loss account.

Profit and loss account

Revenue

Revenue is recognised in the profit and loss account when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Accounting policies

Other external expenses

Other external expenses comprise expenses relating to the Company's administration.

Financials

These items comprise interest income and interest expenses, realised and unrealised capital gains and losses on securities and transactions in foreign currencies, liabilities other than provisions as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Interest expenses and other financial expenses for manufacturing assets are not included in the cost of assets, but are recognised in the profit and loss account as incurred.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax.

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

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

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.

The Company participates in national joint taxation with the other Danish companies in the Grundfos Group. Current income tax is allocated among the jointly taxed enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in affiliated companies

Investments in affiliated companies are measured at cost. The investments are written down to the lower of recoverable amount and carrying amount.

Cash

Cash comprises cash at bank and in hand.

Profit and loss account for 2018

	Note	2018 DKK	2017 DKK
Other external expenses		-20.277	-21.502
Gross profit		-20.277	-21.502
Financial costs	1	-16	-2.076
Profit before tax		-20.293	-23.578
Tax on the profit for the year	2	4.464	5.187
Profit for the year		-15.829	-18.391
Proposed profit appropriation			
Retained profit		-15.829	-18.391

Balance sheet as at 31.12.2018

	Note	2018 DKK	2017 DKK
Investment in affiliated companies		<u>1.007.675.391</u>	<u>1.007.675.391</u>
Financial fixed assets	3	<u>1.007.675.391</u>	<u>1.007.675.391</u>
Total fixed assets		<u>1.007.675.391</u>	<u>1.007.675.391</u>
Deferred tax asset	4	<u>4.464</u>	<u>5.187</u>
Accounts receivable		<u>4.464</u>	<u>5.187</u>
Cash at bank and in hand		<u>5.479</u>	<u>1.310</u>
Total current assets		<u>9.943</u>	<u>6.497</u>
Total assets		<u><u>1.007.685.334</u></u>	<u><u>1.007.681.888</u></u>

Balance sheet as at 31.12.2018

	Note	2018 DKK	2017 DKK
Share capital		50.000	50.000
Retained profit		1.007.598.032	1.007.613.861
Equity		1.007.648.032	1.007.663.861
Other liabilities		37.303	18.027
Short-term liabilities		37.303	18.027
Total liabilities		37.303	18.027
Total equity, provisions and liabilities		1.007.685.334	1.007.681.888
Securities, contingent liabilities, etc.	5		
Related parties	6		

Statement of change in equity

	Share capital DKK	Retained profit DKK	Total DKK
Equity at 01.01.2018	50.000	1.007.613.861	1.007.663.861
Profit for the year	0	-15.829	-15.829
Equity at 31.12.2018	50.000	1.007.598.032	1.007.648.032

Notes

	2018 DKK	2017 DKK
1. Financial costs		
Other financial costs	16	2.976
	<u>16</u>	<u>2.976</u>
2. Tax on profit for the year		
Deferred tax	-4.464	-5.187
	<u>-4.464</u>	<u>-5.187</u>
3. Financial fixed assets		Investment in affiliated companies
Cost 01.01.2018		1.007.675.391
Cost 31.12.2018		<u>1.007.675.391</u>
Accounting value 31.12.2018		<u>1.007.675.391</u>

Investments in affiliated companies

Grundfos Americas Corporation, California, USA, 100% owned.

4. Deferred tax asset

Deferred tax is the result of tax deficits in the past.

5. Securities, contingent liabilities, etc.

No assets have been pledged.

The Danish group enterprises participate in a Danish joint taxation arrangement with Grundfos Holding A/S serving as the administration company and are therefore jointly and severally liable from the financial year 2013 for the total income tax and from 1 July 2012 also for obligations, if any, to withhold tax on interest, royalties and dividends for the jointly taxed enterprises. The total net liability to the Danish tax authorities is recognised in the financial statement of Grundfos Holding A/S.

6. Related parties

Grundfos US ApS is included in the consolidated financial statements of Grundfos Holding A/S, Poul Due Jensens Vej 7, 8850 Bjerringbro.

The consolidated financial statements of Grundfos Holding A/S are available at Erhvervsstyrelsen (Register of Commerce) under CVR-no. 31 85 83 56.

