

Grundfos A/S
Poul Due Jensens Vej 7
DK - 8850 Bjerringbro

CVR no. 37 49 99 19

Annual Report 2020

The Annual General Meeting adopted the annual report on 7 May 2021

Chairman of the meeting
Astrid Nørgaard Friis



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Company details

Company

GRUNDFOS A/S

Poul Due Jensens Vej 7

DK-8850 Bjerringbro, Denmark

CVR no. 37 49 99 19

Registered in the municipality of Viborg

Phone +45 87 50 14 00

Internet www.grundfos.com

Board of Directors

Chairman, Niels Herman Møller Jensen

Board member, Thore Axel Bänsch

Board member, Jacob Dirks

Board member, Anette Rosgaard Kristensen, elected by employees

Board member, Torben Agerskov Sørensen, elected by employees

Executive Board

CEO, Anders Lund Hansen

Departments

Gl. Viborgvej 79, Hvam

9620 Ålestrup

Erhvervsparken 22

8882 Fårvang

M. P. Allerupsvej 45 D

5220 Odense SØ

Ryttermarken 15

3520 Farum

Secondary names

GRUNDFOS Electronics A/S

GRUNDFOS Water Equipment A/S

GRUNDFOS International A/S

GRUNDFOS Sensor A/S



Affiliated companies

GRUNDFOS DK A/S

Martin Bachs Vej 3

8850 Bjerringbro

Sintex A/S

Jyllandsvej 14

9500 Hobro

Bank connection

Danske Bank A/S

Holmens Kanal 2

Copenhagen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

DK – 8000 Aarhus C



Management statement

The Board of Directors and the Executive Board have today reviewed and approved the annual report of Grundfos A/S for the financial year 1 January to 31 December 2020.

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

In our opinion, the annual accounts gives a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2020 and of its financial performance for the financial year 1 January to 31 December 2020.

We believe that the management report contains a fair review of the matters covered by the report.

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

Bjerringbro, 7 May 2021

Executive Board

Anders Lund Hansen



Board of Directors



Niels Herman Møller Jensen
Chairman



Jacob Dirks



Torben Agerskov Sørensen



Thore Axel Bänsch



Anette Rosgaard Kristensen

Independent auditor's report

To the shareholder of Grundfos A/S

Opinion

We have audited the financial statements of Grundfos A/S for the financial year 01.01.2020 - 31.12.2020, 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 31-12-2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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.

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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.

Aarhus, 7 May 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
Identification No (MNE) mne32208

Jacob Tækker Nørgaard
State-Authorised Public Accountant
Identification No (MNE) mne40049

Key figures

	2020 DKK m	2019 DKK m	2018 DKK m	2017 DKK m	2016 DKK m
Key figures and financial ratios					
Key figures					
Net turnover	1,689	1,824	1,901	1,875	1,841
Operating profit	168	192	175	180	174
Earnings before interest and tax (EBIT)	170	192	180	180	181
Income from affiliated companies	35	37	40	17	21
Net financials	-1	0	0	-2	-2
Profit before tax	201	229	220	196	199
Profit for the year	161	185	178	155	161
Fixed assets	1,502	1,541	1,593	1,650	1,831
Current assets	435	375	423	447	421
Equity	1,239	1,276	1,506	1,323	1,457
Balance sheet total	1,937	1,915	2,016	2,097	2,251
Balance sheet total minus interest bearing assets	1,824	1,781	1,865	1,990	2,121
Investments in tangible fixed assets	239	253	216	150	155
Number of employees at year-end	2,097	2,179	2,308	2,351	2,328
Financial ratios					
Profit (EBIT) margin (%)	10.1	10.5	9.5	9.6	9.8
Return on investment (ROI) (%)	9.4	10.5	9.3	8.8	8.1
Return on equity (%)	12.8	13.3	12.6	11.1	9.5

Definition of key figures:

Profit (EBIT) margin

$$= \frac{\text{EBIT} \times 100}{\text{Net turnover}}$$

Return on Investment (ROI)

$$= \frac{\text{EBIT} \times 100}{\text{Average (balance sheet total - interest bearing assets)}}$$

Return on equity

$$= \frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

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

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Management report

Primary activities

Grundfos A/S activities include production and delivery of the Grundfos group's products, primarily in Europe.

Development in activities and finances

Production in Grundfos A/S is taking place on behalf of Grundfos Operations A/S, which company is the owner of the goods from raw materials to finished goods and pay a manufacturing fee for the production services. The turnover realised in Grundfos A/S in 2020 is on the expected level.

The operating profit is lower than last year which is mainly due to the impact from COVID-19 as there has been a lower activity with a declined net turnover in 2020 compared to 2019.

Profit before tax for the year amounts to 201 mDKK compared with 229 mDKK last year. Profit after tax for the year amounts to 161 mDKK compared with 185 mDKK in 2019.

The result is regarded satisfactory and is in accordance with expectations stated in the 2019 annual report.

Composition of management

The Board of Directors in Grundfos A/S has five members, of which two have been elected by the employees. The remaining three members are men and as such women are under-represented in relation to the share of 40%, which legislation aims to ensure. When electing members for the Board of Directors this year, there were no relevant female candidates in the recruitment base. The board intends to increase the female representation to one out of three members. The board has set a goal for achieving this by the end of 2025.

For all other management positions Grundfos Holding A/S has defined a diversity policy, in which the first priorities are to increase the number of non-Danes and women in management positions. Non-Danes in other management positions is 3%, which is unchanged compared to 2019. By the end of 2020 the status was 18% female managers. The goal in Grundfos A/S for the gender distribution is that in 2025, at least 20% of our managers in general must be women. It has therefore been planned to further integrate diversity into the recruiting process and leadership programmes, to facilitate having a more diverse workforce in Grundfos A/S.

CSR reporting

An overall report for the Grundfos Group's corporate social responsibility (CSR) has been prepared separately. Reference is made to this report for the Group's statement on corporate social responsibility.

For further information on corporate social responsibility (CSR) and Sustainability issues at Grundfos in general please see and download Sustainability Report at: www.grundfos.com/about-us/news-and-press/reports-magazines/sustainability-reports.html.

Particular risks

Business risks

Grundfos A/S is acting as a contractual producer. Geographically the risk is spread which reduce the risk relating to reduced turnover and demand on single markets. The production fee is calculated as related costs inclusive a mark-up.

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Financial risks

The general framework for management of the financial risks of the Company and the Group is determined by the Board of Directors and managed on a day-to-day basis by the Group's Finance Department.

Foreign exchange risks

Manufacturing services and most of the sale are invoiced in DKK and therefore there is no need for hedging. The risk concerning transactions in foreign currencies is regarded immaterial.

Credit risks

The credit risk relates to trade debtors and accounts receivable from affiliated companies. Trade debtors are closely monitored and the solvency of the customers assessed on a regular basis.

Events after the balance sheet date

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

Expected development in 2021

The activity level in Grundfos A/S is expected to be on an equal level than realised in 2020. The turnover and EBIT in 2020 are both expected to be on an equal level as this financial year. The expected profit for the year 2021 is in the interval 145 – 180 mDKK.

The Corona virus (COVID-19) and the effects from that since end of February 2020 is supposed to have a negative impact on the expectations to the 2021 result.

It is not possible for the time being to estimate the financial impact of above.



Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act for large C - class companies.

In pursuance of section 86 (4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. Referring to section 96 (3) of the Danish Financial Statements Act, the Company also does not disclose the fee paid to the auditors appointed by the general meeting. Referring to section 98b (3) of the Danish Financial Statements Act, the Company has not shown the remuneration to executive board and board of Directors.

In accordance with section 112 (3.2) of the Danish Financial Statements Act, the Company has not prepared consolidated annual accounts. The Company is included in the consolidated annual accounts for Grundfos Holding A/S, DK-8850 Bjerringbro. The consolidated annual accounts for Grundfos Holding A/S is available to the public at the offices of the Danish Business Authority under CVR no. 31 85 83 56.

The annual report has been presented in accordance with the same accounting policies as last year.

General information about recognition and measurement

Assets are recognised in the balance sheet when it is likely that future economic benefits accrue to the Company and the asset value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Assets and liabilities are measured at cost at the initial recognition. Subsequently, assets and liabilities are measured for the individual items as described below.

At recognition and measurement, allowance is made for predictable losses and risks that appear before the annual report is presented and that confirm or deny conditions that were present on the balance sheet date.

Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to the financial year in question. Value adjustments of financial assets and liabilities are recognised in the profit and loss account as financial income or financial costs.

Mergers

The merger method is applied in connection with inter-company mergers. The difference between the amount paid for the acquiree and the equity value of the acquiree is recognised directly in the equity of the acquirer at the beginning of the financial year in which the transaction takes place. Comparatives are restated as if the companies had merged prior to the year of comparison.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the exchange rate at the transaction date and the exchange rate at the payment date are recognised in the profit and loss account.

Accounts receivables and payables in foreign currency are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the profit and loss account.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost, and subsequently at market value. Positive and negative market values of derivative financial instruments are included in other accounts receivable and other liabilities, respectively.

Changes in the market value of derivative financial instruments that secure the market value of recognised assets or liabilities are recognised in the profit and loss account in the same item as changes in the value of the hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in equity. When the hedged transactions are realised, the changes are recognised as part of the relevant items in the annual accounts.

As regards other derivative financial instruments, which are not hedging instruments, changes are continuously recognised in the profit and loss account at market value.

Profit and loss account

Net turnover

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 measured at fair value of the consideration fixed.

Net turnover includes all production services to companies in the Grundfos Group invoiced during the year.

Production costs

Production costs comprise costs relating to the Company's general production and logistics activities, including salaries and depreciation. Production costs furthermore include contribution to the group research and development activities.

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Accounting policies

Distribution costs

Distribution costs comprise costs relating to the distribution of the Company's products and services, including salaries for sales staff, advertising, depreciation, etc.

Administrative costs

Administrative costs comprise costs for the administrative staff and Management, including salaries and depreciation.

Staff costs

Staff costs include the Company's total costs of wages, salaries, pensions and other social insurance costs.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant staff.

Other operating income

Other operating income includes income of a secondary nature in relation to the Company's primary activities.

Income from investments in affiliated and associated companies

The Company's share of the affiliated and associated companies' profits and/or losses after elimination of unrealised intra-group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Financials

Financials comprise interest received and interest paid, realised and unrealised capital gains and capital losses on securities as well as exchange rate adjustments of financials in foreign currencies.

Tax on profit for the year

The anticipated tax on the taxable income of the year is recognised in the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax.

Changes in deferred tax as a consequence of changed tax rates are recognised in the profit and loss account.

Deferred tax is measured by the balance sheet liability method of all timing differences between the fiscal and financial value of assets and liabilities.

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Accounting policies

Deferred tax assets, including the tax base of tax loss carry forwards, 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 is jointly taxed with wholly owned Danish subsidiaries. The current Danish corporation tax is distributed among the jointly taxed Danish companies proportionally to their taxable income (full distribution with a refund concerning tax losses).

Balance sheet

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and write-downs. Other intangible fixed assets are amortised by the straight-line method using the estimated useful lives of the assets, which, based on individual assessments, are as follows:

Intangible fixed assets (licenses and similar intangible rights)	up to 5 years
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Tangible fixed assets

Land and buildings are measured at cost less accumulated depreciation and write-downs. Land is not depreciated. Technical installations and machinery and other installations are measured at cost less accumulated depreciation and write-downs.

Cost comprises the purchase price, expenses directly connected to the acquisition, and expenses for the preparation of the asset until the time when the asset is ready for use. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

Tangible fixed assets are depreciated by the straight-line method through the anticipated useful and economic life to the estimated residual value. The useful lives and the residual value, if any, of large assets are determined individually, whereas the useful life of other assets is determined for groups of similar assets. The estimated useful lives are:

Buildings	20 - 25 years
Technical installations and machinery and other installations	3 - 10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. The residual value is revised annually.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Securities and deposits

Securities and deposits are measured at the lower of costs and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables 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 of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Trade debtors and accounts receivables

Trade debtors and accounts receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

Customer projects (work in progress)

Customer projects (work in progress) are measured at amortised cost, usually equalling nominal value less aconto invoices. If aconto invoices are exceeding the accumulated costs for a certain project, the amount is stated as prepayments received.

Prepayments

Prepayments recognised under assets include costs incurred relating to the following accounting year. Prepayments are measured at cost.

Equity (dividend)

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 the result.

Other provisions

Other provisions include other obligations, including obligations relating to anniversary lump sum payments and provisions relating to change in the production set-up.

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 carry forwards, 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.



Accounting policies

Financial liabilities

Bank loans, etc. are valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Other liabilities, including trade creditors, debt to affiliated companies and other debts are measured at amortised cost.

Deferred income recognised under liabilities include income received relating to the following accounting year. Deferred income is measured at cost.



Profit and loss statement for 2020

	Note	2020 DKK '000	2019 DKK '000
Net turnover	1	1,688,916	1,824,276
Production costs	2.3.4	-1,347,304	-1,454,121
Gross profit		341,612	370,155
Distribution costs	3.4	-52,838	-52,091
Administration costs	3.4	-120,605	-126,452
Operating profit		168,169	191,612
Other income	5	1,348	157
Earnings before interest and tax		169,517	191,769
Income from investments in affiliated companies	6	35,002	37,465
Result from investments in associated companies	7	-2,700	85
Financial income	8	639	595
Financial costs	9	-1,415	-475
Profit before tax		201,043	229,439
Tax on profit for the year	10	-39,893	-44,760
Profit for the year	11	161,150	184,679

Balance sheet at 31.12.2020

	Note	2020 DKK '000	2019 DKK '000
Other intangible assets			
Intangible fixed assets	12	3,341	2,119
		3,341	2,119
Land and buildings		485,134	495,216
Technical installations and machinery		529,195	582,072
Other technical installations		2,429	2,331
Tangible fixed assets in progress		366,956	325,396
Tangible fixed assets	13	1,383,714	1,405,015
Investments in affiliated companies	14	111,505	127,503
Investments in associated companies	14	2,106	4,802
Securities and deposits	15	1,345	1,345
Financial fixed assets		114,956	133,650
		1,502,011	1,540,784
Total fixed assets			
Inventories	16	23,308	20,035
Trade debtors		912	3,401
Customer projects in progress		54,960	30,426
Accounts receivable from affiliated companies		309,330	274,180
Corporate tax		0	350
Deferred tax	17	33,693	26,249
Other accounts receivable		10,165	16,594
Prepayments	18	2,725	2,828
Accounts receivables		411,785	354,028
Cash at bank and in hand		292	450
Total current assets		435,385	374,513
Total assets		1,937,396	1,915,297

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Balance sheet at 31.12.2020

	Note	2020 DKK '000	2019 DKK '000
Share capital	19	182,800	182,800
Reserve concerning revaluation affiliated companies		55,983	72,552
Reserve for currency translation		1,847	0
Retained profit		798,126	820,298
Proposed dividend		200,000	200,000
Equity		1,238,756	1,275,650
Other provisions	20	39,831	40,559
Provisions		39,831	40,559
Other liabilities	21	105,660	36,514
Long term liabilities		105,660	36,514
Prepayments received		10,120	8,504
Trade creditors		135,402	92,907
Debt to affiliated companies		213,067	212,354
Other liabilities		171,727	248,271
Corporate tax		22,497	0
Deferred income	22	336	538
Short term liabilities		553,149	562,574
Total liabilities		553,149	562,574
Total equity, provisions and liabilities		1,937,396	1,915,297
Securities, contingent liabilities, etc.	23		
Related parties and shareholders	24 - 25		
Other notes	26 - 27		

Statement of changes in equity

	Share Capital DKK '000	Reserve revaluation affiliated companies DKK '000	Reserve for currency translation DKK '000	Retained profit DKK '000	Proposed dividend DKK '000	Total DKK '000
Equity 01.01.2020	182,800	72,552	0	820,298	200,000	1,275,650
Dividend paid					-200,000	-200,000
Profit for the year		-16,678		-22,172	200,000	161,150
Net adjustment financial instruments and equity postings in affiliated companies		109				109
Net adjustment after tax hedging instruments			1,847			1,847
Equity 31.12.2020	182,800	55,983	1,847	798,126	200,000	1,238,756

Notes

4. Depreciation

Other intangible assets	
Buildings	
Technical installations and machinery	
Other technical installations	

2020 DKK '000	2019 DKK '000
1,824	856
46,058	46,598
210,602	254,434
692	722
259,176	302,610
256,633	302,013
2,543	597
259,176	302,610
1,348	157
1,348	157
26,669	17,643
9,406	19,694
-1,073	128
35,002	37,465
-2,700	85
-2,700	85
191	395
404	200
44	0
639	595
873	38
123	189
419	248
1,415	475

Depreciation is included in the profit and loss statement as follows:

Production costs	
Administrative costs	

5. Other income

Gain on sale of fixed assets and spareparts

6. Income from investments in affiliated companies

Share of the result after taxes in:

Grundfos DK A/S	
Sintex A/S	
Change in internal margin on inventories	

7. Result from investments in associated companies

Share of the result after taxes and loss from sale

8. Financial income

Financial income from affiliated companies	
Currency adjustments income	
Other financial income	

9. Financial costs

Financial costs to external parties	
Financial costs to affiliated companies	
Currency adjustments costs	

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Notes

10. Tax on profit for the year

Current tax
 Change in deferred tax
 Adjustment of tax, prior years
Tax on profit for the year

Tax on profit for the year can be explained as:

Profit before tax
 Income from affiliated companies
 Income from associated companies

Tax calculated hereof

Tax effect of:
 Adjustment tax, prior years
 Effect from permanent differences, net
Tax on profit for the year

11. Profit for the year**Proposed profit distribution:**

Dividend
 Reserve net revaluation affiliated companies
 Retained profit

2020 DKK '000	2019 DKK '000
46,383	56,343
-6,488	-11,560
-2	-23
39,893	44,760
201,043	229,439
-35,002	-37,465
2,700	-85
168,741	191,889
37,123	42,216
-2	-23
2,772	2,567
39,893	44,760
200,000	200,000
-16,678	-4,950
-22,172	-10,371
161,150	184,679

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Notes

	Other intangible assets DKK '000			
12. Intangible fixed assets				
Cost 01.01.2020	2,969			
Additions of the year	961			
Disposals of the year	0			
Transfers	2,085			
Cost 31.12.2020	6,015			
Depreciation 31.12.2020	-850			
Depreciation for the year	-1,824			
Depreciation on disposals	0			
Transfers	0			
Depreciation 31.12.2020	-2,674			
Accounting value 31.12.2020	3,341			
Accounting value 31.12.2019	2,119			
13. Tangible fixed assets				
	Land and buildings DKK '000	Technical install. and machinery DKK '000	Other install. etc. DKK '000	Fixed instal- lations in progress DKK '000
Cost 01.01.2020	1,640,311	4,714,118	38,739	325,396
Additions of the year	7,172	33,100	24	198,214
Disposals of the year	-1,043	-14,761	-43	0
Transfers	28,804	124,998	766	-156,654
Cost 31.12.2020	1,675,244	4,857,455	39,486	366,956
Depreciation 31.12.2020	-1,145,095	-4,132,046	-36,408	0
Depreciation for the year	-46,058	-210,602	-692	0
Depreciation on disposals	1,043	14,388	43	0
Transfers	0	0	0	0
Adjustment impairment test	0	0	0	0
Depreciation and amortisation 31.12.2020	-1,190,110	-4,328,260	-37,057	0
Accounting value 31.12.2020	485,134	529,195	2,429	366,956
Accounting value 31.12.2019	495,216	582,072	2,331	325,396
Accounting value at 31.12.2020 for buildings in Denmark	478,295			
Public property valuation at 01.01.2020	853,653			

Buildings abroad with a book value of 6,8 mDKK are not included in the public property valuation.

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Notes

14. Investments in affiliated and associated companies

	Investments in affiliated companies DKK '000	Investments in associated companies DKK '000
Cost 01.01.2020	55,414	4,339
Disposals of the year	0	-2,339
Cost 01.01.2020	55,414	2,000
Value adjustments 01.01.2020	72,089	463
Disposals of the year	0	-376
Share of profit for the year, net	35,002	19
Dividend received	-51,000	0
Value adjustments 31.12.2020	56,091	106
Accounting value 31.12.2020	111,505	2,106
Accounting value 31.12.2019	127,503	4,802

Investments in affiliated companies include:

	Cost 31.12.2020 DKK '000	Share of profit for the year net DKK '000	Accounting value 31.12.2020 DKK '000
Grundfos DK A/S, Martin Bachs Vej 3, 8850 Bjerringbro (ownership 100 %)	22,414	25,717	66,443
Sintex A/S, Jyllandsvej 14, 9500 Hobro (ownership 100 %)	33,000	9,285	45,062
	55,414	35,002	111,505

Investments in associated companies include:

KnowHowZ A/S, Baldersvej 10-12, 8850 Bjerringbro (ownership 20.77 %)	2,000	19	2,106
	2,000	19	2,106

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Notes

	Securities and deposits DKK '000
15. Securities and deposits	
Cost 01.01.2020	1,345
Disposals	0
Cost 31.12.2020	1,345
Value adjustments 01.01.2020	0
Value adjustments 31.12.2020	0
Accounting value 31.12.2020	1,345
Accounting value 31.12.2019	1,345

16. Inventories

Raw materials and consumables

2020 DKK '000	2019 DKK '000
23,308	20,035
23,308	20,035

17. Deferred tax

Deferred tax asset 01.01.

Adjustment of deferred tax in the profit and loss statement

Adjustment of deferred tax relating to hedge contracts

Adjustment of deferred tax concerning prior years

Deferred tax asset 31.12.

26,249	6,904
6,488	11,560
-549	4,240
1,505	3,545
33,693	26,249

Deferred tax relate to the following balance sheet items:

Tangible fixed assets

Current assets

Provisions

Short term liabilities

Equity

Deferred tax asset

25,717	17,939
-675	-147
8,582	8,736
698	-201
-629	-78
33,693	26,249

18. Prepayments

Prepayments 01.01

Changes for the year

Prepayments 31.12

2,828	2,199
-103	629
2,725	2,828

Prepayments are relating to prepaid insurance and lease agreements.

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Notes

19. Share capital

Share capital can be specified as follows:

A-shares, nominal value

B-shares, nominal value

Share capital

A-shares and B-shares have equal voting rights and receive equal dividend.
Both A-shares and B-shares are split into 10 DKK or multiple of this.

No movements have taken place in the period 01.01.2016 – 31.12.2020.

2020 DKK '000	2019 DKK '000
176,552	176,552
6,248	6,248
182,800	182,800

20. Other provisions

Other provisions 01.01.

Provisions spend during the year

Provisions reversed during the year

Provisions made in the year

Other provisions 31.12.

Other provisions relates to jubilee provision and provisions concerning decided changes in the future production set-up.

2020 DKK '000	2019 DKK '000
40,559	36,826
-172	-1,202
-556	-1,890
0	6,825
39,831	40,559

21. Other liabilities

Other liabilities 01.01

Changes for the year

Other liabilities 31.12

Other liabilities relates to long term part of holiday pay.

36,514	0
69,146	36,514
105,660	36,514

22. Deferred income

Deferred income 01.01

Changes for the year

Deferred income 31.12

Deferred income is relating to grants received.

538	0
-202	538
336	538

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Notes

23. Pledge of assets, guarentees and other liabilities etc.

No pledge has been given in the buildings and machinery.

The company have the following rental and lease commitments:

	End of contract	Total obligation DKK '000
Buildings inclusive stock area and parking places	2021-2031	8,405
Cars and lorries	2021-2027	10,974
Other equipment (production equipment and trucks)	2021	5,125
		24,504

There is no court case or alike which according to management can have significant impact on the companys financial situation.

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 financial statements of Grundfos Holding A/S.

24. Related parties

Related parties with a controlling influence in Grundfos A/S:

- The company's parent foundation, The Poul Due Jensens foundation and Grundfos Holding A/S

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between Grundfos A/S and related parties are on arm's length terms.

Grundfos A/S and affiliated companies are included in the consolidated financial statements for Grundfos Holding A/S, 8850 Bjerringbro. The consolidated financial statements for Grundfos Holding A/S, 8850 Bjerringbro is available at Erhvervsstyrelsen (Register of Commerce) under CVR no. 31 85 83 56.

25. Shareholder

The following shareholder is registreret as holding more than 5% of the Company's sharecapital:

GRUNDFOS HOLDING A/S, Poul Due Jensens Vej 7, DK - 8850 Bjerringbro, 100 % of ownership

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Notes

26. Financial instruments

Grundfos A/S is hedging expected, significant currency risks with currency contracts.

At the end of the financial year 2020 and 2019 no currency hedging contracts are made as all significant invoicing and purchase are taking place in DKK.

Concerning hedge of the future electricity prices there is a gain of 2.7 mDKK at the end of the financial year. At 31.12.2019 there was a gain of 0.4 mDKK concerning electricity contracts. The hedge of electricity consumption covers the expected consumption in the coming two years.

Deferred profit and loss on electricity contracts have been included in the balance sheet under other receivables and recorded on the equity after deduction of deferred tax.

27. Events after the balance sheet date

No events have occurred after the balance sheet date that may materially impact the company's financial position.

The Corona virus (COVID-19) and the effects from that since end of February 2020 have a negative impact on the expectations to the 2021 result.

It is not possible for the time being to estimate the future financial impact of above.

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