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

CVR no. 37 49 99 19

**Annual Report 2021** 

The Annual General Meeting adopted the annual report on 25 April 2022

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**

EY Godkendt Revisionspartnerselskab Værkmestergade 25 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 2021.

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 2021 and of its financial performance for the financial year 1 January to 31 December 2021.

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, 25 April 2022

#### **Executive Board**

Anders Lund Hansen

**Board of Directors** 

Niels Herman Møller Jensen

Chairman

Torben Agerskøy Sørensen

Thoro Aval 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 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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 as to 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 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 the financial statements.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Aarhus, 25 April 2022

**EY Godkendt Revisionspartnerselskab** 

CVR no. 30 70 02 28

**Morten Friis** 

State-Authorised Public Accountant Identification No (MNE) mne32732

Peter Ørsøe

State-Authorised Public Accountant Identification No (MNE) mne44105

## **Key figures**

	2021 DKK m	2020 DKK m	2019 DKK m	2018 DKK m	2017 DKK m	
Key figures and financial ratios		• • • • • • • • • • • • • • • • • • • •		•		
Key figures						
Net turnover	1,769	1,689	1,824	1,901	1,875	
Operating profit	150	168	192	175	180	
Earnings before interest and tax (EBIT)	152	170	192	180	180	
Income from affiliated companies	73	35	37	40	17	
Net financials	-0	-1	0	0	-2	
Profit before tax	225	201	229	220	196	
Profit for the year	188	161	185	178	155	
Fixed assets	1,508	1,502	1,541	1,593	1,650	
Current assets	543	435	375	423	447	
Equity	1,225	1,239	1,276	1,506	1,323	
Balance sheet total	2,051	1,937	1,915	2,016	2,097	
Balance sheet total minus interest bearing assets	1,877	1,824	1,781	1,865	1,990	
Investments in tangible fixed assets	213	239	253	216	150	
Number of employees at year-end	2,073	2,097	2,179	2,308	2,351	
Financial ratios						
Profit (EBIT) margin (%)	8.6	10.1	10.5	9.5	9.6	
Return on investment (ROI) (%)	8.2	9.4	10.5	9.3	8.8	
Return on equity (%)	15.3	12.8	13.3	12.6	11.1	
Definition of key figures:	1	· · · · ·				
Profit (EBIT) margin	=		EBIT x 10 Net turnove			
Return on Investment (ROI)	= Av	EBIT x 100  Average (balance sheet total – interest bearing assets)				
Return on equity	=	Profit for the year × 100  Average equity				

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

#### 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 2021 is on the expected level.

The operating profit is slighty lower than last year which is mainly due to shortage of raw materials / components during the last part of the financial year, higher indirect costs and the continued impact from COVID-19.

Profit before tax for the year amounts to 225 mDKK compared with 201 mDKK last year. Profit after tax for the year amounts to 188 mDKK compared with 161 mDKK in 2020.

The result is regarded satisfactory and is higher than expected in the 2020 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 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 4%, which is an increase of 1% point compared to 2020. By the end of 2021 the status was 19% female managers – which is an increase of 1% point compared to 2020. 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 and in accordance with Danish Financial Statements Act § 99a - please see and download Sustainability Report. Please find our Sustainability Report here: <a href="https://www.grundfos.com/sustainability/reports">https://www.grundfos.com/sustainability/reports</a>

#### **Data Ethics**

In Grundfos we are committed to ensuring compliance with applicable data privacy laws, and we have a strong focus on the principles of self-determination, human dignity, responsibility, equality and fairness, progressiveness, and diversity. When bringing new products and services to market, we focus on privacy by design and default. We have not adopted a formal policy on data ethics but expect to do so in the coming years.

#### 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.

#### 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 2022**

The activity level in Grundfos A/S is expected to be on an equal level than realised in 2021. The turnover and EBIT in 2022 are both expected to be on a similar level as this financial year. The expected profit for the year 2022 is in the interval 150 - 190 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 2022 result.

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

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.

### 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.

#### **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.

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

#### 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.

#### 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.

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.

## 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 2021

	<u>Note</u>	2021 DKK '000	2020 DKK '000
Net turnover	1	1,768,504	1,688,916
Production costs	2.3.4	-1,436,394	-1,347,304
Gross profit		332,110	341,612
Distribution costs	3.4	-53,847	-52,838
Administration costs	3.4	-128,109	-120,605
Operating profit		150,154	168,169
Other income	5	1,894	1,348
Earnings before interest and tax		152,048	169,517
Income from investments in affiliated companies	6	72,648	35,002
Result from investments in associated companies	7	1 :	-2,700
Financial income	8	578	639
Financial costs	9	-773	-1,415
Profit before tax		224,502	201,043
Tax on profit for the year	10	-36,479	-39,893
Profit for the year	11	188,023	161,150

## **Balance sheet at 31.12.2021**

		2021	2020
	<u>Note</u>	DKK '000	DKK '000
Other intangible assets	12	2,067	3,341
Intangible fixed assets		2,067	3,341
<b>g</b>			2,2,14,
Land and buildings		564,585	485,134
Technical installations and machinery		471,752	
Other technical installations		<b>2,06</b> 8 '	2,429
Tangible fixed assets in progress		315,069	366,956
Tangible fixed assets	13	1,353,474	1,383,714
Investments in affiliated companies	14	149,153	111,505
Investments in associated companies	14	2,107	2,106
Securities and deposits	15	1,345	1,345
Financial fixed assets		152,605	114,956
Total fixed assets		1,508,146	1,502,011
Inventories	16	22,519	23,308
Trade debtors		7,928	912
Customer projects in progress		102,527	54,960
Accounts receivable from affiliated companies		347,368	309,330
Corporate tax		24,226	0
Deferred tax	17	31,552	33,693
Other accounts receivable		3,615	10,165.
Prepayments	18	3,104	2,725
Accounts receivables		520,320	411,785
Cash at bank and in hand		45	292
Total current assets		542,884	435,385
Total assets			
TOTAL ASSETS		2,051,030	1,937,396

## Balance sheet at 31.12.2021

	<u>Note</u>	2021 DKK '000	2020 DKK '000
Share capital	19	182,800	182,800
Reserve concerning revaluation affiliated companies		93,224	55,983
Reserve for currency translation		0	1,847
Retained profit		808,500	798,126
Proposed dividend		140,000	200,000
Equity		1,224,524	1,238,756
Other provisions	20	41,314	39,831
Provisions		41,314	39,831
Other liabilities	21	0	105,660
Long term liabilities	21		105,660
Prepayments received		24.749	10,120
Trade creditors		104.161	135,402
Debt to affiliated companies		459,753	213,067
Other liabilities		196,394	171,727
Corporate tax		0	22,497
Deferred income	22	135	336
Short term liabilities		785,192	553,149
Total liabilities		785,192	553,149
Total equity, provisions and liabilities	:	2,051,030	1,937,396

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# 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 01.01.2021	182,800	55,983	1,847	798,126	200,000	1,238,756
Dividend paid					-200,000	-200,000
Profit for the year		37,649		10,374	140,000	188,023
Net adjustment financial instruments and equity postings in affiliated companies		-408				-408
Net adjustment after tax hedging instruments	,		-1,847	•		-1,847
Equity 31.12.2021	182,800	93,224	0	808,500	140,000	1,224,524

	2021 DKK '000	2020 DKK '000
		DAIL GOO
1. Net turnover on activities		
Sale of components	2,124	11,127
Distribution fee and AME production	101,009	94,544
Manufacturing fee etc.	1,665,371	1,583,245
	1,768,504	1,688,916
Geographical split		
Europe	1,754,288	1,673,114
North and South America	5,764	7,899
Asia	8,452	7,903
	1,768,504	1,688,916
2. Result from hedging instruments / fixed price agreements recognised in profit and loss account	;	
Result from electricity hedge / fixed price contracts recognised in production costs	26,319	-2,312
3. Staff costs	) : :	; !
Salaries and wages	953,925	931,062
Pensions	76,645	73,451
Social contributions	25,496	25,451
	1,056,066	1,029,964
Staff costs are incorporated as shown below in the profit and loss statement:		,
Production costs	1,024,020	995,975
Distribution costs	9,793	13,390
Administration costs	22,253	20,599
	1,056,066	1,029,964
Average number of full time employees	2,062	2,136
Number of full time employees at year end	2,073	2,097
	i.	

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.

	2021 DKK '000	2020 DKK '000
4. Depreciation		
Other intangible assets	2,342	1,824
Buildings	47,803	46,058
Technical installations and machinery	167,759	210,602
Other technical installations	835	692
	218,739	259,176
Depreciation is included in the profit and loss statement as follows:		-
Production costs	215,746	256,633
Administrative costs	2,993	2,543
	218,739	259,176
5. Other income		
Gain on sale of fixed assets and spareparts	1,894	1,348
·	1,894	1,348
6 Income from investments in affiliated companies		
6. Income from investments in affiliated companies  Share of the result after taxes in:		:
Grundfos DK A/S	28,633	26,669
Sintex A/S	42,885	9,406
Change in internal margin on inventories	1,130	-1,073
<b>3</b>	72,648	35,002
7. Result from investments in associated companies		) i
Share of the result after taxes and loss from sale	1	-2,700
	1	-2,700
8. Financial income		i i
Financial income from affiliated companies	91	191
Currency adjustments income	404	404
Other financial income	83	44
	578	639
9. Financial costs		
Financial costs to external parties	0	873
Financial costs to affiliated companies	234	123
Currency adjustments costs	539	419
	773	1,415

	2021	2020
	DKK '000	DKK '000
10. Tax on profit for the year		
Current tax	34,818	46,383
Change in deferred tax	2,103	-6,488
Adjustment of tax, prior years	-442	-2
Tax on profit for the year	36,479	39,893
Tax on profit for the year can be explained as:		
Profit before tax	224,502	201,043
Income from affiliated companies	-72,648	-35,002
Income from associated companies	-1	2,700
	151,853	168,741
Tax calculated hereof  Tax effect of:	33,408	37,123
Adjustment tax, prior years	-442	-2
Effect from permanent differences, net	3,513	2.772
Tax on profit for the year	36,479	39,893
11. Profit for the year		•
Proposed profit distribution:		
Dividend .	140,000	200,000
Reserve net revaluation affiliated companies	37,649	-16,678
Retained profit	10,374	-22,172
	188,023	161,150

	Other intangible assets DKK '000				
12. Intangible fixed assets					
Cost 01.01.2021	6,015				
Additions of the year	418				
Disposals of the year	-396				
Transfers	650				
Cost 31.12.2021	6,687				
Depreciation 31.12.2021	-2,674				
Depreciation for the year	-2,342				
Depreciation on disposals	396				
Transfers	0				
Depreciation 31.12.2021	-4,620				
Accounting value 31.12.2021	2,067				
Accounting value 31.12.2020	3,341				
	Land and buildings DKK '000	Techni install. macin DKK '0	and ery	Other installations etc. DKK '000	Fixed assets in progress DKK '000
13. Tangible fixed assets		<del></del>			
Cost 01.01.2021	1,675,244	4,857	,455	39,486	366,956
Additions of the year	32,880		,295	136	136,881
Disposals of the year	-41		,769	-631	. 0
Transfers	94,382	93	,398	338	-188,768
Cost 31.12.2021	1,802,465	4,915	,379	39,329	315,069
Depreciation 31.12.2021	-1,190,110	-4,328	,260	-37,057	0
Depreciation for the year	-47,803	-167	,759	-835	0
Depreciation on disposals	33	52,	,392	631	0
Transfers	0		0	0	0
Adjustment imparment test	0		0	0	0
Depreciation and amortisation 31.12.2021	-1,237,880	-4,443,	627	-37,261	0
Accounting value 31.12.2021	564,585	471,	752	2,068	315,069
Accounting value 31.12.2020	485,134	529,	195	2,429	366,956

		Investments in affiliated companies DKK '000	Investments in associated companies DKK '000
14. Investments in affiliated and associated companies			
Cost 01.01.2021		55,414	2,000
Disposals of the year		0	2,000
Cost 01.01.2021		55,414	2,000
M. 1			
Value adjustments 01.01.2021		56,091	106
Disposals of the year		0	0
Share of profit for the year, net Dividend received		72,648	1
Value adjustments 31.12.2021		-35,000	0
value adjustifients 51.12.2021		93,739	107
Accounting value 31.12.2021		149,153	2,107
Accounting value 31.12.2020		111,505	2,106
Investments in affiliated companies include:			
	Cost 31.12.2021 DKK '000	Share of profit for the year net DKK '000	Accounting value 31.12.2021 DKK '000
Grundfos DK A/S, Martin Bachs Vej 3,			
8850 Bjerringbro (ownership 100 %)	22,414	30,070	76,513
Sintex A/S, Jyllandsvej 14, 9500 Hobro (ownership 100 %)	33,000	42,578	76,513 72,640
, , , , , , , , , , , , , , , , , , , ,		12,570	72,040
	55,414	72,648	149,153
Investments in associated companies include:			
KnowHowZ A/S, Baldersvej 10-12, 8850 Bjerringbro (ownership 20.77 %)	2,000	1	2,107
	2,000	1	2,107

		Securities and deposits DKK '000
15. Securities and deposits		
Cost 01.01.2021 Disposals		1,345
Cost 31.12.2021		1,345
Value adjustments 01.01.2021 Value adjustments 31.12.2021		0 0
Accounting value 31.12.2021		1,345
Accounting value 31.12.2020		1,345
	2021 DKK '000	2020 DKK '000
16. Inventories	· · · · · · · · · · · · · · · · · · ·	
Raw materials and consumables	22,519	23,308
	22,519	23,308
17. Deferred tax		
Deferred tax asset 01.01.	22.602	26.240
Adjustment of deferred tax in the profit and loss statement	33,693   -2,103 .	26,249   6,488
Adjustment of deferred tax relating to hedge contracts	-2,103 ; 599 '	-549
Adjustment of deferred tax concerning prior years	-637	1,505
Deferred tax asset 31.12.	31,552	33,693
Deferred tax relate to the following balance sheet items:	•	
Tangible fixed assets	22,577	25,717
Current assets	-1,542	-675
Provisions	8,885	8,582
Short term liabilities	1,632	698
Equity	0	-629
Deferred tax asset	31,552	33,693
18. Prepayments	1	1
Prepayments 01.01	2,725	2,828
Changes for the year	379	-103
Prepayments 31.12	3,104	2,725
Prepayments are relating to prepaid insurance and lease agreements.		

	2021 DKK '000	2020 DKK '000
19. Share capital Share capital can be specified as follows:		
A-shares, nominal value B-shares, nominal value	176,552	176,552
Share capital	6,248 <b>182,800</b>	182,800
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 multipel of this.		
No movements have taken place in the period 01.01.2017 – 31.12.2021.		
	2021 DKK '000	2020 DKK '000
20. Other provisions		
Other provisions 01.01.	39,831	40,559
Provisions spend during the year	0	-172
Provisions reversed during the year	-601	-556
Provisions made in the year  Other provisions 31.12.	2,084	0
Other provisions 51.12.	41,314	39,831
Other provisions relates to jubilee provision and provisions concerning decided changes in the future production set-up.		
21. Other liabilities		
Other liabilities 01.01	105,660	36,514
Changes for the year	-105,660	69,146
Other liabilities 31.12	0	105,660
Other liabilities relates to long term part of holiday pay.		
22. Deferred income	; ;	
Deferred income 01.01	336	538
Changes for the year	-201	-202
Deferred income 31.12	135	336

Deferred income is relating to grants received.

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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	obligation DKK '000
Buildings inclusive stock area and parking places	2022-2031	10,365
Cars and lorries	2022-2027	7,120
Other equipment (production equipment and trucks)	2022	5,333
	-	22,818

Total

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 avaible 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

#### 26. Financial instruments

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

At the end of the financial year 2021 and 2020 no currency hedging contracts are made as all significant invoicing of sales and purchase are taking place in DKK.

Concerning hedge of the future electricity prices there are no gain/loss at the end of the financial year. At 31.12.2020 there was a gain of 2.7 mDKK concerning electricity contracts. The hedge of electricity consumption covered previously the expected consumption in the coming year.

Deferred profit on electricity contracts primo was 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 2022 result.

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