

## **Silhorko-Eurowater A/S**

Aarhusvej 79, Stilling, DK-8660 Skanderborg

CVR no. 39 17 65 13

### **Annual report**

for the period 1 November - 31 December 2021

Approved at the Company's annual general meeting on 30 May 2022

Chair of the meeting:

.....  
Stéphane Laurent Gilles Simonetta

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Silhorko-Eurowater A/S for the financial year 1 November - 31 December 2021.

The annual report is 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 November - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Stilling, 30 May 2022  
Executive Board:

.....  
Torben Buhl

.....  
Kurt Hufnagl

Board of Directors:

.....  
Stéphane Laurent Gilles  
Simonetta  
Chair

.....  
Moncef Tanfour

.....  
Philippe Pascal Laval

.....  
Lars Schiøler Andersen

.....  
Anupam Bhargava

## Independent auditor's report

To the shareholder of Silhorko-Eurowater A/S

### Opinion

We have audited the financial statements of Silhorko-Eurowater A/S for the financial year 1 November - 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 November - 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 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 the 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 Company's internal control.

## Independent auditor's report

- ▶ 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, 30 May 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Jes Lauritzen  
State Authorised Public Accountant  
mne10121

Jonas Busk  
State Authorised Public Accountant  
mne42771

## Management's review

### Company details

Name	Silhorko-Eurowater A/S
Address, Postal code, City	Aarhusvej 79, Stilling, DK-8660 Skanderborg
CVR no.	39 17 65 13
Established	9 January 1937
Registered office	Skanderborg
Financial year	1 November - 31 December
Website	www.silhorko.dk
E-mail	info@silhorko.dk
Telephone	+45 87 93 83 00
Board of Directors	Stéphane Laurent Gilles Simonetta, Chair Moncef Tanfour Philippe Pascal Laval Lars Schiøler Andersen Anupam Bhargava
Executive Board	Torben Buhl Kurt Hufnagl
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

### Financial highlights

DKK'000	2021 2 months	2020/21 12 months	2019/20 12 months	2018/19 12 months	2017/18 12 months
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#### Key figures

Revenue	37,054	250,123	232,298	237,164	238,745
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-993	18,535	12,716	17,088	18,555
Profit before tax	3,879	38,892	20,537	40,364	33,965
<b>Profit for the year</b>	<b>4,287</b>	<b>35,736</b>	<b>18,979</b>	<b>37,671</b>	<b>31,754</b>

Fixed assets	184,035	177,406	141,470	144,340	140,693
Non-fixed assets	123,626	131,946	115,208	99,772	97,725
<b>Total assets</b>	<b>307,661</b>	<b>309,352</b>	<b>256,678</b>	<b>244,112</b>	<b>238,418</b>
Share capital	2,914	2,914	3,004	3,000	3,000
<b>Equity</b>	<b>213,654</b>	<b>209,610</b>	<b>172,620</b>	<b>167,342</b>	<b>150,498</b>
Non-current liabilities other than provisions	0	0	0	9,494	10,933
Current liabilities other than provisions	90,786	95,603	80,747	74,595	75,746

#### Financial ratios

Operating margin	-4.5%	5.7%	3.8%	5.5 %	6.1 %
EBITDA-margin	-2.7%	7.4%	5.5%	7.2%	7.8%
Current ratio	136.2%	138.0%	142.7%	133.8%	129.0%
Equity ratio	69.4%	67.8%	67.3%	68.6%	63.1%
Return on equity	2.0%	18.7%	11.2%	23.7%	22.5%

<b>Average number of full-time employees</b>	<b>163</b>	<b>158</b>	<b>154</b>	<b>153</b>	<b>141</b>
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For terms and definitions, please see the accounting policies.

## Management's review

### Business review

Silhorko-Eurowater A/S's objective is to manufacture and service water treatment plants, including global sale through subsidiaries.

Silhorko-Eurowater A/S is changing the financial year from 1 November - 31 October to 1 January - 31 December to align with Grundfos Holding A/S. This financial year is covering the conversion period 1 November 2021 - 31 December 2021.

During the two months period several projects were completed in relation to treatment of drinking water and technical water to be used in the industrial sector and the utility sector.

### Financial review

The income statement for 2021 shows a profit of DKK 4,287 thousand against a profit of DKK 35,736 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 213,654 thousand. Management considers the Company's financial performance in the year satisfactory and in line with expectations for the short two month conversion period.

### Research and development activities

The Group does not have any actual research activities. The products are developed and improved on an ongoing basis.

### Events after the balance sheet date

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

### Outlook

The company's revenue for the calendar year 2022 is expected to be DKK 260-280 million. The result after tax for the calendar year 2022 is expected to be 35-40 million.

## Financial statements 1 November - 31 December

### Income statement

Note	DKK'000	2021 2 months	2020/21 12 months
	<b>Revenue</b>	37,054	250,123
	Cost of goods sold	-17,047	-120,236
	Other operating income	0	405
	External expenses	-4,016	-16,743
	<b>Gross profit</b>	15,991	113,549
2	Staff costs	-16,894	-95,014
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-677	-4,325
	Other operating expenses	-90	0
	<b>Profit/loss before net financials</b>	-1,670	14,210
	Income from investments in group entities	5,741	24,548
4	Financial income	252	910
5	Financial expenses	-444	-776
	<b>Profit before tax</b>	3,879	38,892
6	Tax for the year	408	-3,156
	<b>Profit for the year</b>	4,287	35,736



## Financial statements 1 November - 31 December

### Balance sheet

Note	DKK'000	2021	2020/21
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Acquired intangible assets	584	640
		584	640
8	<b>Property, plant and equipment</b>		
	Land and buildings	24,453	24,670
	Plant and machinery	5,577	5,981
	Property, plant and equipment in progress	165	0
		30,195	30,651
9	<b>Investments</b>		
	Investments in group entities, net asset value	124,158	118,382
	Receivables from group entities	29,022	27,657
	Deposits	76	76
		153,256	146,115
	<b>Total fixed assets</b>	184,035	177,406
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	37,628	33,790
	Work in progress	3,683	3,489
	Finished goods and goods for resale	18,303	18,048
		59,614	55,327
	<b>Receivables</b>		
	Trade receivables	23,603	36,642
10	Work in progress for third parties	2,716	2,067
	Receivables from group entities	27,054	28,584
	Other receivables	2,307	3,940
	Deferred income	620	1,909
		56,300	73,142
	<b>Cash</b>	7,712	3,477
	<b>Total non-fixed assets</b>	123,626	131,946
	<b>TOTAL ASSETS</b>	307,661	309,352

## Financial statements 1 November - 31 December

### Balance sheet

Note	DKK'000	2021	2020/21
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
11	Share capital	2,914	2,914
	Revaluation reserve, properties	4,553	4,553
	Net revaluation reserve according to the equity method	82,021	76,245
	Retained earnings	124,166	125,898
	<b>Total equity</b>	<b>213,654</b>	<b>209,610</b>
	<b>Provisions</b>		
12	Deferred tax	3,221	4,139
	<b>Total provisions</b>	<b>3,221</b>	<b>4,139</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Bank debt	2,288	560
	Prepayments received from customers	1,269	1,662
10	Work in progress for third parties	2,123	2,633
	Trade payables	8,707	11,101
	Payables to group entities	62,803	63,780
	Income taxes payable	816	2,325
	Other payables	12,780	13,542
		<b>90,786</b>	<b>95,603</b>
	<b>Total liabilities other than provisions</b>	<b>90,786</b>	<b>95,603</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>307,661</b>	<b>309,352</b>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit

Financial statements 1 November - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Revaluation reserve, properties	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 November 2020	3,004	10,945	57,841	100,830	172,620
	Capital reduction	-90	0	0	90	0
16	Transfer, see "Appropriation of profit"	0	0	21,612	14,124	35,736
	Dividends form subsidiaries	0	0	-4,462	4,462	0
	Exchange adjustment	0	0	1,254	0	1,254
	Revaluations in the year	0	-6,392	0	6,392	0
	<b>Equity at 1 November 2021</b>	<b>2,914</b>	<b>4,553</b>	<b>76,245</b>	<b>125,898</b>	<b>209,610</b>
16	Transfer, see "Appropriation of profit"	0	0	6,019	-1,732	4,287
	Exchange adjustment	0	0	-243	0	-243
	<b>Equity at 31 December 2021</b>	<b>2,914</b>	<b>4,553</b>	<b>82,021</b>	<b>124,166</b>	<b>213,654</b>

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Silhorko-Eurowater A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

#### Changes in accounting policies

Silhorko-Eurowater A/S is changing the financial year from 1 November - 31 October to 1 January - 31 December to align with Grundfos Holding A/S. This financial year is covering the conversion period 1 November 2021 - 31 December 2021.

The comparative figures has not been restated and covers the periode from 1 November 2020 to 31 October 2021.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Grundfos Holding.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### *Foreign group entities*

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### Income statement

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be measured reliably and is expected to be received. Revenue from the sale of services is recognised in the income statement when the services are completed and provided that the income can be measured reliably and is expected to be received.

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other intangible assets	3-15 years
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Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	30-50 years
Plant and machinery	3-12 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Land is not depreciated.

#### Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

#### Balance sheet

##### Intangible assets

Intangible assets comprise licences and software. Intangible assets are measured at cost less amortisation and impairment losses.

Gains and losses on the disposal of licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised in provisions.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Acquisition of further shares in subsidiaries is recognised in the same way as in the consolidated financial statements. In the Parent Company, Management has chosen to apply the equity method as consolidation method, and the difference between the acquired share of equity (according to the equity method) and the cost of the share is recognised directly in the Parent company's equity.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

##### Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

###### *Revaluation reserve*

The reserve comprises revaluations of property relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".



## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are measured at amortised cost. Other liabilities are measured at net realisable value.

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

**Financial statements 1 November - 31 December**

**Notes to the financial statements**

DKK'000	2021 2 months	2020/21 12 months
<b>2 Staff costs</b>		
Wages/salaries	15,568	85,649
Pensions	712	3,842
Other social security costs	614	5,523
	<u>16,894</u>	<u>95,014</u>
 Average number of full-time employees	 <u>163</u>	 <u>158</u>
 Remuneration to members of Management:		
Total remuneration to the Executive Board totalling DKK 815 thousand (2020/21: DKK 2,897 thousand) and pensions totalling DKK 6 thousand (2020/21: DKK 33 thousand)		
<b>3 Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	56	361
Depreciation of property, plant and equipment	621	3,964
	<u>677</u>	<u>4,325</u>
<b>4 Financial income</b>		
Interest income from consolidated entities	181	776
Other financial income	71	134
	<u>252</u>	<u>910</u>
<b>5 Financial expenses</b>		
Interest expense to Grundfos Holding A/S	7	153
Interest expense to consolidated entities	15	67
Other financial expenses	422	556
	<u>444</u>	<u>776</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	510	2,325
Deferred tax adjustments in the year	-918	831
	<u>-408</u>	<u>3,156</u>

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	<u>Acquired intangible assets</u>
Cost at 1 November 2021	7,049
Cost at 31 December 2021	7,049
Impairment losses and amortisation at 1 November 2021	6,409
Amortisation/depreciation in the year	56
Impairment losses and amortisation at 31 December 2021	6,465
<b>Carrying amount at 31 December 2021</b>	<b>584</b>

#### 8 Property, plant and equipment

DKK'000	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Property, plant and equipment in progress</u>	<u>Total</u>
Cost at 1 November 2021	49,141	29,500	0	78,641
Additions in the year	0	0	165	165
Cost at 31 December 2021	49,141	29,500	165	78,806
Impairment losses and depreciation at 1 November 2021	24,471	23,519	0	47,990
Amortisation/depreciation in the year	217	404	0	621
Impairment losses and depreciation at 31 December 2021	24,688	23,923	0	48,611
<b>Carrying amount at 31 December 2021</b>	<b>24,453</b>	<b>5,577</b>	<b>165</b>	<b>30,195</b>

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 9 Investments

DKK'000	Investments in group entities, net asset value	Receivables from group entities	Deposits	Total
Cost at 1 November 2021	42,138	27,657	76	69,871
Additions in the year	0	1,644	0	1,644
Disposals in the year	0	-279	0	-279
Cost at 31 December 2021	42,138	29,022	76	71,236
Value adjustments at 1 November 2021	76,244	0	0	76,244
Exchange adjustment	-243	0	0	-243
Share of the profit/loss for the year	5,740	0	0	5,740
Amount transferred for write-down of receivables in subsidiaries	279	0	0	279
Value adjustments at 31 December 2021	82,020	0	0	82,020
<b>Carrying amount at 31 December 2021</b>	<b>124,158</b>	<b>29,022</b>	<b>76</b>	<b>153,256</b>

Of the total carrying amount of investment in group entities negative net assets, DKK 11,239, have been set off against receivables.

Name	Domicile	Interest	Equity DKK'000
<b>Subsidiaries</b>			
Armacoat A/S	Denmark	100.00%	2,889
Eurotronic ApS	Denmark	100.00%	265
Eurotank A/S	Denmark	100.00%	394
Eurowater AB	Sweden	100.00%	19,160
Eurowater AS	Norway	100.00%	2,908
Eurowater B.V.	Netherlands	100.00%	-8,783
Eurowater Kft.	Hungary	92.00%	21
Eurowater Ltd.	Ukraine	100.00%	740
Eurowater N.V.	Belgium	100.00%	3,025
Eurowater S.r.o.	Slovakia	100.00%	15,347
Eurowater S.r.o.	Czech Republic	100.00%	11,656
Eurowater Sarl.	France	100.00%	3,619
Eurowater Sp, z.o.o.	Poland	100.00%	23,346
Eurowater Wasseraufbereitung AG	Switzerland	100.00%	617
Eurowater Wasseraufbereitung Ges.mBH	Austria	100.00%	7,112
Eurowater Wasseraufbereitung GmbH	Germany	100.00%	32,104
Unitex Sp. z o.o.	Poland	100.00%	-1,410

## Financial statements 1 November - 31 December

### Notes to the financial statements

DKK'000	2021	2020/21
<b>10 Work in progress for third parties</b>		
Selling price of work performed	40,802	39,799
Progress billings	-40,209	-40,365
	<u>593</u>	<u>-566</u>
recognised as follows:		
Work in progress for third parties (assets)	2,716	2,067
Work in progress for third parties (liabilities)	-2,123	-2,633
	<u>593</u>	<u>-566</u>

### 11 Share capital

Analysis of the share capital:

2,914 A shares of DKK 1,000.00 nominal value each	2,914	2,914
	<u>2,914</u>	<u>2,914</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2021	2020/21	2019	2018	2017
Opening balance	2,914	3,004	3,000	3,000	3,000
Capital increase	0	0	4	0	0
Capital reduction	0	-90	0	0	0
	<u>2,914</u>	<u>2,914</u>	<u>3,004</u>	<u>3,000</u>	<u>3,000</u>

DKK'000	2021	2020/21
<b>12 Deferred tax</b>		
Deferred tax at 1 November	4,139	3,309
Adjustment for the year	-918	831
Adjustment for prior years	0	-1
<b>Deferred tax at 31 December</b>	<u>3,221</u>	<u>4,139</u>

### 13 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Parent Company has issued a letter of comfort to the subsidiaries Eurotank A/S and Armacoat A/S. In the letters of comfort, Silhorko-Eurowater A/S commits to grant the necessary capital to the subsidiaries.

Performance guarantee and prepayment guarantee of DKK 6.106 thousand have been provided by the Parent Company's bank.

From 31 October 2020, the Company is jointly taxed with the other Danish companies in the Grundfos Holding A/S Group. As a wholly-owned subsidiary, the Company has, together with the jointly taxed companies, joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation arrangement. The jointly taxed entities' total net liability to Danish tax authorities is stated in the financial statements of the administration company. Any subsequent corrections of the joint taxation income and withholding tax, etc., may entail an increased liability for the Company. Until 30 October 2020, the Company was jointly taxed with the other Danish companies in the Eurowater Holding A/S Group.

## Financial statements 1 November - 31 December

### Notes to the financial statements

#### 14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 15 Related parties

Silhorko-Eurowater A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Grundfos Holding A/S	Denmark	100% of the Share Capital

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Poul Due Jensens Fond	Denmark	<a href="https://www.pdjf.dk/regnskaber/">https://www.pdjf.dk/regnskaber/</a>
Grundfos Holding A/S	Denmark	<a href="https://www.grundfos.com/about-us/news-and-media/reports/grundfos-annual-report-2021">https://www.grundfos.com/about-us/news-and-media/reports/grundfos-annual-report-2021</a>

##### Related party transactions

Silhorko-Eurowater A/S was engaged in the below related party transactions:

DKK'000	2021	2020/21
Sales to subsidiaries	14,954	95,425
Purchase from subsidiaries	4,546	-21,742
Rent	67	399
Interests to Grundfos	-7	-153
Interests, subsidiaries	155	709

Transactions with the Grundfos Group is conducted on arm's length terms.

#### 16 Appropriation of profit

##### Recommended appropriation of profit

Net revaluation reserve according to the equity method	6,019	21,612
Retained earnings/accumulated loss	-1,732	14,124
	<u>4,287</u>	<u>35,736</u>

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## Torben Buhl

### Executive Board

På vegne af: Silhorko-Eurowater A/S

Serienummer: PID:9208-2002-2-714416317210

IP: 93.176.xxx.xxx

2022-05-30 14:35:07 UTC

NEM ID 

## Kurt Hufnagl

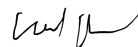
### Executive Board

På vegne af: Silhorko-Eurowater A/S

Serienummer: khu.dk@eurowater.com

IP: 93.176.xxx.xxx

2022-05-31 05:57:25 UTC



## Stephane Laurent Gilles Simonetta

### Chair

På vegne af: Silhorko-Eurowater A/S

Serienummer: PID:9208-2002-2-871897811329

IP: 193.3.xxx.xxx

2022-05-31 10:05:03 UTC

NEM ID 

## Lars Schiøler Andersen

### Board of Directors

På vegne af: Silhorko-Eurowater A/S

Serienummer: PID:9208-2002-2-444602986225

IP: 193.3.xxx.xxx

2022-05-31 11:05:15 UTC

NEM ID 

## Anupam Bhargava

### Board of Directors

På vegne af: Silhorko-Eurowater A/S

Serienummer: PID:9208-2002-2-767795738390

IP: 193.3.xxx.xxx

2022-05-31 15:36:54 UTC

NEM ID 

## Philippe Pascal Laval

### Board of Directors

På vegne af: Silhorko-Eurowater A/S

Serienummer: plaval@grundfos.com

IP: 176.165.xxx.xxx

2022-06-01 14:50:03 UTC



## Moncef Tanfour

### Board of Directors

På vegne af: Silhorko-Eurowater A/S

Serienummer: mtanfour@grundfos.com

IP: 193.3.xxx.xxx

2022-06-01 15:42:44 UTC



## Jes Østergaard Lauritzen

### State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: PID:9208-2002-2-767513552340

IP: 147.161.xxx.xxx

2022-06-01 16:54:12 UTC

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## Jonas Busk

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:11937890

IP: 145.62.xxx.xxx

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