

# Silhorko-Eurowater A/S

Aarhusvej 79, Stilling, DK-8660 Skanderborg

CVR no. 39 17 65 13

## Annual report 2023

Approved at the Company's annual general meeting on 25 June 2024

Chair of the meeting:

.....  
Philippe Pascal Laval

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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 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

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

Stilling, 25 June 2024  
Executive Board:

.....  
Francesco Cesare Magri

Board of Directors:

.....  
Philippe Pascal Laval  
Chairman

.....  
Lars Schiøler Andersen

.....  
Francesco Cesare Magri

## 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 January - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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.

## Independent auditor's report

- ▶ 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 June 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Friis  
State Authorised Public Accountant  
mne32732

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 January - 31 December
Website	<a href="http://www.silhorko.dk">www.silhorko.dk</a>
E-mail	<a href="mailto:info@silhorko.dk">info@silhorko.dk</a>
Telephone	+45 87 93 83 00
Board of Directors	Philippe Pascal Laval, Chairman Lars Schiøler Andersen Francesco Cesare Magri
Executive Board	Francesco Cesare Magri
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

## Management's review

### Financial highlights

DKK'000	2023 12 months	2022 12 months	2021 2 mdr.(months)	2020/21 12 mdr.(months)	2019/20 12 mdr.(months)
<b>Key figures</b>					
Revenue	298,632	251,961	37,054	250,123	232,298
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-10,424	-2,914	-994	18,535	12,716
Operating profit/loss	-17,719	-7,950	-1,579	13,804	7,451
Net financials	24,628	21,964	5,549	24,682	11,770
Profit before tax	7,160	14,535	3,879	38,892	20,537
Profit for the year	11,566	14,847	4,287	35,736	18,979
Fixed assets	237,236	192,456	184,035	177,406	141,470
Non-fixed assets	201,852	198,894	123,626	131,946	115,208
Total assets	439,088	391,350	307,661	309,352	256,678
Investments in property, plant and equipment	7,610	22,611	165	2,418	2,853
Share capital	2,914	2,914	2,914	2,914	3,004
Equity	240,481	226,897	213,654	209,610	172,620
Non-current liabilities other than provisions	1,929	1,371	0	0	0
Current liabilities other than provisions	190,571	154,614	90,786	95,603	80,747
<b>Financial ratios</b>					
Operating margin	-5.8%	-2.9%	-4.5%	5.7 %	3.8 %
EBITDA-margin	-3.5%	-1.2%	-2.7%	7.4%	5.5%
Current ratio	105.9%	128.6%	136.2%	138.0%	142.7%
Equity ratio	54.8%	58.0%	69.4%	67.8%	67.3%
Return on equity	4.9%	6.7%	2.0%	18.7%	11.2%
Average number of full-time employees	190	168	163	158	154

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.

### Financial review

The income statement for 2023 shows a profit of DKK 11,566 thousand against a profit of DKK 14,847 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 240,481 thousand. The income statement for 2023 shows revenue of DKK 298.6 million against a revenue of DKK 251.9 million in 2022.

In the annual report for 2022, the Management expected a revenue in the range of DKK 280-300 million and a profit in the range of DKK 25-35 million. The revenue target was reached, however extraordinary structural cost in 2023, mainly ERP implementation, influences the result significantly.

Management considers the Company's financial performance in the year satisfactory under the above mentioned circumstances.

### Impact on the external environment

The Company has not drawn up any CSR report, as the Parent Company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site <https://www.grundfos.com/sustainability>.

### 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 2024 is expected to be in the range DKK 310 - 340 million and a profit in the range of DKK 10 - 15 million.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2023	2022
	<b>Revenue</b>	298,632	251,961
	Cost of goods sold	-143,942	-118,886
	Other operating income	251	520
	External expenses	-35,704	-27,996
	<b>Gross profit</b>	119,237	105,599
2	Staff costs	-129,661	-108,513
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-7,044	-4,515
	<b>Profit/loss before net financials</b>	-17,468	-7,429
	Income from investments in group entities	27,475	21,451
4	Financial income	1,943	1,423
5	Financial expenses	-4,790	-910
	<b>Profit before tax</b>	7,160	14,535
6	Tax for the year	4,406	312
	<b>Profit for the year</b>	11,566	14,847

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	<b>Intangible assets</b>		
	Acquired intangible assets	14,157	15,930
		<u>14,157</u>	<u>15,930</u>
9	<b>Property, plant and equipment</b>		
	Land and buildings	23,747	24,471
	Plant and machinery	10,843	4,811
	Property, plant and equipment in progress	0	3,663
		<u>34,590</u>	<u>32,945</u>
10	<b>Investments</b>		
	Investments in group entities	188,323	143,505
	Deposits	166	76
		<u>188,489</u>	<u>143,581</u>
	<b>Total fixed assets</b>	<u>237,236</u>	<u>192,456</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	63,459	54,110
	Work in progress	4,844	5,354
	Finished goods and goods for resale	12,354	13,849
		<u>80,657</u>	<u>73,313</u>
	<b>Receivables</b>		
	Trade receivables	34,473	31,432
11	Work in progress for third parties	6,105	5,611
	Receivables from group entities	59,853	72,724
	Joint taxation contribution receivable	2,874	6,334
	Other receivables	7,066	3,292
12	Prepayments	4,839	1,261
		<u>115,210</u>	<u>120,654</u>
	<b>Cash</b>	<u>5,985</u>	<u>4,927</u>
	<b>Total non-fixed assets</b>	<u>201,852</u>	<u>198,894</u>
	<b>TOTAL ASSETS</b>	<u>439,088</u>	<u>391,350</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
13	Share capital	2,914	2,914
	Revaluation reserve, properties	4,173	4,363
	Net revaluation reserve according to the equity method	120,103	101,567
	Retained earnings	113,291	118,053
	<b>Total equity</b>	<b>240,481</b>	<b>226,897</b>
	<b>Provisions</b>		
14	Deferred tax	6,107	8,468
	<b>Total provisions</b>	<b>6,107</b>	<b>8,468</b>
	<b>Liabilities other than provisions</b>		
15	<b>Non-current liabilities other than provisions</b>		
	Other credit institutions	1,929	1,371
		<b>1,929</b>	<b>1,371</b>
	<b>Current liabilities other than provisions</b>		
15	Current portion of long-term liabilities	1,050	414
	Bank debt	3,474	618
	Prepayments received from customers	1,443	2,032
11	Work in progress for third parties	222	3,628
	Trade payables	25,283	5,646
16	Payables to group entities	146,110	135,232
	Other payables	12,989	7,044
		<b>190,571</b>	<b>154,614</b>
	<b>Total liabilities other than provisions</b>	<b>192,500</b>	<b>155,985</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>439,088</b>	<b>391,350</b>

- 1 Accounting policies
- 7 Appropriation of profit
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- 18 Security and collateral
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Financial statements 1 January - 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 January 2022	2,914	4,553	82,021	124,166	213,654
	Disposals on demerger / corporate sale	0	0	-70	70	0
7	Transfer, see "Appropriation of profit"	0	0	24,785	-9,938	14,847
	Dividends form subsidiaries	0	0	-3,565	3,565	0
	Exchange adjustment	0	0	-1,604	0	-1,604
	Revaluations in the year	0	-190	0	190	0
	<b>Equity at 1 January 2023</b>	<b>2,914</b>	<b>4,363</b>	<b>101,567</b>	<b>118,053</b>	<b>226,897</b>
7	Transfer, see "Appropriation of profit"	0	0	22,740	-11,174	11,566
	Dividends form subsidiaries	0	0	-6,222	6,222	0
	Exchange adjustment	0	0	2,018	0	2,018
	Revaluations in the year	0	-190	0	190	0
	<b>Equity at 31 December 2023</b>	<b>2,914</b>	<b>4,173</b>	<b>120,103</b>	<b>113,291</b>	<b>240,481</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Silhorko-Eurowater A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Silhorko-Eurowater A/S are included in the consolidated financial statements of Grundfos Holding A/S, Bjerringbro, Denmark, (reg. no. 31 85 83 56)

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 group entities 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 group entities 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

The Company has chosen IAS 11/IAS 18 as interpretation for recognition and measurement of 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.

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains 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:

Software	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.

Land is not depreciated.

#### Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

#### Investments in group entities

Equity investments in group entities are measured according to the equity method.

On initial recognition, equity investments in group entities 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 group entities 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 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.

#### 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 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

##### Cash

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities / Payables to group entities".

##### 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 group entities 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### *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".

##### **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**

The Company has chosen IAS 39 as interpretation for 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 profit/loss	$\frac{\text{Profit/loss before net financials +/-Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)}}{\text{Revenue}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022
<b>2 Staff costs</b>		
Wages/salaries	115,354	95,083
Pensions	5,312	4,175
Other social security costs	6,035	5,858
Other staff costs	2,960	3,397
	<u>129,661</u>	<u>108,513</u>
Average number of full-time employees	<u>190</u>	<u>168</u>
Total remuneration to the Executive Board totalling DKK 2.878 thousand (2022: DKK 3,192 thousand) and pensions totalling DKK 1.233 thousand (2022: DKK 1,330 thousand)		
DKK'000	2023	2022
<b>3 Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	3,539	1,159
Depreciation of property, plant and equipment	3,505	3,356
	<u>7,044</u>	<u>4,515</u>
<b>4 Financial income</b>		
Interest income, group entities	1,264	1,211
Other financial income	679	212
	<u>1,943</u>	<u>1,423</u>
<b>5 Financial expenses</b>		
Interest expense to Grundfos Holding A/S	4,383	366
Interest expense to consolidated entities	114	121
Other financial expenses	293	423
	<u>4,790</u>	<u>910</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	-2,046	-5,736
Deferred tax adjustments in the year	-2,360	5,247
Tax adjustments, prior years	0	177
	<u>-4,406</u>	<u>-312</u>
<b>7 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Net revaluation reserve according to the equity method	22,740	24,785
Retained earnings/accumulated loss	-11,174	-9,938
	<u>11,566</u>	<u>14,847</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Intangible assets

DKK'000	<u>Acquired intangible assets</u>
Cost at 1 January 2023	23,554
Additions in the year	1,766
Cost at 31 December 2023	<u>25,320</u>
Impairment losses and amortisation at 1 January 2023	7,624
Amortisation/depreciation in the year	3,539
Impairment losses and amortisation at 31 December 2023	<u>11,163</u>
<b>Carrying amount at 31 December 2023</b>	<b><u>14,157</u></b>

#### 9 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 January 2023	50,271	30,788	3,663	84,722
Additions in the year	435	4,926	0	5,361
Disposals in the year	0	-851	0	-851
Transfer from other accounts	0	3,663	-3,663	0
Cost at 31 December 2023	<u>50,706</u>	<u>38,526</u>	<u>0</u>	<u>89,232</u>
Impairment losses and depreciation at 1 January 2023	25,800	25,977	0	51,777
Amortisation/depreciation in the year	1,159	2,346	0	3,505
Amortisation/depreciation and impairment of disposals in the year	0	-640	0	-640
Impairment losses and depreciation at 31 December 2023	<u>26,959</u>	<u>27,683</u>	<u>0</u>	<u>54,642</u>
<b>Carrying amount at 31 December 2023</b>	<b><u>23,747</u></b>	<b><u>10,843</u></b>	<b><u>0</u></b>	<b><u>34,590</u></b>
Property, plant and equipment include finance leases with a carrying amount totalling	<u>0</u>	<u>4,067</u>	<u>0</u>	<u>4,067</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Investments

DKK'000	Investments in group entities	Deposits	Total
Cost at 1 January 2023	41,938	76	42,014
Additions in the year	26,282	90	26,372
Cost at 31 December 2023	68,220	166	68,386
Value adjustments at 1 January 2023	101,567	0	101,567
Exchange adjustment	2,018	0	2,018
Dividend distributed	-6,222	0	-6,222
Share of the profit/loss for the year	27,475	0	27,475
Amount transferred for write-down of receivables in subsidiaries	-4,735	0	-4,735
Value adjustments at 31 December 2023	120,103	0	120,103
<b>Carrying amount at 31 December 2023</b>	<b>188,323</b>	<b>166</b>	<b>188,489</b>

Of the total carrying amount of investment in group entities negative net assets, DKK'000 9,838 (2022: DKK'000 14,573) have been set off against receivables.

#### Group entities

Name	Domicile	Interest
Armacoat A/S	Denmark	100.00%
Eurotank A/S	Denmark	100.00%
Eurowater AB	Sweden	100.00%
Eurowater AS	Norway	100.00%
Eurowater B.V.	Netherlands	100.00%
Eurowater Kft.	Hungary	92.00%
Eurowater Ltd.	Ukraine	100.00%
Eurowater N.V.	Belgium	100.00%
Eurowater S.r.o.	Slovakia	100.00%
Eurowater S.r.o.	Czech Republic	100.00%
Eurowater Sarl.	France	100.00%
Eurowater Sp, z.o.o.	Poland	100.00%
Eurowater Wasseraufbereitung AG	Switzerland	100.00%
Eurowater Wasseraufbereitung Ges.mbH	Austria	100.00%
Eurowater Wasseraufbereitung GmbH	Germany	100.00%
Unitex Sp. z o.o.	Poland	100.00%

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022			
<b>11 Work in progress for third parties</b>					
Selling price of work performed	18,199	31,170			
Progress billings	-12,316	-29,187			
	<u>5,883</u>	<u>1,983</u>			
recognised as follows:					
Work in progress for third parties (assets)	6,105	5,611			
Work in progress for third parties (liabilities)	-222	-3,628			
	<u>5,883</u>	<u>1,983</u>			
<b>12 Prepayments</b>					
Prepaid IT/Software costs	3,818	285			
Prepaid insurance costs	179	647			
Other prepaid costs	842	329			
	<u>4,839</u>	<u>1,261</u>			
<b>13 Share capital</b>					
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	2023	2022	2021	2020	2019
Opening balance	2,914	2,914	2,914	3,000	3,000
Capital increase	0	0	0	0	4
Capital reduction	0	0	0	-90	0
	<u>2,914</u>	<u>2,914</u>	<u>2,914</u>	<u>2,910</u>	<u>3,004</u>
DKK'000	2023	2022			
<b>14 Deferred tax</b>					
Deferred tax at 1 January			8,468	3,221	
Adjustment for the year			-2,361	5,247	
Deferred tax at 31 December			<u>6,107</u>	<u>8,468</u>	
<b>15 Non-current liabilities other than provisions</b>					
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years	
Other credit institutions	2,979	1,050	1,929	0	
	<u>2,979</u>	<u>1,050</u>	<u>1,929</u>	<u>0</u>	

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Payables to group entities

The Grundfos Holding A/S Group has concluded an agreement regarding a cash pool scheme, according to which Grundfos Holding A/S is the account holder and Silhorko-Eurowater A/S is the sub-accountholder together with the Group's other group entities. Under the terms agreed for the cash pool scheme, the bank is entitled to settle withdrawals and balances with each other whereby only the net balance of the total cash pool accounts makes up Grundfos Holding A/S' balance with the bank.

Silhorko-Eurowater A/S' account in the cash pool scheme, which is recognised as a payable to group entities, made up an account balance of DKK 133,515 thousand at 31 December 2023 (at 31 December 2022: a liability of DKK 118,500 thousand).

#### 17 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

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

The Company has rent liabilities with a contract term of 3 years which amounts to DKK 1,587 thousand (of which DKK 1,182 thousand are long-term).

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.

#### 18 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 19 Related parties

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

##### Parties exercising control

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

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
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/media/reports/grundfos-annual-report-2023">https://www.grundfos.com/media/reports/grundfos-annual-report-2023</a>

##### Related party transactions

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

<u>DKK'000</u>	<u>2023</u>	<u>2022</u>
Sales to subsidiaries	120,995	106,570
Purchase from subsidiaries	-30,664	-22,368
Rent	399	399
Interests to Grundfos	-4,483	-311
Net interests, subsidiaries	1,150	903
Purchase of goods from parent company	-6,195	-6,065
Fee payments to parent company	-4,932	-19,253
Receivables from group entities	59,853	72,724
Payables to group entities	-12,595	-16,732
Cash pool	-133,515	-118,500



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### Executive Board

On behalf of: Silhorko-Eurowater A/S  
Serial number: fmagri@grundfos.com  
IP: 193.3.xxx.xxx  
2024-06-25 12:55:16 UTC

## Lars Schiøler Andersen

### Board of Directors

On behalf of: Silhorko-Eurowater A/S  
Serial number: 26a50d27-6b55-485e-acc9-0e1ee8dc1f69  
IP: 193.3.xxx.xxx  
2024-06-25 14:53:04 UTC



## Francesco Magri

### Board of Directors

On behalf of: Silhorko-Eurowater A/S  
Serial number: fmagri@grundfos.com  
IP: 193.3.xxx.xxx  
2024-06-25 15:12:23 UTC

## Philippe Laval

### Chair

On behalf of: Silhorko-Eurowater A/S  
Serial number: plaval@grundfos.com  
IP: 193.3.xxx.xxx  
2024-06-26 11:07:05 UTC

## Philippe Laval

### Chairman, Board of Directors

On behalf of: Silhorko-Eurowater A/S  
Serial number: plaval@grundfos.com  
IP: 193.3.xxx.xxx  
2024-06-26 11:07:05 UTC

## Jonas Busk Tangsgaard

### EY Godkendt Revisionspartnerselskab CVR: 30700228 State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab  
Serial number: c967be5a-15c6-4d3a-912f-bb032c82586e  
IP: 165.225.xxx.xxx  
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EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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