

Silhorko-Eurowater A/S

Aarhusvej 79, Stilling, 8660 Skanderborg

CVR no. 39 17 65 13

Annual report

for the year 1 November 2020 - 31 October 2021

Approved at the Company's annual general meeting on 2 February 2022

Chairman of the meeting:

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Silhorko-Eurowater A/S for the financial year 1 November 2020 - 31 October 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2021 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 November 2020 - 31 October 2021.

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

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

Stilling, 2 February 2022
Executive Board:

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Torben Buhl

.....
Kurt Hufnagl

Board of Directors:

.....
Stephane Laurent Gilles
Simonetta
Chairman

.....
Moncef Tanfour

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Philippe Pascal Laval

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Lars Schiøler Andersen

.....
Anupam Bhargava

Independent auditor's report

To the shareholder of Silhorko-Eurowater A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Silhorko-Eurowater A/S for the financial year 1 November 2020 - 31 October 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2021 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 November 2020 - 31 October 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 2 February 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, zip 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 October
Website	www.silhorko.dk
E-mail	info@silhorko.dk
Telephone	+45 87 93 83 00
Board of Directors	Stephane Laurent Gilles Simonetta (Chairman) Moncef Tanfour Philippe Pascal Laval Lars Schiøler Andersen Anupam Bhargava
Executive Board	Torben Buhl Kurt Hufnagl
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25 DK-8000 Aarhus C
Subsidiaries	Armacoat A/S, Denmark Eurotronic ApS, Denmark Eurotank A/S, Harlev, Denmark Eurowater AB, Sweden Eurowater AS, Norway Eurowater B.V., the Netherlands Eurowater Kft., Hungary Eurowater Ltd., the Ukraine Eurowater N.V., Belgium Eurowater S.r.o., Slovakia Eurowater S.r.o., the Czech Republic Eurowater Sarl., France Eurowater Sp. z o.o., Poland Eurowater Wasseraufbereitung AG, Switzerland Eurowater Wasseraufbereitung Ges.mbH, Austria Eurowater Wasseraufbereitung GmbH, Germany Unitex Sp. z o.o., Poland

Management's review

Financial highlights for the Group

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	496,861	453,843	480,471	459,907	417,869
Operating profit before depreciation	59,067	42,374	63,593	55,667	50,596
Operating profit	47,387	31,151	52,623	45,704	40,863
Profit/loss from financial income and financial expenses	-473	-3,890	-1,272	-2,483	-2,343
Profit for the year¹⁾	35,736	18,979	39,250	32,593	25,966
Non-current assets	75,292	72,040	72,517	72,072	70,011
Current assets	295,859	254,855	233,044	222,305	230,400
Total assets	371,151	326,895	305,561	294,377	300,411
Amount relating to investment in property, plant and equipment	-15,134	-10,373	-12,863	-13,325	-7,856
Share capital	2,914	3,004	3,000	3,000	3,000
Equity	209,610	172,620	170,778	150,498	131,492
Provisions	5,014	4,462	3,223	8,330	10,162
Long-term liabilities	4,585	5,908	19,481	20,951	23,393
Short-term liabilities	151,942	143,905	112,079	114,598	132,531
Cash flows from operating activities	4,545	47,393	26,656	31,837	33,776
Cash flows from investing activities	-13,680	-5,523	-10,499	-12,316	-7,341
Cash flows from financing activities	23,857	-31,279	-22,494	-17,214	-18,061
Total cash flows	14,722	10,591	-6,337	2,307	8,374
Financial ratios					
Operating margin	9.5	6.9	11.0	9.9	9.8
Return on invested capital	23.0	16.5	28.2	26.4	23.9
Gross margin	11.9	9.3	13.2	12.1	12.1
Current ratio	195.2	177.7	207.9	194.0	174.1
Solvency ratio	56.5	52.8	54.8	50.2	43.7
Return on equity	18.7	11.1	23.5	22.7	19.7

1) The comparative figures for profit for the year for 2017/18 and 2016/17 have been restated from majority share of profit to the Group's share of profit.

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Principal activities

The Silhorko-Eurowater Group's objective is to manufacture and service water treatment plants, including global sale.

Development in activities and financial matters

The Group's revenue amounted to DKK 496.9 million in 2020/21 against DKK 453.8 million in 2019/20.

During the year, 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.

The projects on the treatment of drinking water comprise a large number of closed pressure filter solutions that optimise water treatment processes and minimise risks of contamination of drinking water and interruptions of operation at waterworks.

The projects on treatment of technical water comprise a large number of complete water treatment solutions within a wide variety of fields of application where the solutions are focused on water and energy savings without compromising on quality and operating efficiency.

The Group's activities have been affected by the Covid-19 restrictions introduced by the authorities in European countries in the 2020/21, but not significantly.

Profit for the year

Profit after tax for the year amounted to DKK 35.7 million in 2020/21 against DKK 19.0 million in 2019/20. The results of operation are considered satisfactory and in line with the expectations.

At 31 October 2021, equity amounted to DKK 209.6 million against DKK 172.6 million in 2019/20. In the financial statements for 2020/21, no dividend has been proposed.

Research and development activities

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

Outlook

Silhorko-Eurowater A/S will change the financial year to align with Grundfos Holding A/S (calendar year). The conversion period will be 1 November 2021 - 31 December 2021.

For the conversion period, a revenue of DKK 75-85 million and a result after tax of DKK 4-6 million is expected.

On a group level, we expect that the revenue in the calendar year 2022 will be DKK 520-540 million. The result after tax for the calendar year 2022 is expected to be DKK 35-40 million.

General risks

The Group and the Parent Company have no specific risks in relation to operations.

Corporate social responsibility

The management in Silhorko-Eurowater Group has concluded that the majority of risks related to corporate social responsibility relate to Silhorko-Eurowater A/S. Management and handling of these issues in the subsidiaries is performed in cooperation with the management in Silhorko-Eurowater A/S, why this required legal reporting focused on the handling of these risks in Silhorko-Eurowater A/S.

Management's review

During the year 2020/21, the Grundfos Code of Conduct has been introduced to all employees in the Silhorko-Eurowater Group. All employees have received training and test in the written guidelines of the Code of Conduct.

The corporate social responsibility of Silhorko-Eurowater A/S has deep roots in the mission "We Treat Water", our vision and values of the Company. The business model serves our customers from designing the proper water treatment solution suitable to the customer's need to manufacturing, installing and servicing the water treatment plant during its lifetime. The policies for health & safety and environment give the direction to all employees in the Company for our activities.

The work with health & safety is organised in accordance with local legislation and is built on employee involvement. With regard to labour conditions, Silhorko-Eurowater A/S has identified risks related to safety among employees. The work with health & safety is focused on continuously protecting the health, safety, and welfare of the individual employee. We are continuously taking measures to improve the wellbeing of our employees. In 2020/21, the KPI "Sick leave" was 3.1% compared to 2.9% in 2019/20.

The focus of our work with health & safety in the coming period will continue to be the physical and mental well-being for our employees.

The aim of the Company's environmental work is a long-term and sustainable development. The Company has special focus on risks associated with water usage. The Company seeks to use the least possible resources and to produce the minimum environmental impact. The activities are split between our internal activities to optimise the use of resources for production of water treatment plants and a continuous drive to introduce initiatives to reduce water use at our customers. In 2020/21, the KPI "Water consumption production facility" was 4,353 m³ compared 4,493 m³ in 2019/20.

The focus of environmental work in the coming period will continue to be the reduction of use of resources, primarily energy, electricity and water.

In terms of climate issues, the Company has identified risks associated with energy consumption. The Company cares for the climate and is committed to reducing energy consumption, both internally and through our energy saving products used in our customers' water treatment plants. In 2020/21, we reviewed existing installations and based on this, we made individual assessments of the possibilities of saving power consumption to the benefit of both the climate and our customers' expenses. In the coming period, we will be assessing all our existing installations to see if they could be updated to be more environmentally friendly. Hence, conserving more power and ultimately decreasing our carbon footprint.

After a materiality assessment, we have not identified any material risk negatively affecting human rights. Therefore, we have not enacted any policies hereof.

After a materiality assessment, we have not identified any material risk in corruption matters. Therefore, we have not enacted any policies hereof.

In 2020/21, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. We have put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of our employees during the pandemic.

Gender quotation

The share of female in the Board of Directors is 0%. It is the goal to have the underrepresented gender represented in the Board of Directors. The goal is to have at least one of each gender represented on the Board of Directors within a four-year period ending in 2026. As of 31. October 2021, the Board of Directors is unchanged, and therefore we have not yet achieved measurable results.

Management's review

The share of female in the Executive Board is 0%. The Company has a policy of increasing the underrepresented gender in the Executive Board. In recruitment context, we are always looking for the best candidates. Part of the considerations includes a goal to improve the qualifications and increase recruitment of the underrepresented gender. We are continuously working on always having representatives from the underrepresented gender among the last candidates for executive positions, promotions, management training, etc. As of 31. October 2021, the Executive Board is unchanged, and therefore we have not yet achieved measurable results.

Events after the balance sheet date

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

Financial statements 1 November - 31 October

Income statement

Note	DKK'000	Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
3	Revenue	496,861	453,843	250,123	232,298
	Cost of goods sold	-183,040	-151,093	-120,236	-104,371
	Contribution margin	313,821	302,750	129,887	127,927
4	External expenses	-51,654	-49,252	-16,741	-16,129
	Other operating income	1,675	7,589	403	1,314
2, 5	Staff costs	-204,775	-218,713	-95,014	-100,395
	Operating profit before depreciation/amortisation	59,067	42,374	18,535	12,717
6	Depreciation/amortisation	-11,680	-11,223	-4,325	-3,950
	Operating profit, etc.	47,387	31,151	14,210	8,767
12	Profit from subsidiaries	0	0	24,548	13,119
	Profit/loss from other investments	29	-60	0	0
7	Financial income	1,891	1,328	910	641
8	Financial expenses	-2,364	-5,218	-776	-1,990
	Profit before tax	46,943	27,201	38,892	20,537
9	Tax for the year	-11,207	-8,222	-3,156	-1,558
	Profit for the year	35,736	18,979	35,736	18,979
	Proposed distribution of profit				
	Proposed dividend			0	0
	Net revaluation reserve according to the equity method			21,612	4,688
	Retained earnings			14,124	14,291
				35,736	18,979

Financial statements 1 November - 31 October

Balance sheet

Note	DKK'000	Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
		ASSETS			
		Non-current assets			
10	Intangible assets				
	Other intangible assets	2,751	3,399	640	1,001
		<u>2,751</u>	<u>3,399</u>	<u>640</u>	<u>1,001</u>
11	Property, plant and equipment				
	Properties	42,605	44,122	24,670	25,708
	Operating equipment	21,569	24,021	5,981	6,489
	Property, plant and equipment under construction	7,841	0	0	0
		<u>72,015</u>	<u>68,143</u>	<u>30,651</u>	<u>32,197</u>
	Investments				
12	Shares in subsidiaries	0	0	118,382	98,479
	Receivables from subsidiaries	0	0	27,657	9,717
	Deposits	427	428	76	76
	Other investments	99	70	0	0
		<u>526</u>	<u>498</u>	<u>146,115</u>	<u>108,272</u>
	Total non-current assets	<u>75,292</u>	<u>72,040</u>	<u>177,406</u>	<u>141,470</u>
	Current assets				
	Inventories				
	Raw materials and consumables	78,834	69,945	33,790	34,109
	Work in progress	3,914	7,769	3,489	3,057
	Finished goods and goods for resale	35,969	21,610	18,048	17,612
		<u>118,717</u>	<u>99,324</u>	<u>55,327</u>	<u>54,778</u>
	Receivables				
	Trade receivables	97,357	83,570	36,642	32,041
	Trade receivables, Group	0	0	22,530	17,931
	Receivables, consolidated entities	0	0	6,054	4,368
13	Contract work in progress	2,067	4,602	2,067	1,040
	Other receivables	7,869	12,809	3,940	2,125
	Corporation tax	401	1,426	0	0
14	Deferred tax	21	13	0	0
	Prepayments	4,108	2,514	1,909	1,640
		<u>111,823</u>	<u>104,934</u>	<u>73,142</u>	<u>59,145</u>
	Cash	<u>65,319</u>	<u>50,597</u>	<u>3,477</u>	<u>1,283</u>
	Total current assets	<u>295,859</u>	<u>254,855</u>	<u>131,946</u>	<u>115,206</u>
	TOTAL ASSETS	<u><u>371,151</u></u>	<u><u>326,895</u></u>	<u><u>309,352</u></u>	<u><u>256,676</u></u>

Financial statements 1 November - 31 October

Balance sheet

Note	DKK'000	Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
		EQUITY AND LIABILITIES			
		Equity			
15	Share capital	2,914	3,004	2,914	3,004
	Revaluation reserves, properties	0	0	4,553	10,945
	Translation reserve	1,254	0	0	0
	Net revaluation reserve according to the equity method	0	0	76,245	57,841
	Retained earnings	205,442	169,616	125,898	100,830
	Proposed dividend	0	0	0	0
16	Total equity	209,610	172,620	209,610	172,620
	Provisions				
14	Deferred tax	4,987	4,435	4,139	3,309
	Other provisions	27	27	0	0
	Total provisions	5,014	4,462	4,139	3,309
	Liabilities other than provisions				
17	Long-term liabilities other than provisions				
	Other long-term liabilities	4,003	5,555	0	0
	Lease commitments	582	353	0	0
		4,585	5,908	0	0
	Short term liabilities other than provisions				
17	Current portion of long-term liabilities	419	6,030	0	1,110
	Bank loans and overdrafts	560	26,882	560	26,882
	Trade payables	17,129	16,322	11,101	6,474
	Trade payables, Group	0	0	6,667	698
	Payables to Parent Company	57,113	0	57,113	0
13	Contract work in progress	2,633	797	2,633	797
	Other payables	43,663	71,011	13,542	31,875
	Payables to subsidiaries	0	0	0	3,326
	Corporation tax	1,560	2,650	0	0
	Joint taxation contribution	2,187	153	2,325	593
	Deferred income	26,678	20,060	1,662	8,992
		151,942	143,905	95,603	80,747
	Total liabilities other than provisions	156,527	149,813	95,603	80,747
	TOTAL EQUITY AND LIABILITIES	371,151	326,895	309,352	256,676

- 1 Accounting policies
- 2 Special items
- 18 Contingent liabilities, other financial commitments and collateral
- 19 Currency and interest rate risks and use of derivative financial instruments
- 20 Related parties

Financial statements 1 November - 31 October

Statement of changes in equity

DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Equity at 1 November	172,620	167,342	172,620	167,342
Capital increase	0	8,890	0	8,890
Profit for the year	35,736	18,979	35,736	18,979
Adjustment to purchase of non-controlling interests	0	-1,804	0	-1,804
Distributed dividend	0	-20,000	0	-20,000
Adjustment of currency swap	0	364	0	364
Other changes in equity specified bellow	1,254	-1,151	1,254	-1,151
Equity at 31 October	209,610	172,620	209,610	172,620
Equity is specified as follows:				
Share capital at 1 November	3,004	3,000	3,004	3,000
Capital reduction/increase	-90	4	-90	4
Share capital at 31 October	2,914	3,004	2,914	3,004
Revaluation reserves, properties at 1 November	0	0	10,945	10,945
Accumulated depreciation on revaluated assets	0	0	-6,392	0
Revaluation reserves, properties at 31 October	0	0	4,553	10,945
Translation reserves at 1 November	0	0	0	0
Adjustment of exchange rate in foreign enterprises	1,254	0	0	0
Translation reserves at 31 October	1,254	0	0	0
Net revaluation reserve according to the equity method at 1 November	0	0	57,841	77,446
Adjustment to purchase of non-controlling interests	0	0	0	-1,804
Foreign exchange adjustments of subsidiaries' opening values	0	0	1,254	-1,151
Dividends, subsidiaries	0	0	-4,462	-21,338
Profit for the year in subsidiaries	0	0	24,548	13,119
Negative share of revaluation reserve, including adjustment to prior years	0	0	-2,936	-8,431
Net revaluation reserve according to the equity method at 31 October	0	0	76,245	57,841
Retained earnings at 1 November	169,616	144,342	100,830	55,951
Capital reduction/increase, share premium	90	8,886	90	8,886
Adjustment to purchase of non-controlling interests	0	-1,804	0	0
Foreign exchange adjustments	0	-1,151	0	0
Adjustment of currency swap	0	364	0	364
Release of revaluation reserve	0	0	6,392	0
Transferred from distribution account	35,736	18,979	14,124	14,291
Dividends from subsidiaries	0	0	4,462	21,338
Retained earnings at 31 October	205,442	169,616	125,898	100,830
Proposed dividend at 1 November	0	20,000	0	20,000
Dividend paid	0	-20,000	0	-20,000
Transferred from distribution account	0	0	0	0
Proposed dividend at 31 October	0	0	0	0
Equity at 31 October	209,610	172,620	209,610	172,620

Financial statements 1 November - 31 October

Cash flow statement (consolidated)

Note	DKK'000	2020/21	2019/20
	Revenue	496,861	453,843
	Costs	-439,469	-419,058
	Other operating income, net cash effect	204	1,654
	Cash flows from operations (operating activities) before changes in working capital	57,596	36,439
	Changes in working capital	-44,387	22,141
	Cash flows from operations (operating activities) before financial income and expenses	13,209	58,580
7	Interest received	1,891	1,328
8	Interest paid	-2,364	-5,218
	Cash flows from operations (ordinary activities)	12,736	54,690
	Corporation tax paid	-8,191	-7,297
	Cash flows from operating activities	4,545	47,393
11	Acquisition of property, plant and equipment	-15,134	-10,373
10	Acquisition of intangible assets	-435	-2,710
	Disposal of property, plant and equipment	1,889	7,560
	Cash flows from investing activities	-13,680	-5,523
	Repayment of long-term liabilities	-6,934	-9,710
	Repayment of bank loan and overdrafts	-26,322	0
	Cash pool	57,113	0
	Disposal of currency swap	0	-1,569
	Distributed dividend	0	-20,000
	Cash flows from financing activities	23,857	-31,279
	Net cash flows for the year	14,722	10,591
	Cash and cash equivalents at 1 November	50,597	40,006
	Cash and cash equivalents at 31 October	65,319	50,597

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

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1 Accounting policies

The annual report of Silhorko-Eurowater A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities, but has solely entailed new and amended presentation and disclosure requirements.

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Silhorko-Eurowater A/S and subsidiaries controlled by Silhorko-Eurowater A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Non-controlling interests

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

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1 Accounting policies (continued)

Foreign currency translation

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

The income statements and balance sheets of foreign consolidated entities are translated at the official exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in 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. Revenue is measured ex VAT, taxes and less discounts in relation to the sale.

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.

Cost of goods sold

Cost of sales includes costs for the purchase of goods to generate the revenue for the year. Cost of sales includes discounts received, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs to the employees.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the activities of the entities.

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1 Accounting policies (continued)

Profit/loss from equity investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and financial expenses

Financial income and financial expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current income tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intangible assets comprise licences and software. Intangible assets are measured at cost less amortisation and impairment losses and are amortised on a straight-line basis over 3-15 years.

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

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	30-50 years
Plant and machinery	5-12 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement.

Minor acquisitions and repair and maintenance costs are expensed in the income statement.

Gains and losses on the disposal of property, plant and equipment 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.

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Notes

1 Accounting policies (continued)

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 ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the 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 as the Company's other assets.

The capitalised residual lease commitment 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.

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.

Equity investments in subsidiaries and associates

Equity investments in subsidiaries consist of companies in which the Group holds more than 50% of the voting rights.

Income statement

The proportionate share of the results after tax of the individual entities is recognised in the income statement after full elimination of intra-group profits/losses.

Balance sheet

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

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses in accordance with the acquisition method.

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.

Net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve under the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report of Silhorko-Eurowater A/S are not recognised in the net revaluation reserve.

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.

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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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1 Accounting policies (continued)

Finished goods and work in progress are measured at cost comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Indirect production overheads include the indirect costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale, taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, usually at nominal value.

Write-down for bad and doubtful debt is made when there is objective evidence that a receivable has been 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.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual contract work in progress is recognised in the balance sheet as either receivables or payables. Net assets are determined as the sum of work in progress where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of work in progress where progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

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1 Accounting policies (continued)

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and for tax paid on account.

Provision for deferred tax is recognised on temporary differences between the carrying amount and the tax value of assets at the balance sheet date. Deferred tax regarding the Company's properties is computed as the difference between cost and the tax base. Deferred tax is computed based on the current tax rate. Changes for the year in deferred tax are recognised in the income statement.

Deferred tax assets, including the tax value of tax loss carry-forwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

The Parent Company is jointly taxed with Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses).

Liabilities

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

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

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1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Segment information

Information is disclosed by business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities other than provisions}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Profit/loss for analytical purposes	Profit/loss from ordinary activities after tax
Return on equity	$\frac{\text{Profit/loss for analytical purposes} \times 100}{\text{Average equity}}$

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2 Special items

During the financial year 2019/20, a provision for extraordinary staff costs has been made. The provision is recognised in the income statement as specified below. At the end of the financial year 2019/20, the provision is recognised as other payables.

DKK'000	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
Costs				
Provision for extraordinary staff cost	0	22,867	0	11,283
	<u>0</u>	<u>22,867</u>	<u>0</u>	<u>11,283</u>
Special items are recognised in the below line items				
Staff costs		22,867	0	11,283
Net profit/loss from special items	<u>0</u>	<u>22,867</u>	<u>0</u>	<u>11,283</u>

3 Segment information

Geographical - secondary segment

DKK'000	Nordic countries	Rest of world	Total Group
Revenue 2020/21	202,425	294,436	496,861
Revenue 2019/20	183,743	270,100	453,843

The Group operates solely in one business segment.

4 Fees paid to the auditors appointed at the annual general meeting

DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Total fees to EY	398	376	312	292
Total fees to others	965	813	0	0
	<u>1,363</u>	<u>1,189</u>	<u>312</u>	<u>292</u>
Split of fee to EY				
Statutory audit	285	251	215	193
Tax assistance	29	25	29	25
Assurance engagements	4	4	2	2
Other assistance	80	96	66	72
	<u>398</u>	<u>376</u>	<u>312</u>	<u>292</u>

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5 Staff costs

DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Wages and salaries	180,475	196,718	85,649	92,251
Pensions	5,118	4,964	3,842	3,750
Other social security costs	19,182	17,031	5,523	4,394
	<u>204,775</u>	<u>218,713</u>	<u>95,014</u>	<u>100,395</u>
Average number of full-time employees	411	407	158	154

Staff costs include remuneration of the Parent Company's Executive Board totalling DKK 2,897 thousand (2019/20: DKK 1,668 thousand) and pensions totalling DKK 33 thousand (2019/20: DKK 29 thousand).

DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
6 Depreciation/amortisation				
Amortisation of other intangible assets, see note 10	1,057	258	361	0
Depreciation on properties, see note 11	1,945	1,884	1,292	1,241
Depreciation on operating equipment, see note 11	8,678	9,081	2,672	2,709
	<u>11,680</u>	<u>11,223</u>	<u>4,325</u>	<u>3,950</u>
7 Financial income				
Interest income from consolidated entities	0	0	776	564
Interest income, etc.	1,891	1,328	134	77
	<u>1,891</u>	<u>1,328</u>	<u>910</u>	<u>641</u>
8 Financial expenses				
Interest expense to Eurowater Holding A/S	0	395	0	395
Interest expense to Grundfos Holding A/S	153	0	153	0
Interest expense to consolidated entities	0	0	67	72
Interest expense, etc.	2,211	4,823	556	1,523
	<u>2,364</u>	<u>5,218</u>	<u>776</u>	<u>1,990</u>

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	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
DKK'000				
9 Tax for the year				
Current tax for the year	10,663	6,366	2,325	490
Deferred tax adjustment for the year	544	2,292	831	1,514
Adjustment to corporation tax, prior year	0	-55	0	-65
Adjustment to deferred tax, prior year	0	-381	0	-381
	<u>11,207</u>	<u>8,222</u>	<u>3,156</u>	<u>1,558</u>
Specified as follows:				
Tax on continuing operations	10,663	6,366	2,325	490
Tax for the year	10,663	6,366	2,325	490
Tax on changes in equity	0	103	0	103
	<u>10,663</u>	<u>6,469</u>	<u>2,325</u>	<u>593</u>
10 Intangible assets				
DKK'000				
			Group	
			Other intangible assets	Total
Cost at 1 November 2020			11,628	11,628
Foreign exchange adjustment			-15	-15
Additions			435	435
Disposals for the year			-18	-18
Cost at 31 October 2021			<u>12,030</u>	<u>12,030</u>
Amortisation and impairment losses at 1 November 2020			-8,229	-8,229
Foreign exchange adjustment			-11	-11
Amortisation of assets sold			18	18
Amortisation for the year			-1,057	-1,057
Amortisation and impairment losses at 31 October 2021			<u>-9,279</u>	<u>-9,279</u>
Carrying amount at 31 October 2021			<u>2,751</u>	<u>2,751</u>
Carrying amount at 1 November 2020			<u>3,399</u>	<u>3,399</u>
			Parent Company	
			Other intangible assets	Total
Cost at 1 November 2020			7,049	7,049
Additions			0	0
Transferred			0	0
Cost at 31 October 2021			<u>7,049</u>	<u>7,049</u>
Amortisation and impairment losses at 1 November 2020			-6,048	-6,048
Amortisation			-361	-361
Amortisation and impairment losses at 31 October 2021			<u>-6,409</u>	<u>-6,409</u>
Carrying amount at 31 October 2021			<u>640</u>	<u>640</u>
Carrying amount at 1 November 2020			<u>1.001</u>	<u>1.001</u>

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11 Property, plant and equipment

	Group			Total
	Properties	Operating equipment	Property, plant and equipment under construction	
DKK'000				
Cost at 1 November 2020	65,982	85,298	0	151,280
Foreign exchange adjustment	473	716	0	1,189
Additions for the year	254	7,039	7,841	15,134
Disposals for the year	0	-4,600	0	-4,600
Cost at 31 October 2021	66,709	88,453	7,841	163,003
Revaluation in previous years (additions)	10,945	0	0	10,945
Revaluation at 31 October 2021	10,945	0	0	10,945
Depreciation at 1 November 2020	32,804	61,277	0	94,081
Foreign exchange adjustment	300	372	0	672
Depreciation on assets sold	0	-3,443	0	-3,443
Depreciation for the year	1,945	8,678	0	10,623
Depreciation at 31 October 2021	35,049	66,884	0	101,933
Carrying amount at 31 October 2021	42,605	21,569	7,841	72,015
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	534	0	534
Carrying amount at 1 November 2020	44,122	24,021	0	68,143
	Parent Company			
DKK'000	Properties	Operating equipment		Total
Cost at 1 November 2020	37,942	27,982		65,924
Additions for the year	254	2,164		2,418
Disposals for the year	0	-646		-646
	38,196	29,500		67,696
Revaluation (additions) at 1 November 2020	10,945	0		10,945
Cost at 31 October 2021	49,141	29,500		78,641
Depreciation at 1 November 2020	23,179	21,493		44,672
Depreciation of assets sold	0	-646		-646
Depreciation for the year	1,292	2,672		3,964
Depreciation at 31 October 2021	24,471	23,519		47,990
Carrying amount at 31 October 2021	24,670	5,981		30,651
Carrying amount at 1 November 2020	25,708	6,489		32,197

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12 Shares in subsidiaries, etc.

DKK'000	Parent Company	
	2020/21	2019/20
Cost at 1 November	40,638	31,480
Additions	1,500	9,158
Disposals	0	0
Cost at 31 October	42,138	40,638
Value adjustments at 1 November	43,944	55,118
Foreign exchange adjustment of subsidiaries' opening values	1,254	-1,151
Share of profits after tax in subsidiaries, including group adjustments	24,548	13,119
Adjustment to the purchase of non-controlling interests	0	-1,804
Dividends from subsidiaries	-4,462	-21,338
Value adjustments at 31 October	65,284	43,944
Carrying amount at 31 October	107,422	84,582
Recognised as follows:		
Amount recognised in shares in subsidiaries	118,382	98,479
Amount transferred for write-down of receivables in subsidiaries	-10,960	-13,897
	107,422	84,582

Name and registered office	Ownership share	Share capital
		DKK'000
Armacoat A/S, Denmark	100%	500
Eurotronic ApS, Denmark	100%	200
Eurotank A/S, Denmark	100%	510
Eurowater AB, Sweden	100%	90
Eurowater AS, Norway	100%	707
Eurowater B.V., the Netherlands	100%	135
Eurowater Kft., Hungary (remaining 8 % owned by Eurowater S.r.o., Slovakia)	92%	300
Eurowater Ltd., Ukraine	100%	118
Eurowater N.V., Belgium	100%	558
Eurowater S.r.o., Slovakia	100%	123
Eurowater S.r.o., Czech Republic	100%	145
Eurowater Sarl., France	100%	1,452
Eurowater Sp, z o.o., Poland	100%	338
Eurowater Wasseraufbereitung AG, Switzerland	100%	351
Eurowater Wasseraufbereitung Ges.mbH, Austria	100%	378
Eurowater Wasseraufbereitung GmbH, Germany	100%	3,803
Unitex Sp. z o.o., Poland	100%	322
		10,030

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DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
13 Contract work in progress				
Selling price of work performed	39,799	24,056	39,799	14,916
Progress billings	-40,365	-20,251	-40,365	-14,673
	<u>-566</u>	<u>3,805</u>	<u>-566</u>	<u>243</u>
Recognised as follows:				
Construction contracts (assets)	2,067	4,602	2,067	1,040
Construction contracts (liabilities)	-2,633	-797	-2,633	-797
	<u>-566</u>	<u>3,805</u>	<u>-566</u>	<u>243</u>
14 Deferred tax				
Deferred tax at 1 November	-4,422	-2,511	-3,309	-2,175
Deferred tax adjustment for the year	-544	-2,292	-831	-1,514
Deferred tax adjustment for prior years	0	381	1	380
Deferred tax at 31 October	<u>-4,966</u>	<u>-4,422</u>	<u>-4,139</u>	<u>-3,309</u>
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	21	13	0	0
Deferred tax liabilities	-4,987	-4,435	-4,139	-3,309
	<u>-4,966</u>	<u>-4,422</u>	<u>-4,139</u>	<u>-3,309</u>

15 Share capital

DKK 2,914,000 specified as follows:

Classes of shares	Denomi- nation	Number of shares
A - Ordinary shares	1,000	2,914

In the financial year 2020/21, the share classes are merged in a ratio of 1:1. In prior years, the share capital was divided into ordinary (A) and preference (B) shares.

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

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Opening balance	3,004	3,000	3,000	3,000	3,000
Capital increase	0	4	0	0	0
Capital reduction	-90	0	0	0	0
	<u>2,914</u>	<u>3,004</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

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15 Share capital (continued)

Treasury shares

DKK'000	Portion of share capital	Nominal value	Carrying amount	2020/21
Shareholding at 1 November 1996 (unchanged at 1 November 2020)	3 %	90	0	0
Capital reduction	-3 %	-90	0	0
Shareholding at 31 October 2021	0 %	0	0	0

16 Non-controlling interests, Group

DKK'000	2020/21	2019/20
Non-controlling interests at 1 November	0	3,436
Disposals	0	-3,436
	0	0

17 Long-term liabilities other than provisions

The liabilities can be specified as follows:

DKK'000	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
Mortgage debt				
Long-term	0	0	0	0
Short-term	0	5,523	0	1,110
	0	5,523	0	1,110
Other long-term liabilities (deferred)				
Long-term	4,003	5,555	0	0
Short-term	141	0	0	0
	4,144	5,555	0	0
Lease commitments				
Long-term	582	353	0	0
Short-term	278	507	0	0
	860	860	0	0
Total liabilities other than provisions	5,004	11,938	0	1,110

The liabilities are recognised in the balance sheet as follows:

Long-term liabilities	4,585	5,908	0	0
Short-term liabilities	419	6,030	0	1,110
	5,004	11,938	0	1,110
Long-term liabilities falling due more than five years after the balance sheet date (carrying amount)	3,440	3,580	0	0

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18 Contingent liabilities, other financial commitments and collateral (Group and Parent Company)

Group

The Group has entered into operating leases of cars with a residual liability of DKK 43 thousand, which falls due within one year. The group has lease agreements of property with a remaining definite period of 4 years which equals a total obligation of DKK 1,073 thousand.

Performance guarantee and prepayment guarantee of DKK 17,322 thousand have been provided by the Group's banks.

Parent Company

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 granting the necessary capital to the subsidiaries.

Performance guarantee and prepayment guarantee of DKK 7,838 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.

Collateral

The Group and the Parent Company have not provided any collateral in assets at 31 October 2021.

19 Currency and interest rate risks and use of derivative financial instruments (Group and Parent Company)

The Group used hedging instruments such as forward exchange contracts and interest rate and currency swaps to hedge recognised and non-recognised transactions.

Currency risks

The Group used currency swaps to hedge currency risks, whereby floating currency payments are rescheduled into fixed payments.

	2020/21				2019/20			
	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)
DKK'000								
Currency swaps	0	0	0	0	0	364	0	0

The currency swap has been terminated during the financial year 2019/20.

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20 Related parties (Group and Parent Company)

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

Control

Grundfos Holding A/S holds 100% of the share capital in the Company.

Other related parties

Furthermore, the Company's related parties comprise subsidiaries and other entities in which Silhorko-Eurowater A/S has equity investments as well as the companies' Boards of Directors and Executive Boards and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

Transactions with related parties are specified below









DKK'000	Parent Company	
	2020/21	2019/20
Sales to subsidiaries	95,425	89,007
Purchase from subsidiaries	-21,742	-22,725
Rent	399	399
Interests to Grundfos	-153	0
Interests, subsidiaries	709	493
	<u>74,638</u>	<u>67,174</u>

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

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<p>Philippe Laval Client Signer On behalf of: Silhorko-Eurowater A/S Serial number: <i>plaval@grundfos.com</i> IP: 176.165.xxx.xxx 2022-02-15 14:28:44 UTC</p> 	<p>Lars Schiøler Andersen Client Signer On behalf of: Silhorko-Eurowater A/S Serial number: <i>PID:9208-2002-2-444602986225</i> IP: 193.3.xxx.xxx 2022-02-16 12:39:55 UTC</p> <p>NEM ID </p>
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EY Signer

On behalf of: EY Godkendt Revisionspartnerselskab

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