

# Silhorko-Eurowater A/S

Aarhusvej 79, Stilling, DK-8660 Skanderborg

CVR no. 39 17 65 13

## Annual report 2019/20

Approved at the Company's annual general meeting on 8 February 2021

Chairman:



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Jens Ulrik Gernow



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### Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sihorko-Eurowater A/S for the financial year 1 November 2019 - 31 October 2020.

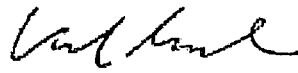
The annual report has been prepared in accordance with the Danish Financial Statements Act.

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 2020 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 2019 - 31 October 2020.

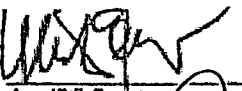
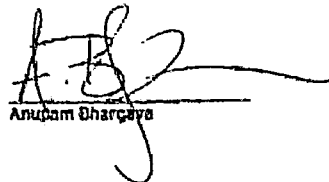
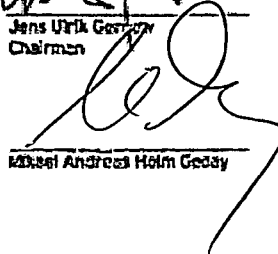
Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Stilling, 0 February 2021  
Executive Board

  
Torben Buhl  
Kurt Hufnagel

Board of Directors:

  
Jens Ulrik Gerskov  
Chairman  
Philippe Pascal Laval  
Anupam Dhargaya  
Mikkel Andreas Holm Geddy

## Independent auditor's report

### To the shareholders 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 2019 - 31 October 2020, 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 2020 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 2019 - 31 October 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### 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, 8 February 2021  
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	<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	Jens Ulrik Gernow (Chairman) Philippe Pascal Laval Anupam Bhargava Mikael Andreas Holm Geday
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	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Revenue	453,843	480,471	459,907	417,869	364,682
Operating profit before depreciation	42,374	63,593	55,667	50,596	45,670
Operating profit	31,151	52,623	45,704	40,863	36,136
Profit/loss from financial income and financial expenses	-3,890	-1,272	-2,483	-2,343	-3,571
<b>Profit for the year<sup>1)</sup></b>	<b>18,979</b>	<b>39,250</b>	<b>32,593</b>	<b>25,966</b>	<b>22,505</b>
Non-current assets	72,040	72,517	72,072	70,011	72,415
Current assets	254,855	233,044	222,305	230,400	197,798
<b>Total assets</b>	<b>326,895</b>	<b>305,561</b>	<b>294,377</b>	<b>300,411</b>	<b>270,213</b>
Amount relating to investment in property, plant and equipment	-10,373	-12,863	-13,325	-7,856	-9,571
Share capital	3,004	3,000	3,000	3,000	3,000
<b>Equity</b>	<b>172,620</b>	<b>170,778</b>	<b>150,498</b>	<b>131,492</b>	<b>121,995</b>
Provisions	4,462	3,223	8,330	10,162	6,236
Long-term liabilities	5,908	19,481	20,951	23,393	25,253
Short-term liabilities	143,905	112,079	114,598	132,531	114,574
Cash flows from operating activities	47,393	26,656	31,837	33,776	33,673
Cash flows from investing activities	-5,523	-10,499	-12,316	-7,341	-9,780
Cash flows from financing activities	-31,279	-22,494	-17,214	-18,061	-24,354
<b>Total cash flows</b>	<b>10,591</b>	<b>-6,337</b>	<b>2,307</b>	<b>8,374</b>	<b>-461</b>
<b>Financial ratios</b>					
Operating margin	6.9	11.0	9.9	9.8	9.9
Return on invested capital	16.5	28.2	26.4	23.9	21.5
Gross margin	9.3	13.2	12.1	12.1	12.5
Current ratio	177.7	207.9	194.0	174.1	172.6
Solvency ratio	52.8	54.8	50.2	43.7	45.1
Return on equity	11.1	23.5	22.7	19.7	18.2

1) The comparative figures for profit for the year have been restated from majority share of profit to the Group's share of profit. This relates to the last three years.

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

### Principal activities

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

### New ownership

The ownership of the Silhorko-Eurowater A/S group has been transferred to Grundfos Holding A/S in 2019/20. Consequently, the Group has a solid fundament to continue the growth in the years to come.

### Development in activities and financial matters

The Group's revenue amounted to DKK 453.8 million in 2019/20 against DKK 480.5 million in 2018/19.

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.

### Profit for the year

Profit after tax for the year amounted to DKK 19.0 million in 2019/20 against DKK 39.2 million in 2018/19. In 2019/20, net financials showed net expenses of DKK 3.9 million compared to net expenses of DKK 1.3 million in 2018/19. The results of operation are considered satisfactory and in line with the expectations, especially taking the extraordinary staff costs of DKK 23.0 million into account.

At 31 October 2020, equity amounted to DKK 172.6 million. In the financial statements for 2019/20, 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

An increase in revenue and profit is expected for 2020/21.

### General risks

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

### Corporate social responsibility

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 policies for health and safety and environment give the direction to all employees in the Company for our activities.

The work with health and safety is organised in accordance with local legislation and builds on employee involvement. With regards to labor conditions, Silhorko-Eurowater A/S has identified risks related to safety among employees. The work with health and 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 2019/20, the KPI "Sick leave" was 2.9% compared to 3.1% in 2018/19.

## Management's review

The Company's environmental work aims at ensuring long-term and sustainable development. Our Company has special focus on risks associated with water usage. Our Company seeks to use the least possible resources and produce minimum environmental impact. The activities are split between our internal activities to optimise the use of resources for production of water treatment plants and continuously to introduce initiatives to reduce water use at our customers. In 2019/20, the KPI "Water consumption production facility" was 4,493 m<sup>3</sup> compared to 4,354 m<sup>3</sup> in 2018/19.

In terms of climate issues, our Company has identified risks associated with energy consumption. Our 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, we continued to focus on encouraging customers to upgrade to new low-energy membranes. In 2020, we reviewed existing installations and based hereof, we made individual assessments of the possibilities of saving power consumption for the benefit of both the climate and our customers' expenses.

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 are performed in cooperation with Management of Silhorko-Eurowater A/S, why this required legal reporting focuses on the handling of these risks in Silhorko-Eurowater A/S.

The Company has not identified any significant risks not governed by local legislation in the countries of operation within human rights and anticorruption why the Company has not yet prepared written policies.

## Gender quotation

The share of female on the Board of Directors is 0%. It is the goal to have the underrepresented gender represented on 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. As of 31. October 2020, the Board of Directors is changed from three male to four male represented, and therefore we have not yet achieved measurable results.

The share of female on the Executive Board is 0%. The Company has a policy to increase the underrepresented gender on the Executive Board. In recruitment context, we are always looking for the best candidates. Part of the considerations include a goal to improve the qualifications and increase recruitment of the underrepresented gender. We are continuously working to always have representatives from the underrepresented gender among the last candidates for executive positions, promotions, management training, etc. As of 31 October 2020, the Board of Directors is changed from three males to four males represented, and therefore, we have not yet achieved the 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	
		2019/20	2018/19	2019/20	2018/19
3	<b>Revenue</b>	453,843	480,471	232,298	237,164
	Cost of goods sold	-151,093	-172,198	-104,371	-115,448
	<b>Contribution margin</b>	302,750	308,273	127,927	121,716
5	Other external costs	-49,252	-52,218	-16,129	-17,843
	Other operating income	7,589	1,868	1,314	516
2, 4	Staff costs	-218,713	-194,330	-100,395	-87,301
	<b>Operating profit before depreciation/amortisation</b>	42,374	63,593	12,717	17,088
6	Depreciation/amortisation	-11,223	-10,970	-3,950	-4,136
	<b>Operating profit, etc.</b>	31,151	52,623	8,767	12,952
12	Profit from subsidiaries	0	0	13,119	28,417
	Profit/loss from other investments	-60	5	0	0
7	Financial income	1,328	1,644	641	713
8	Financial expenses	-5,218	-2,916	-1,990	-1,718
	<b>Profit before tax</b>	27,201	51,356	20,537	40,364
9	Tax for the year	-8,222	-12,106	-1,558	-2,693
	<b>Profit for the year</b>	18,979	39,250	18,979	37,671
	Non-controlling shareholders' share of the results in subsidiaries	0	-1,579	0	0
	<b>Silhorko-Eurowater A/S' share of profit for the year</b>	18,979	37,671	18,979	37,671
	<b>Proposed distribution of profit</b>				
	Proposed dividend			0	20,000
	Net revaluation reserve according to the equity method			13,119	28,417
	Retained earnings			5,860	-10,746
				18,979	37,671

## Financial statements 1 November - 31 October

### Balance sheet

Note	DKK'000	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		<b>ASSETS</b>			
		<b>Non-current assets</b>			
10	<b>Intangible assets</b>				
	Other intangible assets	3,399	36	1,001	0
	Intangible assets under construction	0	913	0	913
		<u>3,399</u>	<u>949</u>	<u>1,001</u>	<u>913</u>
11	<b>Property, plant and equipment</b>				
	Properties	44,122	46,944	25,708	26,640
	Operating equipment	24,021	24,016	6,489	7,205
	Property, plant and equipment under construction	0	50	0	0
		<u>68,143</u>	<u>71,010</u>	<u>32,197</u>	<u>33,845</u>
	<b>Investments</b>				
12	Shares in subsidiaries	0	0	98,479	97,021
	Receivables from subsidiaries	0	0	9,717	12,485
	Deposits	428	408	76	76
	Other investments	70	150	0	0
		<u>498</u>	<u>558</u>	<u>108,272</u>	<u>109,582</u>
	<b>Total non-current assets</b>	<u>72,040</u>	<u>72,517</u>	<u>141,470</u>	<u>144,340</u>
	<b>Current assets</b>				
	<b>Inventories</b>				
	Raw materials and consumables	69,945	73,337	34,109	33,684
	Work in progress	7,769	4,722	3,057	4,463
	Finished goods and goods for resale	21,610	22,568	17,612	16,566
		<u>99,324</u>	<u>100,627</u>	<u>54,778</u>	<u>54,713</u>
	<b>Receivables</b>				
	Trade receivables	83,570	80,197	32,041	22,387
	Trade receivables, Group	0	0	17,931	12,839
	Receivables, consolidated entities	0	0	4,368	5,607
13	Contract work in progress	4,602	662	1,040	662
	Other receivables	12,809	8,427	2,125	2,241
	Corporation tax	1,426	78	0	0
14	Deferred tax	13	712	0	0
	Prepayments	2,514	2,335	1,640	1,307
		<u>104,934</u>	<u>92,411</u>	<u>59,145</u>	<u>45,043</u>
	<b>Cash</b>	<u>50,597</u>	<u>40,006</u>	<u>1,283</u>	<u>16</u>
	<b>Total current assets</b>	<u>254,855</u>	<u>233,044</u>	<u>115,206</u>	<u>99,772</u>
	<b>TOTAL ASSETS</b>	<u>326,895</u>	<u>305,561</u>	<u>256,676</u>	<u>244,112</u>

## Financial statements 1 November - 31 October

### Balance sheet

Note	DKK'000	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
15	Share capital	3,004	3,000	3,004	3,000
	Revaluation reserves, properties	0	0	10,945	10,945
	Net revaluation reserve according to the equity method	0	0	57,841	77,446
	Retained earnings	169,616	144,342	100,830	55,951
	Proposed dividend	0	20,000	0	20,000
	<b>Equity holders' share of equity, Silhorko-Eurowater A/S</b>	<b>172,620</b>	<b>167,342</b>	<b>172,620</b>	<b>167,342</b>
16	Non-controlling interests	0	3,436	0	0
	<b>Total equity</b>	<b>172,620</b>	<b>170,778</b>	<b>172,620</b>	<b>167,342</b>
	<b>Provisions</b>				
14	Deferred tax	4,435	3,223	3,309	2,175
	Other provisions	27	0	0	0
	<b>Total provisions</b>	<b>4,462</b>	<b>3,223</b>	<b>3,309</b>	<b>2,175</b>
	<b>Liabilities other than provisions</b>				
17	<b>Long-term liabilities other than provisions</b>				
	Mortgage debt	0	13,907	0	9,494
	Other long-term liabilities	5,555	5,114	0	0
	Lease commitments	353	460	0	0
		<b>5,908</b>	<b>19,481</b>	<b>0</b>	<b>9,494</b>
	<b>Short term liabilities other than provisions</b>				
17	Next year's instalment on long-term liabilities other than provisions	5,523	1,660	1,110	1,436
17	Lease commitments	507	477	0	0
	Bank loans and overdrafts	26,882	11,063	26,882	11,063
	Trade payables	16,322	21,028	6,474	10,337
	Trade payables, Group	0	0	698	2,386
13	Contract work in progress	797	59	797	59
	Payables to Eurowater Holding A/S	0	16,095	0	16,095
	Other payables	71,011	36,454	31,875	11,728
	Payables to subsidiaries	0	0	3,326	3,333
	Financial instruments	0	2,012	0	2,012
	Corporation tax	2,650	2,587	0	0
	Joint taxation contribution	153	3,051	593	3,257
	Deferred income	20,060	17,593	8,992	3,395
		<b>143,905</b>	<b>112,079</b>	<b>80,747</b>	<b>65,101</b>
	<b>Total liabilities other than provisions</b>	<b>149,813</b>	<b>131,560</b>	<b>80,747</b>	<b>74,595</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>326,895</b>	<b>305,561</b>	<b>256,676</b>	<b>244,112</b>

- 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	
	2019/20	2018/19	2019/20	2018/19
Equity at 1 November	167,342	147,806	167,342	147,806
Capital increase	8,890	0	8,890	0
Profit for the year	18,979	37,671	18,979	37,671
Adjustment to purchase of non-controlling interests	-1,804	0	-1,804	0
Distributed dividend	-20,000	-20,000	-20,000	-20,000
Adjustment of currency swap	364	100	364	100
Other changes in equity specified bellow	-1,151	1,765	-1,151	1,765
<b>Equity at 31 October</b>	<b>172,620</b>	<b>167,342</b>	<b>172,620</b>	<b>167,342</b>
Non-controlling interests	0	3,436		
<b>Total equity at 31 October</b>	<b>172,620</b>	<b>170,778</b>		
Equity is specified as follows:				
Share capital at 1 November	3,000	3,000	3,000	3,000
Capital increase	4	0	4	0
<b>Share capital at 31 October</b>	<b>3,004</b>	<b>3,000</b>	<b>3,004</b>	<b>3,000</b>
Revaluation reserves, properties at 1 November	0	0	10,945	10,945
<b>Revaluation reserves, properties at 31 October</b>	<b>0</b>	<b>0</b>	<b>10,945</b>	<b>10,945</b>
Net revaluation reserve according to the equity method at 1 November	0	0	77,446	62,031
Adjustment to purchase of non-controlling interests	0	0	-1,804	0
Adjustments regarding dividends in subsidiaries, etc.	0	0	0	2,241
Foreign exchange adjustments of subsidiaries' opening values	0	0	-1,151	-476
Dividends, subsidiaries	0	0	-21,338	-25,187
Profit for the year in subsidiaries	0	0	13,119	28,417
Negative share of revaluation reserve, including adjustment to prior years	0	0	-8,431	10,420
<b>Net revaluation reserve according to the equity method at 31 October</b>	<b>0</b>	<b>0</b>	<b>57,841</b>	<b>77,446</b>
Retained earnings at 1 November	144,342	124,806	55,951	51,830
Capital increase, share premium	8,886	0	8,886	0
Adjustment to purchase of non-controlling interests	-1,804	0	0	0
Adjustments regarding dividends in subsidiaries, etc.	0	2,241	0	0
Foreign exchange adjustments	-1,151	-476	0	0
Adjustment of currency swap	364	100	364	100
Transferred from distribution account	18,979	17,671	5,860	-10,746
Negative share of revaluation reserve, including adjustment to prior years	0	0	8,431	-10,420
Dividends from subsidiaries	0	0	21,338	25,187
<b>Retained earnings at 31 October</b>	<b>169,616</b>	<b>144,342</b>	<b>100,830</b>	<b>55,951</b>
Proposed dividend at 1 November	20,000	20,000	20,000	20,000
Extraordinary dividend	0	0	0	0
Dividend paid	-20,000	-20,000	-20,000	-20,000
Transferred from distribution account	0	20,000	0	20,000
<b>Proposed dividend at 31 October</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>
<b>Equity at 31 October</b>	<b>172,620</b>	<b>167,342</b>	<b>172,620</b>	<b>167,342</b>

## Financial statements 1 November - 31 October

### Cash flow statement (consolidated)

Note	DKK'000	2019/20	2018/19
	Revenue	453,843	480,471
	Costs	-419,058	-418,746
	Other operating income, net cash effect	1,654	1,868
	Cash flows from operations (operating activities) before changes in working capital	36,439	63,593
	Changes in working capital	22,141	-19,908
	Cash flows from operations (operating activities) before financial income and expenses	58,580	43,685
7	Interest received	1,328	1,644
8	Interest paid	-5,218	-2,916
	Cash flows from operations (ordinary activities)	54,690	42,413
	Corporation tax paid	-7,297	-15,757
	<b>Cash flows from operating activities</b>	<b>47,393</b>	<b>26,656</b>
11	Acquisition of property, plant and equipment	-10,373	-12,758
11	Additions of property, plant and equipment with no cash effect	0	1,521
10	Acquisition of intangible assets	-2,710	0
	Disposal of property, plant and equipment	7,560	738
	<b>Cash flows from investing activities</b>	<b>-5,523</b>	<b>-10,499</b>
	Repayment of long-term liabilities	-9,710	-2,494
	Disposal of currency swap	-1,569	0
	Distributed dividend	-20,000	-20,000
	<b>Cash flows from financing activities</b>	<b>-31,279</b>	<b>-22,494</b>
	<b>Net cash flows for the year</b>	<b>10,591</b>	<b>-6,337</b>
	Cash and cash equivalents at 1 November	40,006	46,343
	<b>Cash and cash equivalents at 31 October</b>	<b>50,597</b>	<b>40,006</b>

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

## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies

The annual report of Silhorko-Eurowater A/S for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as 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.

##### **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.



## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies (continued)

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.

#### 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.

#### 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.

## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies (continued)

##### 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.

##### 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.

## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies (continued)

##### 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.

##### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and associates is tested annually for indications of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

##### 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.

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.

## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies (continued)

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.

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.

##### *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.

## Financial statements 1 November - 31 October

### Notes

#### 1 Accounting policies (continued)

##### 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 carryforwards, 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 flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

##### 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.

## Financial statements 1 November - 31 October

### Notes

#### 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	$\frac{\text{Profit/loss for analytical purposes} \times 100}{\text{Average equity}}$

## Financial statements 1 November - 31 October

### Notes

#### 2 Special items

During the financial year 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, the provision is recognised as other payables.

DKK'000	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
<b>Costs</b>				
Provision for extraordinary staff cost	22,867	0	11,283	0
	<u>22,867</u>	<u>0</u>	<u>11,283</u>	<u>0</u>
<b>Special items are recognised in the below line items</b>				
Staff costs	22,867	0	11,283	0
<b>Net profit/loss from special items</b>	<u>22,867</u>	<u>0</u>	<u>11,283</u>	<u>0</u>

#### 3 Segment information

##### Geographical - secondary segment

DKK'000	Nordic countries	Rest of world	Total Group
Revenue 2019/20	183,743	270,100	453,843
Revenue 2018/19	<u>179,310</u>	<u>301,161</u>	<u>480,471</u>

The Group operates solely in one business segment.

#### 4 Staff costs

DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Wages and salaries	196,718	171,601	92,251	78,804
Pensions	4,964	5,402	3,750	3,680
Other social security costs	17,031	17,327	4,394	4,817
	<u>218,713</u>	<u>194,330</u>	<u>100,395</u>	<u>87,301</u>
Average number of full-time employees	<u>407</u>	<u>399</u>	<u>154</u>	<u>153</u>

Staff costs include remuneration of the Parent Company's Executive Board totalling DKK 1,668 thousand (2018/19: DKK 1,642 thousand) and pensions totalling DKK 29 thousand (2018/19: DKK 26 thousand).

## Financial statements 1 November - 31 October

### Notes

DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<b>5 Fees paid to the auditors appointed at the annual general meeting</b>				
Total fees to EY	376	365	292	288
Total fees to others	813	855	0	0
	<u>1,189</u>	<u>1,220</u>	<u>292</u>	<u>288</u>
<b>Split of fee to EY</b>				
Statutory audit	251	235	193	194
Tax assistance	25	40	25	25
Assurance engagements	4	3	2	2
Other assistance	96	87	72	67
	<u>376</u>	<u>365</u>	<u>292</u>	<u>288</u>
<b>6 Depreciation/amortisation</b>				
Amortisation of other intangible assets, see note 10	258	202	0	157
Depreciation on properties, see note 11	1,884	1,906	1,241	1,235
Depreciation on operating equipment, see note 11	9,081	8,862	2,709	2,744
	<u>11,223</u>	<u>10,970</u>	<u>3,950</u>	<u>4,136</u>
<b>7 Financial income</b>				
Interest income from consolidated entities	0	0	564	556
Interest income, etc.	1,328	1,644	77	157
	<u>1,328</u>	<u>1,644</u>	<u>641</u>	<u>713</u>
<b>8 Financial expenses</b>				
Interest expense to Eurowater Holding A/S	395	522	395	522
Interest expense to consolidated entities	0	0	72	0
Interest expense, etc.	4,823	2,394	1,523	1,196
	<u>5,218</u>	<u>2,916</u>	<u>1,990</u>	<u>1,718</u>



## Financial statements 1 November - 31 October

### Notes

#### 9 Tax for the year

DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Current tax for the year	6,366	12,132	490	3,257
Deferred tax adjustment for the year	2,292	-11	1,514	-549
Adjustment to corporation tax, prior year	-55	0	-65	0
Adjustment to deferred tax, prior year	-381	-15	-381	-15
	<b>8,222</b>	<b>12,106</b>	<b>1,558</b>	<b>2,693</b>
Specified as follows:				
Tax on continuing operations	6,366	12,132	490	3,257
Tax for the year	6,366	12,132	490	3,257
Tax on changes in equity	103	0	103	0
	<b>6,469</b>	<b>12,132</b>	<b>593</b>	<b>3,257</b>

#### 10 Intangible assets

DKK'000	Group		
	Other intangible assets	Intangible assets under construction	Total
Cost at 1 November 2019	8,214	913	9,127
Foreign exchange adjustment at 1 November 2019	-43	0	-43
Additions on acquisition of subsidiary	164	0	164
Additions	2,622	88	2,710
Transferred	1,001	-1,001	0
Disposals for the year	-330	0	-330
Cost at 31 October 2020	<b>11,628</b>	<b>0</b>	<b>11,628</b>
Amortisation and impairment losses at 1 November 2019	-8,178	0	-8,178
Foreign exchange adjustment at 1 November 2019	41	0	41
Amortisation on acquisition of subsidiary	-164	0	-164
Amortisation of assets sold	330	0	330
Amortisation for the year	-258	0	-258
Amortisation and impairment losses at 31 October 2020	<b>-8,229</b>	<b>0</b>	<b>-8,229</b>
<b>Carrying amount at 31 October 2020</b>	<b>3,399</b>	<b>0</b>	<b>3,399</b>
Carrying amount at 1 November 2019	36	913	949

## Financial statements 1 November - 31 October

### Notes

#### 10 Intangible assets (continued)

DKK'000	Parent Company		
	Other intangible assets	Intangible assets under construction	Total
Cost at 1 November 2019	6,048	913	6,961
Additions	0	88	88
Transferred	1,001	-1,001	0
Cost at 31 October 2020	7,049	0	7,049
Amortisation and impairment losses at 1 November 2019	-6,048	0	-6,048
Amortisation	0	0	0
Amortisation and impairment losses at 31 October 2020	-6,048	0	-6,048
Carrying amount at 31 October 2020	1,001	0	1,001
Carrying amount at 1 November 2019	0	913	913

#### 11 Property, plant and equipment

DKK'000	Group			
	Properties	Operating equipment	Property, plant and equipment under construction	Total
Cost at 1 November 2019	68,153	84,683	50	152,886
Foreign exchange adjustment at 1 November 2019	-975	-1,017	-4	-1,996
Additions on acquisition of subsidiary	1,504	1,214	0	2,718
Additions for the year	309	10,064	0	10,373
Transferred	0	46	-46	0
Disposals for the year	-3,009	-9,692	0	-12,701
Cost at 31 October 2020	65,982	85,298	0	151,280
Revaluation in previous years (additions)	10,945	0	0	10,945
Revaluation at 31 October 2020	10,945	0	0	10,945
Depreciation at 1 November 2019	-32,154	-60,667	0	-92,821
Foreign exchange adjustment at 1 November 2019	175	718	0	893
Depreciation on acquisition of subsidiary	-1,057	-864	0	-1,921
Depreciation on assets sold	2,115	8,617	0	10,732
Depreciation for the year	-1,884	-9,081	0	-10,965
Depreciation at 31 October 2020	-32,805	-61,277	0	-94,082
Carrying amount at 31 October 2020	44,122	24,021	0	68,143
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	534	0	534
Carrying amount at 1 November 2019	46,944	24,016	50	71,010

## Financial statements 1 November - 31 October

### Notes

#### 11 Property, plant and equipment (continued)

DKK'000	Parent Company		
	Properties	Operating equipment	Total
Cost at 1 November 2019	37,633	28,703	66,336
Additions for the year	309	2,456	2,765
Disposals for the year	0	-3,177	-3,177
	37,942	27,982	65,924
Revaluation (additions)	10,945	0	10,945
<b>Cost at 31 October 2020</b>	<b>48,887</b>	<b>27,982</b>	<b>76,869</b>
Depreciation at 1 November 2019	-21,938	-21,498	-43,436
Depreciation of assets sold	0	2,714	2,714
Depreciation for the year	-1,241	-2,709	-3,950
<b>Depreciation at 31 October 2020</b>	<b>-23,179</b>	<b>-21,493</b>	<b>-44,672</b>
<b>Carrying amount at 31 October 2020</b>	<b>25,708</b>	<b>6,489</b>	<b>32,197</b>
Carrying amount at 1 November 2019	26,640	7,205	33,845

## Financial statements 1 November - 31 October

### Notes

#### 12 Shares in subsidiaries, etc.

DKK'000	Parent Company	
	2019/20	2018/19
Cost at 1 November	31,480	31,480
Additions	9,158	0
Disposals	0	0
<b>Cost at 31 October</b>	<b>40,638</b>	<b>31,480</b>
Value adjustments at 1 November	55,118	50,123
Adjustments regarding dividends in subsidiaries (no P/L effect)	0	2,241
Foreign exchange adjustment of subsidiaries' opening values	-1,151	-476
Share of profits after tax in subsidiaries, including group adjustments	13,119	28,417
Adjustment to the purchase of non-controlling interests	-1,804	0
Dividends from subsidiaries	-21,338	-25,187
<b>Value adjustments at 31 October</b>	<b>43,944</b>	<b>55,118</b>
<b>Carrying amount at 31 October</b>	<b>84,582</b>	<b>86,598</b>
Recognised as follows:		
Amount recognised in shares in subsidiaries	98,479	97,021
Amount transferred for write-down of receivables in subsidiaries	-13,897	-10,423
	<b>84,582</b>	<b>86,598</b>

Name and registered office	Ownership share	Share capital
		DKK'000
Armacoat A/S, Denmark	100%	500
Eurotronic ApS, Denmark	100%	200
Eurotank A/S, Harlev, Denmark	100%	510
Eurowater AB, Sweden	100%	86
Eurowater AS, Norway	100%	622
Eurowater B.V., the Netherlands	100%	135
Eurowater Kft., Hungary (remaining 8 % owned by Eurowater S.r.o., Slovakia)	92%	318
Eurowater Ltd., Ukraine (remaining 1 % owned by Eurotronic ApS, Denmark)	99%	111
Eurowater N.V., Belgium	100%	558
Eurowater S.r.o., Slovakia	100%	124
Eurowater S.r.o., Czech Republic	100%	137
Eurowater Sarl., France	100%	1,452
Eurowater Sp, z o.o., Poland	100%	338
Eurowater Wasseraufbereitung AG, Switzerland	100%	348
Eurowater Wasseraufbereitung Ges.mbH, Austria	100%	379
Eurowater Wasseraufbereitung GmbH, Germany	100%	3,807
Unitex Sp. z o.o., Poland	100%	322
		<b>9,947</b>

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DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
<b>13 Contract work in progress</b>				
Selling price of work performed	24,056	6,145	14,916	6,145
Progress billings	-20,251	-5,542	-14,673	-5,542
	<u>3,805</u>	<u>603</u>	<u>243</u>	<u>603</u>
Recognised as follows:				
Construction contracts (assets)	4,602	662	1,040	662
Construction contracts (liabilities)	-797	-59	-797	-59
	<u>3,805</u>	<u>603</u>	<u>243</u>	<u>603</u>
<b>14 Deferred tax</b>				
Deferred tax at 1 November	-2,511	-4,648	-2,175	-2,281
Deferred tax adjustment for the year	-2,292	26	-1,514	549
Tax on equity transactions	0	2,539	0	28
Deferred tax adjustment for prior years	381	-428	380	-471
<b>Deferred tax at 31 October</b>	<u>-4,422</u>	<u>-2,511</u>	<u>-3,309</u>	<u>-2,175</u>
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	13	712	0	0
Deferred tax liabilities	-4,435	-3,223	3,309	2,175
	<u>-4,422</u>	<u>-2,511</u>	<u>3,309</u>	<u>2,175</u>

### 15 Share capital

DKK 3,004,000 specified as follows:

Classes of shares	Denomination	Number of shares
A	1,000	300
B	1,000	2,704

In the financial year 2019/20, 4 B-class shares have been issued due to a capital increase.

### Treasury shares

DKK'000	Portion of share capital	Nominal value	Carrying amount	2019/20
Shareholding at 1 November 1996 (unchanged at 31 October 2020)	3%	90,000	0	0

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#### 16 Non-controlling interests, Group

DKK'000	2019/20	2018/19
Non-controlling interests at 1 November	3,436	2,692
Disposals	-3,436	0
Foreign exchange adjustments of non-controlling interests' opening values	0	29
Dividends from subsidiaries	0	-864
Share of profit for the year	0	1,579
	<u>0</u>	<u>3,436</u>

#### 17 Long-term liabilities other than provisions, Group

The liabilities can be specified as follows:

DKK'000	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
<b>Mortgage debt</b>				
Long-term	0	13,907	0	9,494
Short-term	5,523	1,660	1,110	1,436
	<u>5,523</u>	<u>15,567</u>	<u>1,110</u>	<u>10,930</u>
<b>Other long-term liabilities (deferred)</b>				
Long-term	5,555	5,114	0	0
Short-term	0	0	0	0
	<u>5,555</u>	<u>5,114</u>	<u>0</u>	<u>0</u>
<b>Lease commitments</b>				
Long-term	353	460	0	0
Short-term	507	477	0	0
	<u>860</u>	<u>937</u>	<u>0</u>	<u>0</u>
<b>Total liabilities other than provisions</b>	<u>11,938</u>	<u>21,618</u>	<u>1,110</u>	<u>10,930</u>

The liabilities are recognised in the balance sheet as follows:

Long-term liabilities	5,908	19,481	0	9,494
Short-term liabilities	6,030	2,137	1,110	1,436
	<u>11,938</u>	<u>21,618</u>	<u>1,110</u>	<u>10,930</u>
Long-term liabilities falling due more than five years after the balance sheet date (carrying amount)	<u>0</u>	<u>7,255</u>	<u>0</u>	<u>3,774</u>

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

The Group has entered into operating leases of cars with a residual liability of DKK 174 thousand, which falls due within five years. The subsidiary Eurowater spol, s r.o. has lease agreements for a 5-year definite period which equals a total obligation of DKK 1,340 thousand.

Performance guarantee and prepayment guarantee of DKK 10,360 thousand have been provided by the Parent Company's bank.

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

Until 30 October 2020, the Company is jointly taxed with the other Danish companies in the Eurowater Holding A/S Group. 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.

#### Collateral

Assets with a carrying amount of DKK 7,792 thousand have been pledged as security for the Group's outstanding mortgage debt of DKK 5,523 thousand to credit institutions.

Assets with a carrying amount of DKK 2,292 thousand have been pledged as security for the Parent Company's outstanding mortgage debt of DKK 1,110 thousand to credit institutions.

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

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

#### Currency risks

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

	2019/20				2018/19			
	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	364	0	0	24,797	100	2,012	86

The currency swap has been terminated during the financial year.

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#### 20 Related parties (Group and Parent Company)

Silhorko-Euowater 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-Euowater A/S has equity investments and 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	
	2019/20	2018/19
Sales to subsidiaries	89,007	101,203
Purchase from subsidiaries	-22,725	-24,196
Rent	399	399
Interests	493	471
	<u>67,174</u>	<u>77,877</u>