

Silhorko-Eurowater A/S

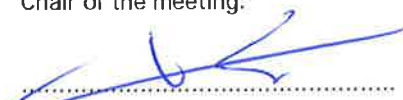
Aarhusvej 79, Stilling, DK-8660 Skanderborg

CVR no. 39 17 65 13

Annual report 2022

Approved at the Company's annual general meeting on 22 June 2023

Chair of the meeting:



PHILIPPE LAVAL

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Silhorko-Eurowater A/S for the financial year 1 January - 31 December 2022.

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


In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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

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

Stilling, 22 June 2023

Executive Board:



Torben Buhl



Kurt Hufnagl

Board of Directors:



Philippe Pascal Laval
Chairman



Niels Herman Møller Jensen



Julián Trascasa Caño



Lars Schiøler Andersen



Francesco Cesare Magri

Independent auditor's report

To the shareholder of Silhorko-Eurowater A/S

Opinion

We have audited the financial statements of Silhorko-Eurowater A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.


Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 22 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jes Lauritzen
State Authorised Public Accountant
mne10121


Jonas Busk
State Authorised Public Accountant
mne42771

Management's review

Company details

Name	Silhorko-Eurowater A/S
Address, Postal code, City	Aarhusvej 79, Stilling, DK-8660 Skanderborg
CVR no.	39 17 65 13
Established	9 January 1937
Registered office	Skanderborg
Financial year	1 January - 31 December
Website	www.silhorko.dk
E-mail	info@silhorko.dk
Telephone	+45 87 93 83 00
Board of Directors	Philippe Pascal Laval, Chairman Niels Herman Møller Jensen Julián Trascasa Caño Lars Schiøler Andersen Francesco Cesare Magri
Executive Board	Torben Buhl Kurt Hufnagl
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2022 12 months	2021 2 months	2020/21 12 months	2019/20 12 months	2018/19 12 months
Key figures					
Revenue	251,961	37,054	250,123	232,298	237,164
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-2,914	-994	18,535	12,716	17,088
Operating profit/loss	-7,950	-1,579	13,804	7,451	12,436
Net financials	21,964	5,549	24,682	11,770	27,412
Profit before tax	14,535	3,879	38,892	20,537	40,364
Profit for the year	14,847	4,287	35,736	18,979	37,671
Fixed assets	192,456	184,035	177,406	141,470	144,340
Non-fixed assets	198,894	123,626	131,946	115,208	99,772
Total assets	391,350	307,661	309,352	256,678	244,112
Investments in property, plant and equipment	22,611	165	2,418	2,853	3,415
Share capital	2,914	2,914	2,914	3,004	3,000
Equity	226,897	213,654	209,610	172,620	167,342
Non-current liabilities other than provisions	1,371	0	0	0	9,494
Current liabilities other than provisions	154,614	90,786	95,603	80,747	74,595
Financial ratios					
Operating margin	-2.9%	-4.5%	5.7%	3.8%	5.5%
EBITDA-margin	-1.2%	-2.7%	7.4%	5.5%	7.2%
Current ratio	128.6%	136.2%	138.0%	142.7%	133.8%
Equity ratio	58.0%	69.4%	67.8%	67.3%	68.6%
Return on equity	6.7%	2.0%	18.7%	11.2%	23.7%
Average number of full-time employees	168	163	158	154	153

For terms and definitions, please see the accounting policies.

Management's review

Business review

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

Last year Silhorko-Eurowater A/S changed the financial year from 1 November - 31 October to 1 January - 31 December to align with Grundfos Holding A/S. Last financial year was covering the conversion period 1 November 2021 - 31 December 2021 (2 months).

Financial review

The income statement for 2022 shows a profit of DKK 14,847 thousand against a profit of DKK 4,287 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 226,897 thousand. The income statement for 2022 shows revenue of DKK 251.9 million against a revenue of DKK 37.0 million in the period 1 November 2021 - 31 December 2021.

In the annual report for 2021, the Management expected a revenue in the range of DKK 260-280 million and a profit in the range of DKK 35-40 million. The revenue as well as profit in the year are influenced by the war in Ukraine and implementation of a new ERP system with Go-Live October 2022.

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

Impact on the external environment

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

Research and development activities

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

Events after the balance sheet date

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

Outlook

The Company's revenue for 2023 is expected to be in the range DKK 280 - 300 million and a profit in the range of DKK 25 - 35 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022 12 months	2021 2 months
	Revenue	251,961	37,054
	Cost of goods sold	-118,886	-17,047
	Other operating income	520	0
	External expenses	-27,996	-4,017
	Gross profit	105,599	15,990
2	Staff costs	-108,513	-16,894
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-4,515	-676
	Other operating expenses	0	-90
	Profit/loss before net financials	-7,429	-1,670
	Income from investments in group entities	21,451	5,741
4	Financial income	1,423	252
5	Financial expenses	-910	-444
	Profit before tax	14,535	3,879
6	Tax for the year	312	408
	Profit for the year	14,847	4,287

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	15,930	584
		<u>15,930</u>	<u>584</u>
8	Property, plant and equipment		
	Land and buildings	24,471	24,453
	Plant and machinery	4,811	5,577
	Property, plant and equipment in progress	3,663	165
		<u>32,945</u>	<u>30,195</u>
9	Investments		
	Investments in group entities	143,505	124,158
	Receivables from group entities	0	29,022
	Deposits	76	76
		<u>143,581</u>	<u>153,256</u>
	Total fixed assets	<u>192,456</u>	<u>184,035</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	54,110	37,628
	Work in progress	5,354	3,683
	Finished goods and goods for resale	13,849	18,303
		<u>73,313</u>	<u>59,614</u>
	Receivables		
	Trade receivables	31,432	23,603
10	Work in progress for third parties	5,611	2,716
	Receivables from group entities	72,724	27,054
	Joint taxation contribution receivable	6,334	0
	Other receivables	3,292	2,307
	Prepayments	1,261	620
		<u>120,654</u>	<u>56,300</u>
	Cash	4,927	7,712
	Total non-fixed assets	<u>198,894</u>	<u>123,626</u>
	TOTAL ASSETS	<u>391,350</u>	<u>307,661</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	2,914	2,914
	Revaluation reserve, properties	4,363	4,553
	Net revaluation reserve according to the equity method	101,567	82,021
	Retained earnings	118,053	124,166
	Total equity	226,897	213,654
	Provisions		
12	Deferred tax	8,468	3,221
	Total provisions	8,468	3,221
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Other credit institutions	1,371	0
		1,371	0
	Current liabilities other than provisions		
13	Current portion of long-term liabilities	414	0
	Bank debt	618	2,288
	Prepayments received from customers	2,032	1,269
10	Work in progress for third parties	3,628	2,123
	Trade payables	5,646	8,707
14	Payables to group entities	135,232	62,803
	Joint taxation contribution payable	0	816
	Other payables	7,044	12,780
		154,614	90,786
	Total liabilities other than provisions	155,985	90,786
	TOTAL EQUITY AND LIABILITIES	391,350	307,661

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

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Revaluation reserve, properties	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 November 2021	2,914	4,553	76,245	125,898	209,610
18	Transfer, see					
	"Appropriation of profit"	0	0	6,019	-1,732	4,287
	Exchange adjustment	0	0	-243	0	-243
	Equity at 1 January 2022	2,914	4,553	82,021	124,166	213,654
	Disposals on demerger / corporate sale	0	0	-70	70	0
18	Transfer, see					
	"Appropriation of profit"	0	0	24,785	-9,938	14,847
	Dividends from subsidiaries	0	0	-3,565	3,565	0
	Exchange adjustment	0	0	-1,604	0	-1,604
	Revaluations in the year	0	-190	0	190	0
	Equity at 31 December 2022	2,914	4,363	101,567	118,053	226,897

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Silhorko-Eurowater A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

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

Omission of a cash flow statement

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

Foreign currency translation

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

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

Foreign group entities

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

Income statement

Revenue

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

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

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Other operating income

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

Cost of sales

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

External expenses

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

Staff costs

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

Amortisation/depreciation

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

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

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

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

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

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

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

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

Land is not depreciated.

Other operating expenses

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in group entities

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

Financial income and expenses

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

Tax

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

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

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

Balance sheet

Intangible assets

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

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

Property, plant and equipment

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

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

Investments in group entities

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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

Dividend received is deducted from the carrying amount.

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

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

Impairment of fixed assets

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

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

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

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

Inventories

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

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

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

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

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

Work in progress for third parties

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

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

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

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

Prepayments

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

Cash

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

Equity

Revaluation reserve

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

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

Reserve for net revaluation according to the equity method

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

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

Income taxes

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

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

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

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

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

Financial ratios

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022 12 months	2021 2 months
2 Staff costs		
Wages/salaries	95,083	15,568
Pensions	4,175	712
Other social security costs	5,858	614
Other staff costs	3,397	0
	<u>108,513</u>	<u>16,894</u>
Average number of full-time employees	<u>168</u>	<u>163</u>

Total remuneration to the Executive Board totalling DKK 3.192 thousand (Nov -Dec 2021: DKK 815 thousand) and pensions totalling DKK 1.330 thousand (Nov-Dec 2021: DKK 6 thousand)

DKK'000	2022 12 months	2021 2 months
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,159	56
Depreciation of property, plant and equipment	3,356	620
	<u>4,515</u>	<u>676</u>
4 Financial income		
Interest income, group entities	1,211	181
Other financial income	212	71
	<u>1,423</u>	<u>252</u>
5 Financial expenses		
Interest expense to Grundfos Holding A/S	366	7
Interest expense to consolidated entities	121	15
Other financial expenses	423	422
	<u>910</u>	<u>444</u>
6 Tax for the year		
Estimated tax charge for the year	-5,736	510
Deferred tax adjustments in the year	5,247	-918
Tax adjustments, prior years	177	0
	<u>-312</u>	<u>-408</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2022	7,049
Additions in the year	16,505
Cost at 31 December 2022	23,554
Impairment losses and amortisation at 1 January 2022	6,465
Amortisation/depreciation in the year	1,159
Impairment losses and amortisation at 31 December 2022	7,624
Carrying amount at 31 December 2022	15,930

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Property, plant and equipment in progress	Total
Cost at 1 January 2022	49,141	29,500	165	78,806
Additions in the year	965	1,478	3,663	6,106
Disposals in the year	0	-190	0	-190
Transfer from other accounts	165	0	-165	0
Cost at 31 December 2022	50,271	30,788	3,663	84,722
Impairment losses and depreciation at 1 January 2022	24,688	23,923	0	48,611
Amortisation/depreciation in the year	1,112	2,244	0	3,356
Reversal of amortisation/depreciation and impairment of disposals	0	-190	0	-190
Impairment losses and depreciation at 31 December 2022	25,800	25,977	0	51,777
Carrying amount at 31 December 2022	24,471	4,811	3,663	32,945

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000	Investments in group entities	Receivables from group entities	Deposits	Total
Cost at 1 January 2022	42,138	29,022	76	71,236
Disposals in the year	-200	-29,022	0	-29,222
Cost at 31 December 2022	41,938	0	76	42,014
Value adjustments at 1 January 2022	82,020	0	0	82,020
Exchange adjustment	-1,604	0	0	-1,604
Dividend distributed	-3,565	0	0	-3,565
Share of the profit/loss for the year	21,450	0	0	21,450
Amount transferred for write-down of receivables in subsidiaries	3,334	0	0	3,334
Reversal of revaluation of sold investments	-68	0	0	-68
Value adjustments at 31 December 2022	101,567	0	0	101,567
Carrying amount at 31 December 2022	143,505	0	76	143,581

Of the total carrying amount of investment in group entities negative net assets, DKK 14,573 (2021: DKK 11,239) have been set off against receivables.

Group entities

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Armacoat A/S	Denmark	100.00%	4,268	1,379
Eurotank A/S	Denmark	100.00%	-984	-1,378
Eurowater AB	Sweden	100.00%	18,933	4,138
Eurowater AS	Norway	100.00%	4,470	1,671
Eurowater B.V.	Netherlands	100.00%	-8,979	-195
Eurowater Kft.	Hungary	92.00%	0	-19
Eurowater Ltd.	Ukraine	100.00%	623	234
Eurowater N.V.	Belgium	100.00%	4,899	1,833
Eurowater S.r.o.	Slovakia	100.00%	16,104	775
Eurowater S.r.o.	Czech Republic	100.00%	11,585	-270
Eurowater Sarl.	France	100.00%	4,308	694
Eurowater Sp, z.o.o.	Poland	100.00%	30,484	7,669
Eurowater Wasseraufbereitung AG	Switzerland	100.00%	575	-41
Eurowater Wasseraufbereitung Ges.mbH	Austria	100.00%	7,664	550
Eurowater Wasseraufbereitung GmbH	Germany	100.00%	40,637	8,530
Unitex Sp. z o.o.	Poland	100.00%	-3,894	-2,515

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Notes to the financial statements

DKK'000	2022	2021
10 Work in progress for third parties		
Selling price of work performed	31,170	40,802
Progress billings	-29,187	-40,209
	<u>1,983</u>	<u>593</u>
recognised as follows:		
Work in progress for third parties (assets)	5,611	2,716
Work in progress for third parties (liabilities)	-3,628	-2,123
	<u>1,983</u>	<u>593</u>

11 Share capital

Analysis of the share capital:

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

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

DKK'000	2022	2021	2020/21	2019	2018
Opening balance	2,914	2,914	3,004	3,000	3,000
Capital increase	0	0	0	4	0
Capital reduction	0	0	-90	0	0
	<u>2,914</u>	<u>2,914</u>	<u>2,914</u>	<u>3,004</u>	<u>3,000</u>

DKK'000	2022	2021
12 Deferred tax		
Deferred tax at 1 January	3,221	4,139
Adjustment for the year	5,247	-918
Deferred tax at 31 December	<u>8,468</u>	<u>3,221</u>

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	1,785	414	1,371	0
	<u>1,785</u>	<u>414</u>	<u>1,371</u>	<u>0</u>

14 Payables to group entities

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

Silhorko-Eurowater A/S' account in the cash pool scheme, which is recognised as a payable to group entities, made up an account balance of DKK 118.500 thousand at 31 December 2022 (at 31 December 2021: a liability of DKK 50.209 thousand).

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Notes to the financial statements

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

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

The Company has rent liabilities with a contract term of 5 years which amounts to DKK 1.948 thousand (of which DKK 1.559 thousand are long-term).

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

16 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

17 Related parties

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

Parties exercising control

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

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Poul Due Jensens Fond	Denmark	https://www.pdjf.dk/regnskab/
Grundfos Holding A/S	Denmark	https://www.grundfos.com/media/reports/grundfos-annual-report-2022

Related party transactions

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

DKK'000	2022	2021
Sales to subsidiaries	106,570	14,954
Purchase from subsidiaries	-22,368	-4,546
Rent	399	67
Interests to Grundfos	-311	-7
Interests, subsidiaries	903	155

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

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Notes to the financial statements

DKK'000	2022 12 months	2021 2 months
18 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	24,785	6,019
Retained earnings/accumulated loss	-9,938	-1,732
	14,847	4,287