

LIMITED LIABILITY COMPANY
GRUNDFOS PUMPS BALTIC

(UNIFIED REGISTRATION NUMBER 40003500153)

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS
AND CONSOLIDATED ANNUAL REPORTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Riga, 2023

*This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

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SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT**CORPORATE INFORMATION**

Name of the Company	GRUNDFOS PUMPS BALTIC
Legal status of the Company	Limited liability company
Registration number, place and date	40003500153 Riga, 30 June 2000
Registered and office address	Gunāra Astras 8B, Riga, LV-1082 Latvia
Branch in Estonia	Priisle tee 10 Tallin, 13914, Estonia
Branch in Lithuania	Smolensko g. 6 Vilnius, 03201, Lithuania
Shareholder	Grundfos Holding A/S, Denmark, 100%
Type of operations	Wholesale of other machinery and equipment
NACE code	46.69 Wholesale of other machinery and equipment
Chairman of the Board	Robert Zbigniew Dudzik (till 08.12.2021) Anders Ulfkjaer Duelund (since 08.12.2021)
Board of the Company	Jaroslav Blahut (till 08.12.2021) Petr Jelinek (till 08.12.2021) Catherine Ann Weaver (since 08.12.2021) Sandis Dancis (since 08.12.2021)
Prosecutor	Sandis Dancis (till 08.12.2021)
Reporting year	1 January to 31 December 2022
Previous reporting year	1 January to 31 December 2021
Outsourced Accountant	Reinis Onzuls SIA "Deloitte Latvia" Reg. No. 40003247787
Independent auditors and their address	Iveta Vimba, Latvian sworn auditor, certificate no. 153 SIA „Ernst & Young Baltic“ Muitas iela 1a, Riga Latvia, LV – 1010 Licence No.17

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

MANAGEMENT REPORT

The main business goal of SIA Grundfos Pumps Baltic (Registration number 40003500153) is sale of pumps and pumping systems. Starting from 1 July 2010 the Company operates in all Baltic States and has registered branches in the Estonian and Lithuanian market.

The turnover was EUR 16 771 890 for the year 2022. An increase from EUR 13 583 134 for the year 2021.

Comparing the turnover for 2022 with the turnover for 2021 it was an increase with 23,4%.

The year result for 2022 was EUR 2 047 634. Similarly, annual result for 2021 was EUR 851 559.

The obtained result was mainly influenced by the increase in commodity prices. Which can be explained by the war in Ukraine and the increase in the price of production materials.

Net Sales volumes in each of Baltic countries all shown an increase in the performance in 2022. Turnover in Estonia increased by 43,9% (in 2021 sales decreased by -15,75 %), which can be explained by successful implementation of projects and attraction of new customers in the Industrial sector and successful implementation of projects in the Commercial sector. Net sales in Latvia increased by 22,68% (in 2021 sales decreased by 4,37%), which was mainly formed from the purchases of Domestic Building pumps in dealers' warehouses as a result of the impact of price increases and in Lithuania net sales increased by 6,25% (in 2021 sales decreased by 14,69%).

Gross profitability of the Company increased to 29% in 2022 (in 2021 – 27 %) due to the changes in the sales product mix.

The Board proposes to distribute 2 478 000 EUR from retained earnings as dividends for 2022.

The war in Ukraine and the energy crisis in 2022 significantly affected the world economy as well as the Baltic economies, mainly causing high inflation in our markets due to the increase in the cost of raw materials and labor.

Large purchases of goods from wholesale partners gave hope of predicting a good increase in sales volume in the reporting year.

In 2023, the main tasks are to continue to ensure sales profitability and achieve sales turnover goals in all product segments, as well as to continue to improve and sell a full-spectrum package of offers (goods and services) to customers.

The management of the Company is responsible for these financial statements.

The Annual Report has been prepared in accordance with the Latvian statutory regulations and provides a true and fair view of the Company's financial position.

The management report was signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT
STATEMENT OF PROFIT AND LOSS

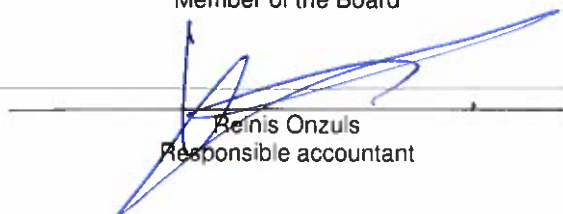
	Notes	2022 EUR	2021 EUR
Net turnover	3	16 771 890	13 583 134
Cost of sales	4	(11 889 650)	(9 913 123)
Gross profit		4 882 240	3 670 011
Selling expense	5	(1 504 490)	(1 453 349)
Administrative expenses	6	(974 740)	(1 080 090)
Other income	7	9 206	10 819
Other expense	8	(97 999)	(42 892)
Interest income and similar income		18 699	3
a) from related companies		18 699	3
Interest payments and similar costs		(2 186)	(2 341)
a) from related companies		(1 656)	(2 060)
b) from other persons		(530)	(281)
Profit or loss before corporate income tax		2 330 730	1 102 161
Corporate income tax for the reporting year	9	(283 096)	(250 602)
NET PROFIT FOR THE YEAR		2 047 634	851 559

The accompanying notes are an integral part of these financial statements.

Signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board



Reinis Onzulis
Responsible accountant

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

BALANCE SHEET

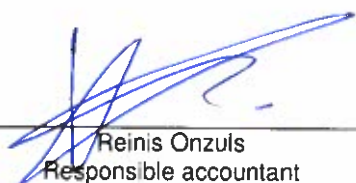
	Notes	31.12.2022. EUR	31.12.2021. EUR
ASSETS			
Long-term investments			
FIXED ASSETS			
Other fixed assets		80 945	66 147
Total fixed assets	10	<u>80 945</u>	<u>66 147</u>
Total long-term investments		<u>80 945</u>	<u>66 147</u>
Current assets			
INVENTORIES			
Finished products and goods for sale		285 921	67 503
Goods in transit		187 521	149 791
Total inventories	11	<u>473 442</u>	<u>217 294</u>
DEBTORS			
Trade receivables	12	2 318 624	1 862 754
Related party receivables	18	39 090	660
Other debtors	13	45 378	51 762
Short-term loans to related party	18	3 555 770	1 922 757
Deferred expenses		-	11 856
Total debtors		<u>5 958 862</u>	<u>3 849 789</u>
Cash	14	<u>86 208</u>	<u>13 190</u>
Total current assets		<u>6 518 512</u>	<u>4 080 273</u>
TOTAL ASSETS		<u>6 599 457</u>	<u>4 146 420</u>

The accompanying notes are an integral part of these financial statements.

Signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board



Reinis Onzuls
Responsible accountant

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

BALANCE SHEET

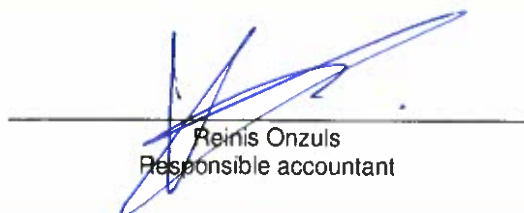
	Notes	31.12.2022. EUR	31.12.2021. EUR
EQUITY AND LIABILITIES			
Share capital		206 145	206 145
Retained earnings:			
Retained profit brought forward from previous years	15	1 797 748	946 189
Profit for the financial year	15	2 047 634	851 559
Total equity		4 051 527	2 003 893
PROVISIONS			
Other provisions	16	96 311	85 720
Total provisions		96 311	85 720
LIABILITIES			
Short-term creditors			
Prepayments received from purchasers		60 847	12 404
Accounts payable to suppliers and contractors		124 286	96 675
Accounts payable to related parties	18	849 829	881 993
Taxes and State mandatory social insurance payments	19	565 206	450 095
Other creditors		52 736	2 899
Accrued liabilities	17	798 715	612 741
Total short-term creditors		2 451 619	2 056 807
Total liabilities		2 451 619	2 056 807
TOTAL EQUITY AND LIABILITIES		6 599 457	4 146 420

The accompanying notes are an integral part of these financial statements.

Signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board



Reinis Onzuls
Responsible accountant

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

CASH FLOW STATEMENT

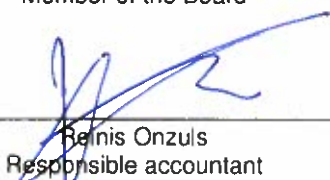
	Notes	2022 EUR	2021 EUR
CASH FLOW FROM OPERATING ACTIVITIES			
Profit or loss before extraordinary items and taxes		2 330 730	1 102 161
Adjustments for:			
<i>fixed assets depreciation</i>	10	16 955	20 625
<i>value write-downs of fixed assets</i>	10	-	19
<i>provisions and allowances (excluding the provision for doubtful debts)</i>		196 564	191 705
<i>other interest income and similar income</i>		(18 699)	(3)
<i>interest payments and similar expenses</i>		2 186	2 341
Profit or loss before adjustments of changes in current assets and short-term liabilities		2 527 736	1 316 848
Adjustments for:			
<i>decrease or (increase) in trade and other receivables</i>		(487 916)	221 947
<i>deferred expenses</i>		11 856	8 056
Trade accounts payable			
<i>Corporate income tax calculated</i>		283 096	-
<i>decrease or (increase) in inventories</i>		(256 148)	(69 055)
<i>(decrease) or increase in accounts payable to suppliers and contractors, and other creditors</i>		(334 762)	(180 278)
Gross cash flow from operating activities		1 743 862	1 297 519
Corporate income tax paid		(22 591)	(26 996)
Net cash flow from operating activities		1 721 271	1 270 522
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets and intangible investments	10	(31 753)	(8 921)
Net cash flow from investing activities		(31 753)	(8 921)
CASH FLOW FROM FINANCING ACTIVITIES			
(Paid) and received or borrowings		(1 633 013)	(1 082 920)
Interest received		16 513	(2 339)
Dividends paid		-	(500 000)
Net cash flow from financing activities		(1 616 500)	(1 585 259)
Net changes in cash or cash equivalents		73 018	(323 658)
Cash and cash equivalents at the beginning of the reporting year	14	13 190	336 848
Cash and cash equivalents at the end of the reporting year		86 208	13 190

The accompanying notes are an integral part of these financial statements.

Signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board



Reinis Onzuls
Responsible accountant

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT
STATEMENT OF CHANGES IN EQUITY

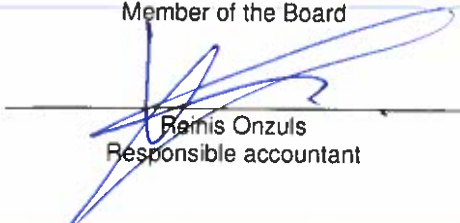
	Share capital	Retained earnings	Profit/ (loss) for the period	Total
Balance as of 31 December 2020	206 145	1 292 321	153 868	1 652 334
Dividends calculated and paid	-	(500 000)	-	(500 000)
Transfer of prior period result	-	153 868	(153 868)	-
Profit/ (loss) for the reporting period	-	-	851 559	851 559
Balance as of 31 December 2021	206 145	946 189	851 559	2 003 893
Dividends calculated and paid	-	-	-	-
Transfer of prior period result	-	851 559	(851 559)	-
Profit/ (loss) for the reporting period	-	-	2 047 634	2 047 634
Balance as of 31 December 2022	206 145	1 797 748	2 047 634	4 051 527

The accompanying notes are an integral part of these financial statements.

Signed on July 21, 2023 on the Company's behalf by:



Sandis Dancis
Member of the Board



Ramis Onzuls
Responsible accountant

SIA GRUNDFOS PUMPS BALTIC 2022 ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

SIA „Grundfos Pumps Baltic“ fully owned by Grundfos Holding A/S, legal address: Poul Due Jensen's Vej 7, 8850 Bjerringbro, Denmark, was established on 30 June 2000. On 29 September 2010 the Company merged with Grundfos Pumps Eesti OU (Estonia) and Grundfos Pumps UAB (Lithuania).

The main business activities of the Company are wholesale of mechanical pumps and related accessories. The accompanying financial statements also include the financial data of the Company's branches in Estonia and Lithuania for year 2021 and 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report of SIA GRUNDFOS Pumps Baltic has been prepared in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia. The financial statement is prepared in accordance with the principle of accounting for initial values. The Company's financial statements are presented in Euro (EUR).

The financial statements cover the period from 1 January to 31 December 2022.

According to criteria in Law on the Annual Financial Statements and Consolidated Financial Statements, the Company is classified as a medium-sized Company. The law provides additional relief for small and medium-sized companies in the preparation of the financial report, but at the same time it also stipulates that the financial report must provide a true and clear picture of the company's financial position and profit or loss, and the annual report of medium-sized and large companies must also present the cash flow.

The statement of profit and loss is prepared according to the function of expense method. The cash flow statement is made according to the indirect method.

Continuation of the company's activities

The financial statement has been prepared based on the assumption that the Company will continue to operate.

Foreign currencies

Transactions denominated in foreign currency are translated into EUR at the official European Central Bank exchange rate on the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange on the balance sheet date. The applicable rates used for the principal currencies as of 31 December was:

	31.12.2022	31.12.2021
USD	1.06660	1.13260
DKK	7.43650	7.43640

Gains and losses on translation are credited or charged to the profit and loss account at the European Central Bank official exchange rate at the balance sheet date.

Useful lives of fixed assets

The useful lives of property, plant and equipment are reviewed at each balance sheet date and, if necessary, they are changed to reflect the Company's management's current views on the assets' remaining useful lives, considering changes in technology, the assets' remaining economic lives and their physical condition.

Book value of fixed assets

The company's management evaluates the book value of the fixed assets and assesses whether there are any signs indicating that the recoverable amount of the assets is lower than the book value. The company's management calculates and recognizes losses from the depreciation of fixed assets based on estimates of their future use, disposal, or sale. Considering the Company's planned volumes of economic activity and the possible market value of assets, the

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Company's management believes that significant corrections of the value of fixed assets are not necessary on December 31, 2022

Fixed Assets

Fixed assets are presented at their initial value, from which accumulated depreciation and a decrease in value are deducted. Depreciation is calculated for all fixed assets, taking into account their initial value, according to the straight-line method, at the following annual rates:

Office furniture and equipment	10% - 12,5%
IT equipment	20% - 33%
Other fixed assets	20% - 33%

Inventory

Inventories are stated at the lower of cost and net realizable value. Inventory purchase cost comprises the purchase price, import charges and other fees and charges, transport costs as well as other directly attributable costs incurred in bringing the inventories to their present location and condition. The carrying value of inventories is reduced by charging trade discounts, reductions, and similar allowances.

Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Inventory cost price is determined using the average weighted cost/the first-in, first-out (FIFO) method.

If necessary, an allowance is provided for obsolete, slow moving, and defective inventories. The amount of the allowance is recognized in the statement of profit and loss as cost of goods sold.

Trade payables

Payables balances are stated at nominal value.

Loans

Primary loans are considered in the volume of received funds with deducted expenses related to receipt of the loan.

Borrowing costs

All costs related to loans are expensed in the related period and recognized in the position "Interest and similar expenses"

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

If the Company is a lessee in a finance lease arrangement, it recognizes in the balance sheet the asset as an item of property, plant and equipment and a lease liability measured as the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant interest rate on the balance of liability outstanding. The interest element of the lease payment is charged to the statement of profit or loss over the lease period. The item of property, plant and equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Accounts receivable

Accounts receivables are stated at their nominal value less provisions for uncollectible and doubtful receivables (individual evaluation for each debtor) if any.

The Company records allowance for doubtful and bad receivables based on the aging analysis of these accounts. The balance of the allowance is individually assessed to reflect the amount of the debt, the payback time and the client's credit history.

Cash

Cash represents cash in bank accounts.

The statement of cash flows is prepared in accordance with the indirect method to reconcile profit from operating activities with cash flow from operating activities.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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Warranty provision

Warranty provision is estimated based on sales, guarantee period and history of warranty claims.

Provisions for customer bonuses

Provisions for customer bonuses are calculated in accordance with the concluded agreements and achieved sales turnover in the reporting year. Provisions are recognized monthly, in accordance with the conditions set in the agreement and sales volume.

Accrued liabilities for unused vacations

Accrued liabilities for unused vacations is computed by multiplying employees' average salary for the last 6 months by the number of unused vacation days at the end of the reporting year, additionally calculating employers' social security contributions

Accrued liabilities

Accrued liabilities comprise clearly known trade payables for goods or services which have been supplied during the reporting year, but for which payment documents (invoices) have not been received by the balance sheet date due to the terms of the supply, sale or contractor agreement or for any other reasons. These liabilities are calculated on the basis of the price defined in the relevant agreement and the documents evidencing the actual receipt of goods or services.

Revenue recognition

Revenue from operating activities consists of bills invoiced during the financial year for goods and services delivered, less value added tax and price decreases, which relate to net turnover.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Company has transferred the significant risks connected with ownership of goods and rewards to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits associated with the transaction will flow to the Company, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Related parties

Within the financial statement the related parties are company's associated companies, shareholders that have significant influence on the company's activities, members of the Board, management (employees responsible for the planning, management and control, any directors including), their close relatives, entities controlled by them and where they have significant influence.

Corporate income tax

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with tax legislation.

Corporate income tax on profit earned in the Republic of Lithuania is calculated and paid in the Republic of Lithuania. CIT taxable expenses in Lithuania is eliminated from corporate income tax calculation which is performed according to the Latvian Law on Corporate Income Tax.

In Lithuania the applicable corporate income tax rate is 15%.

For profit earned in Latvia Corporate income tax is calculated in accordance with Corporate Income Tax Law, in accordance with which corporate income tax is payable only at the moment of distribution of profits or for transactions considered as deemed distribution. Corporate income tax rate 20% was applied to taxable expenses.

In Estonia and in Latvia, corporate income tax is calculated and paid based on a cash flow model, which stipulates that the tax is payable only on calculated dividends and certain expenses comparable to profit distribution. Expenses comparable to profit distribution are taxed in a month when distribution happened.

Paid CIT in Estonia is included in Latvian CIT calculation to decrease calculated CIT for dividend distribution, according to Latvian Law on Corporate Income Tax.

In Latvia and Estonia corporate income tax is applicable to distributed profits and several expenses that would be treated as profit distribution (20/80 from the net amount distributed to shareholders). In case of reinvestment of profit

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corporate income tax shall not be applied.

Use of estimates and significant assumptions

The legislation of the Republic of Latvia requires that in preparation of the financial statements the management of the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of off-balance sheet assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty which exist at the reporting date of the financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period.

Allowance for doubtful and bad trade receivables

The Company's management evaluates the carrying amounts of trade receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary. The Company's management has evaluated the trade receivables and considers that it is not necessary to make an additional significant allowance as of 31 December 2022.

Foreign exchange rates risk

The Company cooperates with foreign affiliated companies, and therefore the Company is exposed to currency risk primarily in transactions in U.S. dollars and United Kingdom's pounds. In accordance with the Company's internal policies, this risk is mitigated converting currency into local currency, if the amount of foreign currency reaches to a significant extent.

Net realizable value of inventories

The Company's management evaluates the net realizable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realizable value of inventories is lower than the cost of inventories, then an allowance is recorded. The Company's management has evaluated the net realizable value of inventories and considers that it is not necessary to make an additional significant allowance as of 31 December 2022.

Warranty provisions

Warranty provisions are made in the amount of 0.6% from the total cost of goods sold during the reporting period, in accordance with the Company's historical experience. The Company's management considers that it is not necessary to make additional significant warranty provisions as of 31 December 2022.

3. NET TURNOVER

	2022 EUR	2021 EUR
Sales in Estonia	6 319 928	4 391 344
Sales in Lithuania	5 337 653	5 023 265
Sales in Latvia	5 114 309	4 168 525
TOTAL:	16 771 890	13 583 134

4. COST OF SALES

	2022 EUR	2021 EUR
Costs of materials	11 785 405	9 847 756
Costs of environment tax	41 981	29 285
Delivery expenses	62 264	36 082
TOTAL:	11 889 650	9 913 123

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5. SELLING EXPENSE

	2022 EUR	2021 EUR
Personnel salary expenses	999 348	877 245
Social security payment	160 914	161 383
Warranty expenses	142 668	144 947
Advertising expenses	68 544	96 295
Consulting expenses	26 798	3 619
Transport maintenance expenses	19 268	22 548
Rent of vehicles	16 654	19 657
Employee training	14 000	70
Representation expenses	12 933	17 029
Employee insurance	12 746	19 228
Other expenses	9 158	56 499
Business trip expenses	9 069	9 064
Logistics service expenses	7 561	18 555
Communication expenses	4 829	7 210
TOTAL:	1 504 490	1 453 349

6. ADMINISTRATIVE EXPENSES

	2022 EUR	2021 EUR
Information technology services	171 560	167 955
Other expenses	158 150	124 459
Related parties consulting and management expenses	138 352	87 071
Personal salary expenses	134 175	287 447
Office space rental and maintenance expenses	132 220	126 471
Accounting expenses	83 320	75 457
Rent of vehicles	65 051	69 789
Business trip expenses	31 654	17 412
Transportation maintenance expenses	25 478	30 007
Communication expenses	18 004	19 783
Depreciation of fixed assets	16 955	20 625
Legal and consulting services	11 790	2 039
Social security payments	10 901	34 874
Audit services	9 790	6 200
Employee insurance expenses	6 430	10 501
Other personnel expenses (see note 19)	(39 090)	-
TOTAL:	974 740	1 080 090

7. OTHER INCOME

	2022 EUR	2021 EUR
Income from logistics services	5 494	10 819
Solidarity tax	3 276	-
Other income	436	-
TOTAL:	9 206	10 819

8. OTHER EXPENSES

	2022 EUR	2021 EUR
Compensations paid to employees due to restructuring	39 700	202
Other costs	58 299	42 690
TOTAL:	97 999	42 892

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9. CORPORATE INCOME TAX FOR THE REPORTING YEAR

	2022 EUR	2021 EUR
Corporate income tax in Estonia	7 237	57 565
Corporate income tax in Lithuania	120 070	67 896
Corporate income tax in Latvia	155 789	125 141
TOTAL:	283 096	250 602

10. INTANGIBLE INVESTMENT AND FIXED ASSETS

	Leasehold improvement	Office furniture and equipme nt	Compute rs	Other fixed assets	TOTAL
As of 31 December 2020					
Cost	23 780	138 327	118 006	87 017	367 130
Accumulated depreciation and impairment	(23 452)	(77 022)	(109 824)	(78 962)	(289 260)
Carry amount as of 31 December	328	61 305	8 182	8 055	77 870
Year 2021					
Carry amount as of 1 January	328	61 305	8 182	8 055	77 870
Additions	-	-	-	8 921	8 921
Cost of disposals	-	(19)	-	-	(19)
Depreciation	(328)	(11 303)	(4 536)	(4 458)	(20 625)
Carry amount as of 31 December	-	49 983	3 646	12 518	66 147
As of 31 December 2021					
Cost	23 780	138 308	118 006	95 938	376 032
Accumulated depreciation and impairment	(23 780)	(88 325)	(114 360)	(83 420)	(309 885)
Carrying amount as of 31 December	-	49 983	3 646	12 518	66 147
Year 2022					
Carrying amount as of 1 January	-	49 983	3 646	12 518	66 147
Additions	-	2 726	24 637	-	27 363
Assets in course of construction	-	-	-	4 390	4 390
Depreciation change	-	(10 513)	(3 647)	(2 795)	(16 955)
Carrying amount as of 31 December	-	42 196	24 636	14 113	80 945
As of 31 December 2022					
Cost	23 780	141 034	142 643	100 328	407 785
Accumulated depreciation and impairment	(23 780)	(98 838)	(118 007)	(86 215)	(326 840)
Carrying amount as of 31 December	-	42 196	24 636	14 113	80 945

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11. INVENTORIES

	31.12.2022.	31.12.2021.
Finished products and goods for sale	299 940	80 630
Goods in transit	187 521	148 796
Accruals for slow moving goods	(14 019)	(12 132)
TOTAL:	473 442	217 294
Provision for slow-moving inventory 31.12.2020		9 760
Increase during year 2021		12 132
Decrease during year 2021		(9 760)
Provision for slow-moving inventory 31.12.2021		12 132
Provision for slow-moving inventory 31.12.2021		12 132
Increase during year 2022		14 019
Decrease during year 2022		(12 132)
Provision for slow-moving inventory 31.12.2022		14 019

12. TRADE RECEIVABLES

	31.12.2022.	31.12.2021.
Trade receivable gross	2 355 480	1 899 610
Provisions for bad debts	(36 856)	(36 856)
TOTAL:	2 318 624	1 862 754
Provisions for doubtful debts 31.12.2020		10 777
Increase during year 2021		36 856
Decrease during year 2021		(10 777)
Provisions for doubtful debts 31.12.2021		36 856
Provisions for doubtful debts 31.12.2021		36 856
Increase during year 2022		-
Decrease during year 2022		-
Provisions for doubtful debts 31.12.2022		36 856
		36 856

13. OTHER DEBTORS

	31.12.2022.	31.12.2021.
Corporate income tax receivable Lithuania	39 946	45 530
Deposit payments	3 066	4 000
Corporate income tax receivable Latvia	2 000	2 000
Other debtors	366	232
TOTAL:	45 378	51 762

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14. CASH

	31.12.2022.	31.12.2021.
Cash in bank	86 208	13 190
TOTAL:	86 208	13 190

15. EQUITY CAPITAL

As of 31 December 2022, and 31 December 2021 the paid share capital of the Company was 206 145 EUR and consisted of 206 145 shares with a nominal value of EUR 1 per share. All shares are owned by Grundfos Holding A/S. Management proposes the following distribution at the profit for the year 2022:

	EUR
Retained earnings from prior years	1 797 748
Current year profit	2 047 634
Retained earnings at the end of the financial year	3 845 382
Proposed distribution for the profit:	
- - dividends	2 478 000

16. OTHER PROVISIONS

	31.12.2022.	31.12.2021.
Provisions for warranty obligations	96 311	85,720
TOTAL:	96 311	85,720

17. ACCRUED LIABILITIES

	31.12.2022.	31.12.2021.
Accrued obligations for customer bonuses	405 808	287 920
Provisions for employee bonuses	160 231	178 286
Accrued obligations for unused vacations	80 228	77 342
Provision for customer bonuses	16 151	11 118
Accrued obligations for audit	(1 770)	9 790
Other accruals	138 067	48 285
TOTAL	798 715	612 741

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18. RELATED PARTIES DISCLOSURE

Related company

		Amounts owed to related company	Amounts owed by related company	Sales to related company	Purchases from related company
Grundfos Handels AG**	2021	-	-	-	-
Grundfos Handels AG**	2022	-	-	-	5 440
Grundfos Holding A/S *	2021	27 840	-	-	764 730
Grundfos Holding A/S *	2022	70 153	39 090	39 090	414 596
Grundfos Pumpen Vertrieb GmbH	2021	-	-	-	-
Grundfos Pumpen Vertrieb GmbH	2022	727	-	-	727
Grundfos Pumps Korea Ltd	2021	-	-	-	-
Grundfos Pumps Korea Ltd	2022	-	-	-	225 268
GRUNDFOS NEDERLAND B.V.	2021	-	-	-	219
GRUNDFOS NEDERLAND B.V.	2022	-	-	-	-
Grundfos Pompe ITALIA S.R.L	2021	44 460	-	-	93 459
Grundfos Pompe ITALIA S.R.L	2022	6 926	-	-	146 957
Grundfos Pompy Sp Z.o.o.	2021	66	-	-	23 427
Grundfos Pompy Sp Z.o.o.	2022	-	-	-	1 624
Grundfos DK A/S	2021	-	-	-	111
Grundfos DK A/S	2022	-	-	-	-
Grundfos Operations A/S	2021	809 627	-	-	8 977 269
Grundfos Operations A/S	2022	772 023	-	-	11 497 773
Grundfos GMBH	2021	-	660	660	-
Grundfos GMBH	2022	-	-	-	-
Bombas Grundfos Portugal LDA	2021	-	-	-	202
Bombas Grundfos Portugal LDA	2022	-	-	-	-
Grundfos A/S	2021	-	-	-	598
Grundfos A/S	2022	-	-	-	-
TOTAL:	2021	881 993	660	660	9 860 015
TOTAL:	2022	849 829	39 090	39 090	12 292 385

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18. RELATED PARTIES DISCLOSURE (CONT'D)

Terms and conditions of transactions with related parties

*Income from Grundfos Holding A/S for personnel services in 2022 was 39 090 EUR, in 2021 was 0 EUR.

On 31 December 2022 the Company has issued following short – term loans from Grundfos Holding AG:

1) 3 555 770 EUR as credit line with rate, which consists of variable lender's determined base interest rate and mark-down of 0.36%, interest income for 2022 was 18 699 EUR. Interest expense for 2022 was 1 656 EUR.

On 31 December 2021 the Company has issued following short – term loans from Grundfos Holding AG:

1) 1 922 757 EUR as credit line with rate, which consists of variable lender's determined base interest rate and mark-down of 0.36%, interest income for 2021 was 3 EUR. Interest expense for 2021 was 2 059 EUR.

Credit lines are without collateral. On the date of approving these financial statements loan and deposit are partly repaid.

19. TAXES AND STATE MANDATORY SOCIAL INSURANCE PAYMENTS

	31.12.2022.	31.12.2021.
Corporate income tax	272 463	194 649
Value added tax	254 921	226 309
Social security contributions	28 783	22 538
Personal income tax	9 039	6 599
TOTAL	565 206	450 095

20. AVERAGE NUMBER OF EMPLOYEES

	2022	2021
Average number of employees during the reporting year	27	32
	27	32

21. COMPANY BOARD REMUNERATION

No additional remuneration is paid to board members for their work at the management board.

22. COMMITMENTS AND CONTINGENCIES

The Company has signed several operating lease agreements for lease of cars. According to effective lease agreements, in future reporting periods the Company is required to make the following payments:

	31.12.2022 EUR
Within one year	60 703
2 – 5 years	7 788
TOTAL:	68 491

The Company has signed office lease agreement. According to effective lease agreements, in future reporting periods the Company is required to make the following payments:

	31.12.2022 EUR
Within one year	21 270
2 – 5 years	-
TOTAL:	21 270

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23. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk.

Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Company due to adverse fluctuations in foreign currency exchange rates. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in that currency which results in open currency positions. The Company does not have any material balances of financial assets and liabilities denominated in currencies other than the Euro. Therefore, during the reporting year the Company's exposure to foreign currency risk was not significant.

Interest rate risk

Interest rate risk is the risk of financial losses incurred by the Company due to adverse fluctuations in interest rates. The Company's interest rate risk mainly arises from current Group borrowings at floating interest rates. This exposes the Company to the risk that interest expenses will increase in a situation when interest rates go up.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle its obligations in full as they fall due. Liquidity risk arises when the maturities of financial assets and liabilities do not match. The aim of the Company's liquidity risk management is to maintain sufficient amount of cash and its equivalents to settle its obligations at a given date. The Company assesses the repayment term matching of its financial assets and liabilities and the stability of long-term investment sources of funding on a regular basis. An operating cash flow forecast is prepared to manage the liquidity risk monthly after the actual results of the previous month are available. The Company's management takes the view that the Company will have sufficient cash resources so its liquidity will not be compromised.

Credit risk

Credit risk is the risk that Company will incur financial losses as a result of default by counterparty on its obligation to the Company. Credit risk mainly arises from cash and short-term deposits with banks and trade receivables.

The Company has obtained partial credit insurance by "Euler Hermes" in Latvia and branch offices in Lithuania and Estonia. New Customer acceptance consists of following steps - first step - local Credit control in following sites – www.crediweb.lv in Latvia, www.cr.lt in Lithuania and www.creditinfo.ee in Estonia; second step – credit Insurance check based on credit insurance by "Compagnie française d'assurance pour le commerce" extérieur; third approval by local Management based on "Delegation of Authorities" rules.


24. EVENTS AFTER BALANCE SHEET DATE

In the period from the last day of the reporting year to the date of signing this financial statement, there have been no events that would result in adjusting this financial statement or should be explained in this financial statement.

The Annual report was signed on July 21, 2023 on the Company's behalf by the board members and the Responsible accountant



Sandis Dancis
Member of the Board



Reinis Onzuls
Responsible accountant

INDEPENDENT AUDITORS' REPORT

To the Shareholders of GRUNDFOS Pumps Baltic SIA

Opinion

We have audited the accompanying financial statements of GRUNDFOS Pumps Baltic SIA (the Company) set out on pages 5 to 20 of the accompanying annual report, which comprise the balance sheet as at 31 December 2022, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of GRUNDFOS Pumps Baltic SIA as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information

Management is responsible for the other information. The other information comprises:

- the General information about the Company as set out on page 3 of the accompanying Annual Report;
- the Management Report as set out on page 4 of the accompanying Annual Report.

Other information does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

ERNST & YOUNG BALTIC SIA
Licence No. 17

A handwritten signature in blue ink, appearing to read 'Iveta Vimba', is located below the text identifying her.

Iveta Vimba
Member of the Board
Latvian Certified Auditor
Certificate No. 153

Riga, 21 July 2023

Sidevahendid

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