2023 Annual Report

GRUNDFOS

Possibility in every drop

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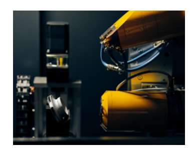
Reducing energy consumption across industries

Enhancing the resilience of water networks across the globe

Joining forces to explore the energy savings of tomorrow

The key to unlocking smarter, faster, and better innovation performance



Frontpage Photo:
A newly acquired micro-CT scanner X-rays a 3D-printed impeller to detect potential defects using 3D analysis. With these technical insights, our Group Technology & Innovation department can optimise the printing process for future production.

Grundfos Holding A/S
Poul Due Jensens Vej 7
DK-8850 Bjerringbro
CVR no.: 31 85 83 56

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Management's Report

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Management's Report 2023

This report covers the annual results of the Grundfos Group, Grundfos Holding A/S, and its affiliated companies.
To read the majority owner's annual report, please visit www.poulduejensenfoundation.com

2023 marked yet another year of robust financial performance for Grundfos. Despite turbulent markets and declining demand as the year progressed, we have grown sales in line with our expectations going into the year. Our earnings and cash flow generation were very solid, and well above our strategic ambition.

Our continued efforts to serve our customers were reflected in the highest ever recorded customer satisfaction score, just as 2023 marked the year, where we recorded the highest ever motivation and satisfaction score from our employees. Happy customers and employees are foundational to us.

Moreover, during 2023 Grundfos made significant progress on the strategic agenda across innovation, sustainability and M&A driven growth.

Highest ever customer and employee satisfaction

It is foundational to us to serve our customers well, while being a world-class place to work, learn and grow.

To constantly improve, we take feedback from customers in many ways including ongoing pulse surveys. In addition, we conduct an annual global External Customer Satisfaction Survey (ECSS), where we in 2023 gathered inputs from approximately 10,000 respondents.

We are excited that our customers gave an overall satisfaction score of 81, which is up 2 points from 2022 and the highest score ever since we started measuring customer satisfaction. With the 81 score, we are on par with our customer satisfaction target for 2025 two years ahead of time.

The customer satisfaction score reflects across all our divisions and geographies, with the most significant improvement realised in the USA. The high customer satisfaction score is thanks to all global colleagues and their day-to-day dedication, loyalty and hard work.

We also conduct an annual Employee Motivation and Satisfaction Survey (EMS) taking feedback from employees all across the company. In 2023, our people gave an overall motivation and satisfaction score of 78, which is up 2 points compared to 2022, and the highest score recorded since we started the annual survey. Our employee motivation and satisfaction score was thereby also on the level of our 2025 target two years ahead of time. We are mindful that there are still many things we can do even better as an employer. Among others, we are not happy with still seeing stress being a major topic for many of our people. However, the strong feedback from our employees represents encouraging progress towards our ambition to be a world-class place to work, learn and grow.

Sales development – two years in one

2023 was characterised by a significantly different development in sales throughout the year.

We entered into 2023 with an above normal order backlog, which we were able to effectively deliver on, as global supply chains reverted to normal. In combination with carry-over effects from price increases installed in 2022, this led to 14% sales growth in the first half of 2023.

However, as we progressed through 2023, we have seen significant drops in end-user demand in particular impacting our heating market in Europe and certain industrial applications. In addition, in many distribution channels there has been a drive towards reducing stock levels built up throughout the previous period with challenged supply chains. This led to a sales decline of 5% in the second half of 2023 compared to 2022. In that sense, 2023 has been two years in one.

Full-year 2023 landed a total sales of DKK 34.4bn, representing sales growth of 4.2% measured in local currencies, compared to last year. Measured in DKK, sales growth for 2023 stands at 3.2%, including an approximate 1% negative impact following the depreciation in a number of currencies, including the USD and the CNY.

We have seen significant differences in the market development across applications and geographies. Measured in local currencies, our Commercial Building Services division had solid demand throughout the year, growing sales by 14% compared to last year. Likewise, our Water Utility division delivered sales growth of 7%, primarily reflecting a stable municipal market. The Industry division delivered a more moderate sales growth rate of 2%, whereas the Domestic Building Services division was challenged by a significant demand drop in domestic heating applications, resulting in a sales decline of 4%.

Our Peerless Pump business delivered impressive sales growth of 25% measured in local currencies, and our DAB branded business grew 2%.

Sales in our Water Treatment Solutions business grew by 16% over 2022 in line with our expectations. Following a review of a number of factors including future growth rates and interest rates we have in 2023 realised an impairment of goodwill in this business.

Consistent financial performance

Despite the significant swings in sales throughout 2023, we delivered consistent financial performance well above our strategic ambitions for earnings and cash flow generation.

The year ended with EBIT before special items of DKK 4,309m (2022: DKK 3,939m) corresponding to an EBIT-ratio of 12.5% (2022: 11.8%). This is significantly above our strategic earnings ambition of a 10% EBIT-ratio.

A quick overview
Poul Due Jensen,
Group President, CEO

The net income from finance items ended at DKK 395m (2022: net loss of DKK 339m), driven mainly by returns on our securities portfolio and higher interest income on cash deposits.
Profit Before Tax made up DKK 4,704m (2022: DKK 2,749m including one-off expense of DKK 851m related to our exit from Russia and Belarus).

Cash flow from operating activities amounted to DKK 5,943m (2022: DKK 2,412m). The significant improvement in cash flow from operating activities derives primarily from improved EBIT and a notable reduction in our net working capital position.

Going into 2023 we had the ambition to lower our inventory position, as inventories had been growing in previous years following the supply chain constraints and an inflationary environment. Through meticulous work, we have in 2023 lowered our inventory position by DKK 857m, whilst at the same time further improving our lead times to customers. We will continue this work as we are still above pre-COVID inventory levels.

We continue investing significantly into development of new products, services and solutions. Furthermore, we continuously strengthen our footprint. In 2023, we made a major investment into a new factory located in Changshu close to Shanghai, China. The factory will be operational from early 2024, and it will strengthen our ability to serve the Chinese market. Investments in the year totalled DKK 1,871m (2022: DKK 1,427m), equivalent to 5.4% of revenue.

Free cash flow ended at DKK 4,079m (2022: 986m) largely as a result of the increase in cash flow from operating activities.

Our balance sheet remains strong. The equity ratio stands at 70.8% per year end.

Overall, we are satisfied with the financial performance in 2023. Growth in revenue was within the range forecasted for the year, and our earnings exceeded the targeted 10% EBIT-ratio.

Closing in on 2025 Strategy

In 2023, we have taken important steps in accordance with our 2025 strategy.

We met our targets for all of our six Group KPIs set out in our 2025 Strategy, covering both financial and non-financial ambitions. On both customer satisfaction and employee motivation and satisfaction we met our 2025 ambition two years ahead of time.

To advance our innovation agenda, we have in 2023 dedicated DKK 1,826m (2022: DKK 1,677m) to research and development, representing nearly 5.3% of our sales. Our divisional set up enables us to drive innovation closer to our customers, and our focus on strengthening our digital and software capabilities remains high.
In 2023, this materialised in further development of several product ranges and applications and in 17 product launches, including the SaVer3 motor range, which meets the highest energy efficiency standards in the market. We are determined to continue to bring the most energy-efficient and reliable solutions to the market.

Further advancing our green impact, we completed a major milestone towards reaching our commitments under the Science Based Targets initiative (SBTi) as we signed a 10-year power purchase agreement with German based ABO Wind to source green energy from an onshore wind farm currently being established in Finland. With effect from 2024/2025, approximately 80% of Grundfos' power consumption in the EU will be covered by renewable energy. The power purchase agreement allows us to reach our 2030-commitment of reducing Scope 1 and 2 emissions by 50% already in 2025.

Part of our Strategy 2025 is to leverage acquisitions as a tool to further our business and strategy. In 2023, we completed two acquisitions.

On 1 January 2023, we completed the acquisition of the San Diego, USA based company Water Works. Water Works is a service company serving primarily the pharma sector.
The company has been integrated with our US water treatment business MECO.

Furthermore, on 1 July 2023, we welcomed the UK headquartered company Metasphere into the Grundfos Group. Metasphere is a leading provider of telemetry and analytics solutions for water networks. In Grundfos, the company is anchored with our Water Utility division. More details on Metasphere can be found in the story brought on p. 16 of the Annual Report.

Our Group KPIs

The table below summarises the achievements for the Group's most important KPIs.

The table shows the 2025 targets and realised figures for 2022 and 2023 for the Grundfos Group:

KPI		2023	2022	2025 TARGET
Sales growth		4.2%	12.1%	Grow more than served market (avg. 4%)
Customer satisfaction		81	79	81
Employee motivation and satisfaction		78	76	78
Return on sales		12.5%	11.8%	10%
Cash conversion		0.97	0.38	Average 0.75
Total emissions reduction	**Emissions Scope 1 and Scope 2 (market-based) ***	20.8%	15.6%	Reduction in 2030 by 50%
	Emissions Scope 3 *	11.7%	2.3%	Reduction in 2030 by 25%

* Accumulated reduction compared to SBTi base year 2020

Sales growth: Annual growth in sales in local currencies

Customer satisfaction is measured in the annual External Customer Satisfaction Survey, ECSS. The customer satisfaction factor is measured on three questions regarding overall customer satisfaction. All questions are asked on a scale from 1 to 10, and for reporting the scores are converted to an index number between 0 and 100. The score for 2022 has been restated to exclude Russia and Belarus

Employee motivation and satisfaction is captured through 52 questions in the annual survey within 14 topic areas

Return on sales: EBIT before special items/Revenue

Cash Conversion: Operating Cash Flow divided by EBITDA with Operating Cash Flow defined for internal performance purposes

Emissions Scope 1 and 2: Emissions from Grundfos' own operations (market-based)

Emissions Scope 3: Emissions from our value chain

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Research and development

Grundfos is founded on a determination to bring new innovative products, services and solutions to market. Differentiation is our main source of competitiveness. Our research and development (R&D) activities are therefore key to our business, and to our purpose of pioneering solutions to the world's water and climate challenges and improving quality of life for people.

The R&D functions are organised across our four divisions, working closely with central R&D functions. Our company headquarter in Denmark is our R&D powerhouse, while we also hold significant R&D teams in selected key markets such as USA, Hungary, China and India. R&D covers a broad range of activities such as research into materials, product development, production technologies, and methodologies and so forth.

We continuously invest in additional resources and capabilities within modularisation, circularity, energy efficiency, software development, IoT technologies, and similar areas. We also partner with universities and other public and private partners to support our research activities and to apply technology in practice.

Intellectual capital resources

We are our people, and we want Grundfos to be a great place to work, learn and grow for all. We are dedicated to attracting, retaining and developing highly skilled employees, with intellectual capital resources in areas that are relevant for the continued growth and development of the business, such as advanced production technology, digitalization, and innovation.

The strength of our business is owing to our close to 20,000 dedicated colleagues. Our colleagues put in remarkable efforts every day to innovate, design, produce, sell and service our solutions. This is what drives our company's competitiveness and serves our commitment to pioneer solutions to the world's water and climate challenges.

Honouring our colleagues' dedication, it is core to our values to focus on people development and ensure opportunities to acquire new capabilities and skills. We are committed to spotting and growing the full potential in all our people. We run dedicated talent programmes, and we strive to foster a healthy work environment which enables personal and professional growth.

Furthermore, we are dedicated to strengthening diversity across the organisation with the ambition of developing Grundfos as an inclusive and equitable workplace. Grundfos is our people, and we see diversity, equity and inclusion as a competitive advantage. Differences in backgrounds, mindsets, preferences, traits and skillsets are key to driving and developing our business.

Gender distribution in our leadership

Historically, the industry we are part of has mainly attracted men. Though we have made significant progress compared to the past this continues to be reflected in gender distribution in our leadership. It is our ambition to increase the representation of women in all leadership positions within Grundfos.

To achieve our goal of more diverse representation, Grundfos has implemented a Diversity, Equity & Inclusion (DE&I) strategy. This includes Recruitment and Advancement of Women as one of five strategic priorities. Further, we provide all leaders a training on unconscious bias and have implemented a recruitment policy to ensure Grundfos recruits individuals from diverse talent pools. We further provide a gender-mixed mentorship program and a gender-mixed reverse mentor programme for all employees. In addition, our employee-driven Employee Resource Groups provide crucial input to our strategy execution, including one working for the advancement of women in Grundfos.

The share of women in leadership positions is monitored on a monthly basis to drive progress. At year-end 2023, we see the main progress on our target for all leadership levels. We will continue to actively work towards increasing the representation of women in Board of Directors, Top leadership and all other levels towards our 2025 targets.

Leadership levels	2023		2025 target
Board of Directors	20%	(1 of 5)	33%
Top leadership	21%	(15 of 71)	27%
All levels	25%	(370 of 1,486)	27%

Board of Directors: Members of the Board of Directors appointed by shareholders

Top leadership: Grundfos' Group Management and next level of people leaders (equivalent to 'other managerial levels' as defined in the Danish Financial Statements Act)

Financial risks

As a result of our global activities, Group profit and equity are influenced by a number of financial risks. Foreign exchange risks in the operating companies are managed centrally, as are interest and liquidity risks. The Board of Directors has set up a policy for the use of financial instruments.

Foreign exchange risk

Grundfos' policy is to hedge the currency exchange rates for the most essential flow of goods, i.e. sale and purchase of goods. The objective of the policy is to reduce the potential adverse short-term (up to 15 months) impact from foreign exchange rate fluctuations on cash flows and earnings, and thereby allow for planning and counteractions in case of longer-term adverse impacts.

Currency hedging is carried out centrally by Group Treasury and covers cash flow risk as well as fair value risk. Cash flow risk is hedged for a period of up to 15 months, aiming at a coverage of 50%–90% of the expected exposure, whereas fair value hedging is aiming at an 80%–90% coverage of the balance sheet exposure. The most important currencies for hedging are the USD, CHF, GBP, CNY and HUF. At the end of 2023, currency contracts to reduce the foreign exchange risk in connection with the flow of goods amounted to 6,470m (2022: DKK 6,630m). Reference is made to note 31 for further details.

Other financial risks

- Liquidity risk: Financial independence is a core value to Grundfos. Maintaining adequate liquidity is therefore key. In addition to unused borrowing facilities, net deposits amount to DKK 8,885m by end of 2023 (2022: DKK 6,625m).
- Credit risk: Credit risks derive primarily from trade debtors, securities and bank receivables. Risks on trade debtors are diversified across a large number of customers, reducing the exposure. The credit risk on bank receivables, forward exchange contracts and similar is reduced by selecting financial business partners with a high credit rating.
- Raw material risk: Grundfos does not hedge raw materials. No single raw material constitutes a significant proportion of production cost.

Data ethics

The Grundfos Group is committed to responsible data consumption, including when we collect, process and use personal data, and implement new technologies. In the Grundfos Data Ethics Policy, we set out the key principles for our handling of data, as per section 99d of the Danish Financial Statements Act.
The Grundfos Data Ethics Policy can be found here: www.grundfos.com/legal/data-ethics-policy

Uncertainty relating to recognition and measurement

In preparing the Consolidated Financial Statements, management makes a number of estimates and assumptions related to the recognition and measurement of assets and liabilities, all of which are inherently subject to uncertainty. As of 31 December 2023, estimates and assumptions are particularly relevant in respect of the impairment testing of goodwill and of the provision associated with the exit from Russia and Belarus established last year.

Grundfos is, as disclosed in note 28, party to ongoing disputes and legal actions. None of these disputes and legal actions will have a significant impact on our financial position beyond what has been recognised and stated in the Annual Report.

Outlook for 2024

The weakening of demand in certain core applications and geographies seen in particular in the second half of 2023, is expected to continue into the beginning of 2024. We expect demand to develop positively throughout 2024. It is likely there will be substantially different developments in demand across applications and geographies.

For 2024, we forecast growth in revenue in the range of 0-5%. Our sales forecast excludes impacts from acquisitions and divestments in 2024. Given the current market conditions there is significant uncertainty associated with the forecast.

We forecast an EBIT before special items ratio around our strategic ambition of 10%.

Sustainability performance

It is our purpose to pioneer solutions to the world's water and climate challenges and improve quality of life for people. To serve our purpose, we have set ourselves ambitious targets in a number of sustainability agendas.

In 2023, we took significant steps towards our target of net-zero carbon emissions by 2050, realising a total carbon emissions reduction of 11.7% compared to our 2020 baseline. Of particular significance was the Power Purchase Agreement with ABO Wind, setting us on track to reach our 2030-goal of a 50% reduction of carbon emissions in Scope 1 and 2 five years ahead of time. Additionally, we dedicated DKK 134m to the funding of climate initiatives, enabling further reductions across our operations and value chain.

Next to our net-zero journey, the water agenda was of top priority also in 2023. We have strengthened our operational water management and reduced our total water withdrawal to 339,608 m^3, achieving 96% progress towards our 2025 target. Furthermore, our efforts to provide water access to millions of underserved communities progressed successfully.

We continued to scale up our current Take Back pilot scheme for small domestic circulators in our Domestic Building Services division and received 134,098 kg in circulators through the Take Back scheme, which represents a 109% increase compared to 2022.

In 2023, we introduced a sustainability scorecard for regular tracking of performance across our sustainability targets. Selected KPIs from the scorecard have replaced the Sustainability Index as a Group KPI, linking directly to our Sustainability Framework and our purpose. Selected CO_2 emissions-related KPIs are included as part of Grundfos' executive and senior leadership remuneration programme for short-term and long-term incentives. This new performance tracking will further support our efforts to drive progress towards our long term net-zero target.

Please find more details about our 2023 sustainability progress in our Sustainability Report, which this Annual Report should be read in conjunction with. By publishing our Sustainability Report, we fulfil the requirements for corporate sustainability reporting set out in section 99a of the Danish Financial Statements Act.

The Grundfos Sustainability Report can be found here: www.grundfos.com/sustainability

Management's Report on the parent company

Grundfos Holding A/S is the Parent Company of the Grundfos Group and holds the shares of all the other Grundfos Group companies – either directly or indirectly. The company's activities include the majority of the Group's R&D functions, as well as Group functions involving coordination, planning and management.

In this capacity, Grundfos Holding A/S performs several overarching functions and services. Grundfos Holding A/S had 1,886 employees at the end of 2023 (2022: 1,756). In 2023, the revenue of Grundfos Holding A/S totalled DKK 5,200m (2022: DKK 4,274m), and the EBIT amounted to DKK 718m (2022: DKK 135m).

According to the equity method, income from the other Group companies amounted to DKK 2,524m (2022: DKK 1,989m). Profit after Tax stands at DKK 3,417m (2022: DKK 2,011m). The balance sheet shows equity of DKK 23,127m (2022: DKK 20,922m), corresponding to an equity ratio of 78.3% (2022: 78.1%).

For 2024, we expect revenue as well as EBIT at the same level as 2023.

Amounts in DKK Millions

Key figures and financial ratios – The Grundfos Group

1 January – 31 December 2023

				Not adjusted for IFRS	
	2023	2022	2021	2020	2019
CONSOLIDATED PROFIT AND LOSS ACCOUNT					
Revenue	34,407	33,341	28,733	26,340	27,518
Earnings before interest and tax (EBIT) before special items	4,309	3,939	3,266	2,606	2,791
Earnings before interest and tax (EBIT)	4,309	3,088	3,266	2,606	2,791
Net finance income and expenses	395	(339)	104	(42)	168
Profit before tax	4,704	2,749	3,370	2,564	2,959
CONSOLIDATED PROFIT AFTER TAX	**3,422**	**2,016**	**2,659**	**1,931**	**2,208**
CONSOLIDATED BALANCE SHEET					
Intangible assets	2,739	2,530	2,548	1,138	589
Property, plant and equipment	7,112	6,517	6,640	5,718	6,020
Financial assets	1,028	1,063	884	777	818
Current assets	21,819	20,682	19,196	17,762	17,787
TOTAL ASSETS	**32,698**	**30,792**	**29,268**	**25,395**	**25,214**
Equity	23,155	20,946	19,507	17,501	17,160
Non-current liabilities	1,444	1,414	1,436	1,659	1,392
Current liabilities	8,098	8,432	8,325	6,235	6,662
TOTAL LIABILITIES AND EQUITY	**32,698**	**30,792**	**29,268**	**25,395**	**25,214**
FINANCIAL KEY FIGURES AND RATIOS					
Capital investments, tangible	1,593	1,234	1,078	935	983
Capital investments, intangible	278	193	256	193	259
Total capital investments	1,871	1,427	1,334	1,128	1,242
Research and development cost, incl. capitalised cost	1,826	1,677	1,563	1,186	1,109
Interest-bearing net deposit/loan	8,885	6,625	7,482	7,435	6,710
Net cash flow from operating and investment activities	4,079	986	2,781	2,427	2,711
Sales growth	3.2%	16.0%	9.1%	(4.3%)	3.0%
Sales growth in local currencies	4.2%	12.1%	10.4%	(4.4%)	2.2%
EBIT before special items as a percentage of net turnover	12.5%	11.8%	11.4%	9.9%	10.1%
Return on equity	15.5%	10.0%	14.4%	11.1%	13.3%
Equity ratio	70.8%	68.0%	66.6%	68.9%	68.1%
SUSTAINABILITY KEY FIGURES					
Emission Scope 1 and Scope 2 (1,000 t CO_2e)	94.1	100.3	114.6	114.9	-
Emission Scope 3 (1,000 t CO_2e)	105,567.9	116,636.4	-	-	-
EMS (Score)	78	76	77	77	75
Women leaders	25%	24%	22%	24%	24%
Water withdrawal (m^3)	339,608	365,126	341,538	318,469	386,060
Number of employees at year-end	19,937	20,026	20,154	19,221	19,060

Definition of
KEY FIGURES AND FINANCIAL RATIOS:

Sales growth: Annual change in consolidated net turnover measured in DKK.

Sales growth in local currencies: Annual change in consolidated net turnover adjusted for currency impact.

Return on equity: Consolidated profit after tax as a percentage of the average equity.

Equity ratio: Equity at year-end as a percentage of total assets.

Net cash flow from operating and investment activities: Net cash flow from operating and investments activities before impact from purchase/sale of securities and acquisition/sale of companies.

Women leaders
The figures covers share of women at all levels of the organisation.

Group Management

Poul Due Jensen
Group President,
Chief Executive Officer

Mikael Geday
Group Executive Vice President,
Chief Financial Officer

Jens Ulrik Gernow
Group Executive Vice President
Chief Operating Officer

Mirjam Baijens
Group Executive Vice President
Chief Human Resources Officer

Inge Delobelle
Group Executive Vice President
CEO Industry
(from 1 March 2024)

Morten Bach Jensen
Group Executive Vice President
CEO Domestic Building Services

Bent Jensen
Group Executive Vice President
CEO Commercial Building Services

HP Nanda
Group Executive Vice President
CEO Water Utility

Board of Directors

Jens Winther Moberg
Chair

Carsten Joachim Reinhardt
Vice Chair

Henrik Ehlers Wulff
Member of the Board

Jacoba Theresia Maria van der Meijs
Member of the Board

Claus Aagaard
Member of the Board

Kitty Thaarup Herholdt
Member of the Board, elected by employees

Rudolf Martini
Member of the Board, elected by employees

John Bjerregaard Jacobsen
Member of the Board, elected by employees

Domestic Building Services

Navigating a challenged global market

2023 proved to be a challenging year driven by rising interest rates influencing investments, supply chains returning to normal, and a slowing transition to energy-efficient solutions in buildings. Navigating this has been turbulent. Despite these challenges, our DBS division kept a proactive focus on creating valuable experiences and fuelling innovation alongside our customers. This resulted in DBS maintaining market share in key regions and improving customer satisfaction scores.

Committed to an energy-efficient future

DBS is committed to providing energy-efficient products and solutions that address growing global challenges. In 2023, the division officially launched its UPSe and digital ALPHA in the US as part of the new Digital NEXT range of small circulators revolutionising the market by delivering enhanced energy efficiency and performance for homeowners. The division also conducted a joint initiative with CBS, called Explore NEXT to co-create and co-innovate the next energy-efficient solutions for buildings of the future.

Domestic Building Services

DBS serves OEMs, distributors, installers, and homeowners with some of the world's most energy-efficient pumps and solutions for domestic homes. DBS develops, produces, and sells smaller domestic pumps and solutions for single-family housing and residential buildings, serving six domestic applications in heating, HVAC OEM, domestic hot water, boosting, drainage, and wastewater. The DBS division aspires to offer homeowners the most attractive choices for sustainable homes and comfortable lives.

6,965m

Revenue 2023 in DKK

(2022: DKK 6,268m)

Commercial Building Services

CBS serves a multitude of customers within commercial buildings services with reliable and high-technology products and solutions, as well as a range of services, including energy and system optimisation. CBS works dedicatedly to helping commercial building's end-users reach their water and climate ambitions, while respecting, protecting and advancing the flow of water.

Commercial Building Services

Leveraging opportunities

In 2023, our CBS division adeptly navigated through a year of significant change. Developing sectors like data centres and district energy emerged as drivers of our business growth, while demand from residential and office buildings declined. The year also spotlighted the need for energy optimisation in existing buildings in response to increasing energy prices and energy supplies at risk. CBS has consistently navigated the volatile economic landscape, marked by challenges such as inflation and increasing interest rates, while enhancing customer satisfaction and achieving growth in both its established and strategically targeted markets.

Energy-optimising for a greener future

In 2023, CBS initiatives catered to the growing demand for retrofitting older buildings – a development we are committed to also in the coming years. The renovation rate of existing buildings needs to increase to align with the Net Zero Emissions by 2050 Scenario. In 2023, 75% of CBS products sold in Europe were energy-optimised E-solutions which contributed to CO_2 emissions reduction in 2023, compared to less efficient alternatives. Observing the trends, we anticipate a rapid adoption of E-solutions in Asia and the USA, potentially surpassing the transition rate experienced in Europe. Our efforts in providing energy-efficient solutions are crucial in supporting the broader industry goal of achieving net-zero emissions.

5,150m

Revenue 2023 in DKK

(2022: DKK 4,980m)

Water Utility

WU provides intelligent, sustainable pumping and solar-powered solutions aimed at optimising water management in groundwater and irrigation, clean water distribution, wastewater collection and transport, as well as water intake. Furthermore, the division has dedicated a specific strategic business unit, SafeWater, to transforming underserved communities through commercially viable and sustainable water solutions in close collaboration with strategic partners. WU is committed to transforming challenges into opportunities, pioneering innovation, and delivering consistent value.

Water Utility

Driving growth

In 2023, our WU division made progress on its strategic commitment to evolve into a comprehensive water solutions provider. Throughout the year, the division has focused on strengthening the foundation for operational excellence and advanced its digital innovation approach. This has resulted in positive results in sales and customer satisfaction.

In the groundwater business, overall demand persisted, despite facing challenges in unit volumes. By proactively addressing supply chain issues, we saw improvements in lead times and product availability. These enhancements fortify our WU commitment to supporting demand growth. In the municipal sector, customer demand remained robust throughout the year across various geographies.

Innovating for a sustainable future

Innovation and development of digital solutions are cornerstones of our strategic approach. In 2023, we acquired Metasphere, a UK-based telemetry and analytics business focused on providing smart sewer solutions for water networks, which will be operating as a part of the WU division. With the added capabilities of Metasphere, WU will help make water networks worldwide more robust and innovative in the face of climate change. Additionally, WU drives the water access ambition on behalf of Grundfos through its strategic business unit SafeWater. In this effort, we strive to create lasting impact by enhancing access to water for underserved communities.

Industry

A challenging year in business

For the IND division, 2023 was indeed a year of two halves. During the first part of the year, the division experienced a continued steady business with activity levels as expected. In the second half of the year, IND saw a downwards trend and softening of the markets. This followed global tendencies in the industry, among other things clearly visible in the important machine tool industry, which saw a global market decline.

A solid year for our sustainability efforts

During 2023, the IND division took further steps on the journey to contribute to reaching the overall Grundfos and IND water and climate ambitions. With a strong ambition to build out its position in water treatment, the division continued deploying solutions with customers and expanding its portfolio. During the year, the division's commercial teams helped customers move to more intelligent and energy-efficient solutions. To further drive this transition, an externally aimed all-E campaign was launched, coinciding with internal training campaigns for all divisional employees.

Industry

The IND division delivers a wide range of premium quality products, solutions, and services based on pumping and water treatment systems. IND optimises industrial utilities, and industrial processes, covering areas such as water treatment or water reuse, system integration, energy and process optimisation, and liquid composition, as well as delivering value-adding digital solutions. The division helps industrial customers and end-users globally reach their water and climate ambitions while maximising their output.

8,036m

Revenue 2023 in DKK

(2022: DKK 8,217m)

Reducing energy consumption across industries

More and more companies across different industries are making firm commitments to reduce their climate impact.

By the end of 2023, 4,266 companies have had their climate targets approved by the Science Based Targets initiative (SBTi). Grundfos is one of them. We now all need to deliver on our commitments, and reducing energy consumption is a critical lever.

At Grundfos, our main contribution to reducing climate impact is by delivering an even higher share of the most energy-efficient, intelligent, and connectable pump solutions. Doing so, we enable our customers to meet their commitments in reducing Scope 1 and 2 CO_2 emissions.

One segment where energy efficiency of pump solutions is vital is industry. Pumps account for 25% of all electricity consumed by electric motors used in industrial settings, according to the Hydraulic Institute, a North American pump industry manufacturers' association. By switching from standard pump solutions and systems to intelligent and highly energy-efficient E-pump solutions and systems, industrial customers can reduce their energy use and emissions immediately.

One of our ambitious industrial customers is Arla Foods, a leading player in the international dairy market. Arla has embarked on a journey towards net-zero emissions, and Grundfos pump solutions have become an essential part of these plans.

Recently, Grundfos supplied and installed new intelligent pumps at an Arla-site in the United Kingdom. Based on proven and validated energy measurements, Grundfos helped the site achieve savings per year of 481,800 kWh energy and 194 tonnes CO_2. Arla is conducting a global roll-out to optimise their pump solutions.

Enhancing the resilience of water networks across the globe

Climate change, flooding and other weather-caused incidents are increasingly impacting societies across the globe.

A study from the C40 Cities organisation has found that the world's major cities will be faced with a cost of USD 64bn per year by 2050, related to flooding. In addition to the damage floods can cause to buildings and infrastructure, overflow of wastewater from sewage systems also poses a real risk of pollution of our drinking water.

By applying online monitoring and intelligent analytical solutions, water companies can predict water flows in their networks and pumping stations, making it possible to take action before a crisis occurs. In combination with state-of-the-art pumping solutions, water companies can thereby substantially reduce or even eliminate flooding of their networks.

In 2023, we added to our existing portfolio of digitalised water network offerings by acquiring the UK headquartered company Metasphere.

Key among Metasphere's offerings is the ART Sewer integrated solution. ART Sewer combines sensors placed in strategic locations in the network, weather forecasts, radar images, and machine learning to predict how flows in the wastewater network will behave up to 30 hours in advance. This allows for locating potential blockages and taking measures before a crisis occurs, thus not only preventing strain on sewer systems but ultimately protecting nature, buildings, and clean drinking water from pollution.

Welcoming Metasphere into Grundfos is an important milestone in our strategy to combine pumping solutions with sensorics and sophisticated analytical tools and bringing innovative solutions to our customers.

2

Management's Statement and Auditor's Report

Management's Statement

Statement by the Board of Directors and Group Management on the Annual Report
Today, the Board of Directors and Group Management have reviewed and approved the Annual Report of Grundfos Holding A/S for the financial year 1 January – 31 December 2023.

The Annual Report has been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements of the Parent Company give a true and fair view of the financial position at 31 December 2023, the results of the Group's and Parent Company's operations, and consolidated cash flows for the financial year 2023.

In our opinion, the Management's Report includes a true and fair view of the development in the operations and financial circumstances of the results for the year, and of the financial position of the Group and the Parent Company, as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Bjerringbro, 26 February 2024

Registered Group Management

Poul Due Jensen
Group President, CEO

Mikael Andreas Holm Geday
Group Executive Vice President, CFO

Jens Ulrik Gernow
Group Executive Vice President, COO

Board of Directors

Jens Winther Moberg
Chair

Carsten Joachim Reinhardt
Vice Chair

Henrik Ehlers Wulff
Member of the Board

Jacoba Theresia Maria van der Meijs
Member of the Board

Claus Aagaard
Member of the Board

Kitty Thaarup Herholdt
Member of the Board, elected by employees

Rudolf Martini
Member of the Board, elected by employees

John Bjerregaard Jacobsen
Member of the Board, elected by employees

Independent Auditor's Report

To the shareholders of Grundfos Holding A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Grundfos Holding A/S for the financial year 1 January – 31 December 2023, which comprise statement of profit and loss, statement of other comprehensive income, statement of financial position, statement of cash flows, statement of changes of equity and notes, including material accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 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 our procedures, 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.

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 IFRS Accounting Standards as adopted by the EU and additional requirements of 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.

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.

Aarhus, 26 February 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
State Authorised Public Accountant
mne 24687

Morten Friis
State Authorised Public Accountant
mne 32732

Joining forces to explore the energy savings of tomorrow

Today, 40% of Europe's total energy spend is consumed in buildings.

To succeed with the green energy transition, this must be radically reduced. To do so, we must rethink the design systems of the buildings in which we live, work, and spend most of our time. This is a large undertaking that we cannot do in isolation.

That is why, in 2023, Grundfos welcomed 200 partners and customers to co-innovate and co-create HVAC (heating, ventilation, and air-conditioning) and water system solutions. Together, we sought to unlock new possibilities in reducing energy consumption and improving energy efficiency in buildings.

The event, called Explore NEXT, took place for the first time at the company's global headquarters in Bjerringbro, Denmark, where partners and Grundfos experts participated in the innovation hack.

The two-day innovation hack was the final event following an Explore NEXT tour across Europe, where we equally gathered many valuable insights from trusted collaboration partners.

Many new, creative ideas were brought to the table to address energy savings in both commercial and domestic buildings of the future, and the work to explore the realisation of the ideas is in motion.

Architecture and modularisation:
The key to unlocking smarter, faster, and better innovation performance

Our primary source of competitiveness comes from differentiation, meeting customer needs and bringing innovative solutions to the world's water and climate challenges.

We therefore continuously expand our innovation capabilities. In recent years, we at Grundfos have increased our focus on building modular architecture for the technologies we use and in our product offerings. With a modular approach, our products and solutions can meet varying customer needs, whilst we reduce product complexity and facilitate a reduced time to market in development.

Modular architecture has played a crucial role in nearly all solutions launched by Grundfos in 2023. In the new generation of large, submersible SE/SL wastewater pumps, the modular architecture approach ensured an efficient development process and a fast time to market for an updated range of stable, energy-efficient, and cost-effective pumps.

To support our modular architecture thinking, we have developed world class capabilities within simulation testing. With simulation, we mimic the operation of a solution in different scenarios and environments throughout the innovation process, enabling efficient development of solutions with leading performance.

"With this approach we can explore new products and solutions virtually and do so early in the innovation process, lowering the risk of failure and increasing speed in development," says Group CTO, Anders Johanson.

Anders Johanson continues, "At Grundfos, we have a unique ability to design for high efficiency and energy savings, which we put at the very core of our modular architecture. Our holistic efforts in architecture and modularisation enable us to design for customer needs in new ways, and help our customers realise their sustainability targets."

3

Consolidated financial statements

Amounts in DKK Millions

Consolidated statement of profit and loss

1 January - 31 December 2023	NOTE	2023	2022
Revenue	1	34,407	33,341
Production cost		(19,474)	(19,727)
GROSS PROFIT		**14,933**	**13,614**
Research and development cost	2	(1,733)	(1,654)
Selling and distribution cost	3	(5,674)	(5,118)
Administrative cost	4	(3,217)	(2,903)
EARNINGS BEFORE INTEREST AND TAX (EBIT) AND BEFORE SPECIAL ITEMS		**4,309**	**3,939**
Special items	7	0	(851)
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**4,309**	**3,088**
Finance income	8	463	147
Finance expenses	8	(68)	(486)
PROFIT BEFORE TAX		**4,704**	**2,749**
Income tax expenses	9	(1,282)	(733)
PROFIT FOR THE YEAR		**3,422**	**2,016**
ATTRIBUTABLE TO:			
Shareholders of Grundfos Holding A/S		3,417	2,011
Non-controlling interests (NCI)		5	5
TOTAL		**3,422**	**2,016**

Amounts in DKK Millions

Consolidated statement of other comprehensive income

1 January - 31 December 2023	NOTE	2023	2022
PROFIT FOR THE YEAR		**3,422**	**2,016**
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:			
Net gain/loss on cash flow hedges		(47)	237
Exchange rate adjustments on foreign operations		(237)	271
Tax on foreign exchange adjustments and hedging instruments		33	(94)
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIOD, NET OF TAX		**(251)**	**414**
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods:			
Remeasurement gain/loss on defined benefit plans	18	(2)	347
Tax on defined benefit plans	9	(3)	(85)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS, NET OF TAX		**(5)**	**262**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(256)**	**676**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,166**	**2,692**
Attributable to:			
Shareholders of Grundfos Holding A/S		3,161	2,687
Non-controlling interests (NCI)		5	5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,166**	**2,692**

Amounts in DKK Millions

Consolidated statement of financial position

As at 31 December 2023

ASSETS	NOTE	2023	2022
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Goodwill	10	1,078	1,228
Other intangible assets	10	1,447	1,138
Completed development projects	10	29	91
Development projects in progress	10	185	73
TOTAL INTANGIBLE ASSETS		**2,739**	**2,530**
PROPERTY, PLANT AND EQUIPMENT			
Land and buildings	11	3,029	2,836
Technical installations and machinery	11	2,217	1,925
Other technical installations	11	338	341
Property, plant and equipment in progress	11	1,135	1,004
Right-of-use assets	12	393	411
TOTAL PROPERTY, PLANT AND EQUIPMENT		**7,112**	**6,517**
FINANCIAL ASSETS			
Securities	13	64	58
Deferred tax assets	9	794	780
Pension assets	18	105	156
Other accounts receivable		65	69
TOTAL FINANCIAL ASSETS		**1,028**	**1,063**
TOTAL NON-CURRENT ASSETS		**10,879**	**10,110**
CURRENT ASSETS			
Inventories	14	5,663	6,520
Trade and other receivables	15	6,574	7,013
Income tax receivable		630	479
Securities	13	3,144	3,147
Cash and cash equivalents	16	5,808	3,523
TOTAL CURRENT ASSETS		**21,819**	**20,682**
TOTAL ASSETS		**32,698**	**30,792**

Amounts in DKK Millions

Consolidated statement of financial position

As at 31 December 2023

EQUITY AND LIABILITIES	NOTE	2023	2022
EQUITY			
Share capital	17	381	381
Hedge transaction reserve		12	47
Exchange adjustment reserve		244	459
Retained earnings		20,790	19,035
Proposed dividend		1,700	1,000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRUNDFOS HOLDING A/S		**23,127**	**20,922**
Non-controlling interests		28	24
TOTAL EQUITY		**23,155**	**20,946**
NON-CURRENT LIABILITIES			
Pensions and similar obligations	18	140	180
Provisions	19	755	776
Deferred tax liabilities	9	302	218
Lease liabilities	12, 20, 25	239	237
Interest-bearing debt	20, 25	8	3
Total non-current liabilities		**1,444**	**1,414**
CURRENT LIABILITIES			
Provisions	19	280	118
Trade and other payables	21	2,656	2,845
Interest-bearing debt	20, 25	123	100
Lease liabilities	12, 20, 25	162	164
Income tax payable		1,080	1,157
Other liabilities	22	3,797	4,048
TOTAL CURRENT LIABILITIES		**8,098**	**8,432**
TOTAL LIABILITIES		**9,542**	**9,846**
TOTAL LIABILITIES AND EQUITY		**32,698**	**30,792**

Amounts in DKK Millions

Consolidated statement of cash flows

1 January - 31 December 2023	NOTE	2023	2022
OPERATING ACTIVITIES			
Profit after tax		3,422	2,016
Depreciation and amortisation of non-current assets	7, 10, 11, 12	1,845	1,755
Finance income	8	(463)	(147)
Finance expenses	8	68	486
Loss on disposal of property, plant and equipment		64	8
Other adjustments		209	56
Tax for the year	9	1,282	733
Changes in net working capital	24	674	(2,201)
Changes in warranty and other provisions		106	237
CASH FLOW FROM OPERATIONS BEFORE FINANCIAL ITEMS AND TAX		**7,207**	**2,943**
Taxes paid		(1,504)	(602)
Interest paid and realised currency losses	8	(57)	(66)
Interest received and realised currency gains		308	147
Interest paid on lease liabilities	8, 12	(11)	(10)
CASH FLOW FROM OPERATING ACTIVITIES		**5,943**	**2,412**

	NOTE	2023	2022
INVESTING ACTIVITIES			
Purchase of intangible assets	10	(278)	(193)
Proceeds from sale of property, plant and equipment		7	1
Purchase of property, plant and equipment	11	(1,593)	(1,234)
Acquisition of subsidiaries, net of cash acquired	27	(629)	0
Disposal of subsidiaries, net of cash disposed		0	(19)
Purchase of securities	13	(1,288)	(2,213)
Sale of securities	13	1,441	2,241
CASH FLOW FROM INVESTING ACTIVITIES		**(2,341)**	**(1,417)**
NET CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES		**3,602**	**995**
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	25	(204)	(223)
Proceeds from borrowings	25	40	2
Repayment of borrowings	25	0	(28)
Purchase of own shares		(12)	(22)
Dividend paid		(1,000)	(1,275)
CASH FLOW FROM FINANCING ACTIVITIES		**(1,176)**	**(1,546)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**2,426**	**(551)**
Cash and cash equivalents as at 1 January		3,523	4,087
EXCHANGE RATE ADJUSTMENTS		**(141)**	**(13)**
Available fund (Opening)		3,382	4,074
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		**5,808**	**3,523**

Amounts in DKK Millions

Consolidated statement of changes in equity

1 January - 31 December 2023	NOTE	SHARE CAPITAL	RETAINED EARNINGS	HEDGE TRANSACTION RESERVE	EXCHANGE ADJUSTMENT RESERVE	PROPOSED DIVIDEND	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRUNDFOS HOLDING A/S	NON CONTROLLING INTEREST	EQUITY
BALANCE AT 1 JANUARY 2022		**381**	**17,740**	**(136)**	**224**	**1,275**	**19,484**	**23**	**19,507**
PROFIT/ LOSS FOR THE YEAR, ATTRIBUTABLE TO SHAREHOLDERS		**0**	**1,011**	**0**	**0**	**1,000**	**2,011**	**5**	**2,016**
Actuarial gain/loss	18	0	347	0	0	0	347	0	347
Fair value adjustment of hedging instruments		0	0	237	0	0	237	0	237
Exchange rate adjustments, affiliated companies, etc.		0	0	0	275	0	275	(4)	271
Tax on other comprehensive income		0	(85)	(54)	(40)	0	(179)	0	(179)
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**262**	**183**	**235**	**0**	**680**	**(4)**	**676**
Dividend paid	17	0	0	0	0	(1,275)	(1,275)	0	(1,275)
Purchase of treasury shares		0	(271)	0	0	0	(271)	0	(271)
Sale of own shares		0	109	0	0	0	109	0	109
Share-based compensation		0	184	0	0	0	184	0	184
TOTAL TRANSACTIONS WITH SHAREHOLDERS		**0**	**22**	**0**	**0**	**(1,275)**	**(1,253)**	**0**	**(1,253)**
BALANCE AT 31 DECEMBER 2022		**381**	**19,035**	**47**	**459**	**1,000**	**20,922**	**24**	**20,946**
PROFIT/LOSS FOR THE YEAR, ATTRIBUTABLE TO SHAREHOLDERS		**0**	**1,718**	**0**	**0**	**1,700**	**3,417**	**5**	**3,422**
Actuarial gain/loss	18	0	(2)	0	0	0	(2)	0	(2)
Fair value adjustment of hedging instruments		0	0	(47)	0	0	(47)	0	(47)
Exchange rate adjustments, affiliated companies, etc.		0	0	0	(236)	0	(236)	(1)	(237)
Tax on other comprehensive income		0	(3)	12	21	0	30	0	30
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**(5)**	**(35)**	**(215)**	**0**	**(255)**	**(1)**	**(256)**
Dividend paid	17	0	0	0	0	(1,000)	(1,000)	0	(1,000)
Purchase of treasury shares		0	(287)	0	0	0	(287)	0	(287)
Sale of own shares		0	138	0	0	0	138	0	138
Share-based compensation	26	0	192	0	0	0	192	0	192
TOTAL TRANSACTIONS WITH SHAREHOLDERS		**0**	**43**	**0**	**0**	**(1,000)**	**(957)**	**0**	**(957)**
BALANCE AT 31 DECEMBER 2023		**381**	**20,790**	**12**	**244**	**1,700**	**23,127**	**28**	**23,155**

Hedge transaction reserve
The Group has in OCI presented the gains and losses arising from the hedge transaction reserve, including those related to foreign currency forward contracts that are hedges of forecast revenue and inventory purchases, that may be reclassified to profit or loss in subsequent periods. In subsequent periods, the amount previously recorded in the cash flow hedge reserve will be recognised in profit or loss when the asset (liability) is being recovered (settled) or if the conditions for cash flow hedging are no longer fulfilled.

Exchange adjustment reserve
The Group recognised translation differences on foreign operations in a separate component of equity, i.e. the exchange adjustment reserve.

Notes index

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 1 Revenue

Revenue break down according to the following divisions and regions:

	2023	2022
DIVISIONS		
Domestic Building Services	8,937	9,426
Commercial Building Services	6,965	6,268
Water Utility	5,150	4,980
Industry	8,036	8,217
Other	5,319	4,450
TOTAL	**34,407**	**33,341**

	2023	2022
GEOGRAPHICAL MARKETS		
Europe	18,592	17,740
North and South America	7,260	6,638
Asia	6,878	7,505
The Middle East/Africa	1,677	1,458
TOTAL	**34,407**	**33,341**

Revenue includes sale of goods of DKK 33,715m (2022: 32,738m) and service sales of DKK 692m (2022: DKK 603m).

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 2 Research and development cost

	2023	2022
Staff cost	1,079	1,129
Depreciation and amortisation	139	144
Other research and development cost	515	381
TOTAL	**1,733**	**1,654**

Note 3 Selling and distribution cost

	2023	2022
Staff cost	2,481	2,617
Distribution cost	665	853
Depreciation, amortisation and impairment	502	100
Other selling and distribution related cost	2,026	1,548
TOTAL	**5,674**	**5,118**

Note 4 Administration cost

	2023	2022
Staff cost	1,505	1,457
Depreciation and amortisation	230	204
Other administration	1,482	1,242
TOTAL	**3,217**	**2,903**

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 5 Staff Cost

	2023	2022
Wages and salaries	7,137	7,476
Share-based payments	192	184
Pensions, defined benefit plans	72	36
Pensions, defined contribution plans	346	422
Other social security cost	667	812
TOTAL	**8,413**	**8,930**

Staff cost is recognised as follows:	2023	2022
Production cost	3,348	3,728
Research and development cost	1,079	1,129
Selling and distribution cost	2,481	2,617
Administration cost	1,505	1,457
TOTAL	**8,413**	**8,930**
Average number of full-time employees	19,916	20,234
Number of employees at year-end	19,937	20,026

Staff cost includes fees to Group Management and the Board of Directors of Grundfos Holding A/S for directorships in Grundfos Holding A/S and can be specified as follows:

	2023			2022		
	BOARD OF DIRECTORS OF THE PARENT COMPANY	REGISTERED GROUP MANAGEMENT OF THE PARENT COMPANY	OTHER GROUP MANAGEMENT	BOARD OF DIRECTORS OF THE PARENT COMPANY	REGISTERED GROUP MANAGEMENT OF THE PARENT COMPANY	OTHER GROUP MANAGEMENT
Remuneration	11	21	19	11	18	20
Cash Bonus	0	14	15	0	8	10
Pensions and other post-employment benefits	0	5	3	0	4	3
Termination benefits	0	0	1	0	0	0
Share-based payments (Note 26)	0	11	2	0	7	5
TOTAL	**11**	**51**	**40**	**11**	**37**	**38**

Staff cost includes our Long-Term Incentive Programme (LTI) which is described in Note 26 Share-based compensation expenses.

Selected CO_2 emissions-related KPIs are now included as part of Grundfos' executive and senior leadership remuneration programme for short-term and long-term incentives. For further information see Note 26

For details on members of Other Group Management, please refer to page 9 in the Annual Report

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 6 Depreciation, amortisation and impairments

	2023	2022
Intangible non-current assets, Note 10	707	327
Tangible non-current assets, Note 11	917	1,220
Right-of-use assets, Note 12	221	207
TOTAL	**1,845**	**1,754**

Depreciation, amortisation and impairment are recognised in the statement of income and loss as follows:	2023	2022
Production cost	973	1,306
Research and development cost	139	144
Selling and distribution cost	502	100
Administrative cost	230	204
TOTAL	**1,845**	**1,754**

Note 7 Special items

	2023	2022
Impairment of non-current assets	0	284
Write-down and expected loss on current assets	0	148
Other costs related to the divestment	0	419
TOTAL	**0**	**851**

The assets are measured at zero and consequently there are none of the assets to be stated as non-current assets held for sale under current assets.

In August 2022, Grundfos announced the exit from Russia and Belarus. The exit decision led to a one-off expense recognition of DKK 851m reported as special items in the consolidated profit and loss accounts. The one-off expense was based on management's best estimate and is comprised of impairment of assets and other cost such as severance and other legal commitments.

In December 2022, Grundfos signed an agreement with Grundfos Russia local management members to sell the two Grundfos legal entities in Russia. The agreement is subject to approval by relevant authorities and other closing conditions.

Upon closing of the sale of the Grundfos legal entities in Russia, the exchange adjustment reserve that accumulated from the translation of the RUB-based entities into DKK for Group reporting purposes and that is currently part of other comprehensive income will be reversed into profit and loss.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 8 Finance income and expenses

	2023	2022
Interest income bonds	71	33
Value adjustment bonds	63	0
Dividend income shares	24	29
Value adjustment shares	94	0
Other financial income	211	85
TOTAL	**463**	**147**

Value adjustment bonds	0	283
Value adjustment shares	0	127
Interest on lease liabilities	11	10
Other finance expense	57	66
TOTAL	**68**	**486**

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 9 Tax

Note 9.1 Income taxes in statement of profit and loss and reconciliation

	2023	2022
TAX ON THE PROFIT FOR THE YEAR IS SPECIFIED AS FOLLOWS:		
Tax on profit/loss for the year	1,282	733
Tax on other comprehensive income, deferred	9	139
Tax on other comprehensive income, current	20	40
TOTAL	**1,311**	**912**
TAX ON THE PROFIT FOR THE YEAR IS CALCULATED AS FOLLOWS:		
Current income taxes	1,253	970
Deferred income taxes	20	(154)
Change in deferred tax due to change in tax rates	(0)	(6)
Deferred income taxes regarding previous years	(38)	4
Adjustment regarding previous years	47	(81)
TOTAL	**1,282**	**733**
EFFECTIVE TAX RATE IS CALCULATED AS FOLLOWS:		
Danish tax rate	22%	22%
Deviation in tax rate in foreign companies in relation to Danish tax rate	1%	2%
Non-taxable income and non-deductible expenses	2%	6%
Non-deductible withholding taxes	1%	1%
Other, including adjustments regarding previous years	1%	(4%)
EFFECTIVE TAX RATE	**27%**	**27%**
CONSOLIDATED OTHER COMPREHENSIVE INCOME:		
DEFERRED TAX RELATED TO ITEMS RECOGNISED IN OCI DURING IN THE YEAR		
Net gain/loss on cash flow hedges	12	54
Remeasurement gain/loss on actuarial gains and losses	(3)	85
DEFERRED TAX CHARGED TO OCI	**9**	**139**

The Group will be subject to the new 15% Global Minimum Tax as from 2024. An estimate based on 2022 numbers indicates that the yearly impact will not exceed DKK 20 mill.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 9.2 Deferred taxes

	2023	2022
CHANGES IN DEFERRED TAX		
NET DEFERRED TAX ASSETS 1 JANUARY	562	545
Acquisition of companies	(88)	0
Exchange rate adjustment	(9)	(1)
Change in tax rate	0	6
Deferred tax recognised in profit and loss account	18	151
Deferred tax recognised in equity	9	(139)
NET DEFERRED TAX ASSETS 31 DECEMBER	**492**	**562**
BREAKDOWN OF DEFERRED TAX		
Non-current assets	(220)	(192)
Current assets	423	560
Provisions	210	226
Liabilities	79	(32)
NET DEFERRED TAX ASSETS	**492**	**562**
REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax assets	794	780
Deferred tax liabilities	(302)	(218)
NET DEFERRED TAX ASSETS	**492**	**562**

The Group accumulated tax losses of DKK 98m (2022: DKK 97m) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Grundfos Group. They have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Cumulative deferred income taxes recorded in equity amounted to DKK 154m (2022: DKK 145m). The Group does not recognise any deferred taxes on investments in subsidiaries because it controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that no material amounts will reverse in the foreseeable future.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 10 Intangible assets

	GOODWILL	OTHER INTANGIBLE ASSETS	COMPLETED DEVELOPMENT PROJECTS	DEVELOPMENT PROJECTS IN PROGRESS	TOTAL
COST AT 1 JANUARY 2023	**1,228**	**2,105**	**193**	**73**	**3,599**
Acquisition of companies	271	424	0	0	693
Additions	0	155	10	113	278
Disposals	0	(361)	(43)	0	(404)
Transfers	0	35	1	(1)	35
Exchange rate adjustments	(32)	(24)	0	0	(52)
COST AT 31 DECEMBER 2023	**1,467**	**2,336**	**161**	**185**	**4,149**
AMORTISATION AND IMPAIRMENT AT 1 JANUARY 2023	**0**	**967**	**102**	**0**	**1,069**
Amortisation	0	279	30	0	309
Impairment	398	0	0	0	398
Amortisation and impairment on disposals	0	(350)	0	0	(351)
Exchange rate adjustments	(9)	(7)	0	0	(15)
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2023	**389**	**889**	**132**	**0**	**1,410**
CARRYING AMOUNT AT 31 DECEMBER 2023	**1,078**	**1,447**	**29**	**185**	**2,739**
COST AT 1 JANUARY 2022	**1,181**	**1,910**	**219**	**41**	**3,351**
Additions	0	132	6	55	193
Disposals	0	(10)	(55)	0	(65)
Transfers	0	31	23	(23)	31
Exchange rate adjustments	47	42	0	0	89
COST AT 31 DECEMBER 2022	**1,228**	**2,105**	**193**	**73**	**3,599**

Amounts in DKK Millions

Notes to the consolidated financial statements

	GOODWILL	OTHER INTANGIBLE ASSETS	COMPLETED DEVELOPMENT PROJECTS	DEVELOPMENT PROJECTS IN PROGRESS	TOTAL
AMORTISATION AND IMPAIRMENT AT 1 JANUARY 2022	**0**	**684**	**119**	**0**	**803**
Amortisation	0	289	38	0	327
Amortisation and impairment on disposals	0	(9)	(55)	0	(64)
Exchange rate adjustments	0	3	0	0	3
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2022	**0**	**967**	**102**	**0**	**1,069**
CARRYING AMOUNT AT 31 DECEMBER 2022	**1,228**	**1,138**	**91**	**73**	**2,530**

Amortisation of intangible assets is included in the Consolidated Statement of Income and Loss as follows:	2023		2022	
	OTHER INTANGIBLE ASSETS	COMPLETED DEVELOPMENT PROJECTS	OTHER INTANGIBLE ASSETS	COMPLETED DEVELOPMENT PROJECTS
Research and development expenses	101	30	106	38
Selling and distribution expenses	90	0	92	0
Administration expenses	88	0	91	0
TOTAL	**279**	**30**	**289**	**38**

Carrying amount of goodwill:	2023	2022
Industry - Water Treatment Solutions	717	1,093
Industry - Pump Solutions	88	91
Water Utility	229	0
Others	44	44
TOTAL	**1,078**	**1,228**

Notes to the consolidated financial statements

Impairment test

End of 2023, the reported goodwill amounts to 1,078m. Goodwill primarily arose from the acquisitions of Silhorko-Eurowater in 2020, Mechanical Equipment Company Inc. (MECO) in 2021 followed by Water Works and Metasphere in 2023.

Goodwill represents the premium paid by Grundfos above the fair value of the net assets acquired. It is attributable to synergies and know-how resulting from the combination of the businesses and the value of the employee base.

Goodwill is allocated to cash-generating units which are determined to be the most appropriate business segment levels it pertains to. For the reporting period, following cash generating units were identified:
(i) Industry - Water Treatment Solutions, (ii) Industry - Pump Solutions and (iii) Water Utility. The allocation of goodwill to the cash generating units is specified in above table.

As at the reporting date, an impairment test was performed on the carrying amount of intangible assets with indefinite useful lives which for the reporting period only represents goodwill.

Water Treatment Solutions

Impairment tests are performed based on expected future cash flows that are built from budgets and long-term business plans. The carrying amount of the net assets including goodwill is compared to the recoverable amount.
The recoverable amount is calculated using cash flow projections for a 5-year period which from thereafter converge into a terminal value applying perpetuity growth. The projected cash flows represent management's best estimate of revenue, profitability and investment plans for the cash generating units.

The discount rate applied to cash flow projections is 9.0% and terminal value cash flows are extrapolated using a 2.5% growth rate which represents the estimated long-term average growth rate for the industry.

Group performed an impairment test of the carrying amount of intangibles for the 2023 financial year and identified an impairment loss of DKK 398m on goodwill that pertains to the water treatment solution platform. The main reason for the asset impairment is a slower realisation of the growth levers across key geographies and market verticals.

The impairment test determined that the equity carrying amount of the Water Treatment Solutions exceeds its recoverable amount by DKK 398m which is fully allocable to goodwill. Management still remains fully committed to achieving the maximum benefits from a combined platform.

Key assumptions and sensitivity analysis

The recoverable amount of the Water Treatment Solutions business is determined to be in close range to the carrying amount and the impairment test results are sensitive to assumptions made for the (i) EBITDA growth rate (ii) the terminal value growth rate and (iii) the discount rate. Each of these parameters have been assessed and estimated using the most recently available market data and management's experience and best judgement on the business outlook.

The EBITDA growth rate is built on assumptions on volume growth and profitability expectations that leverage synergies. A change in EBITDA margin by +/- 1 percentage point will change the value of the cash generating unit by +/- 3.5% (DKK 71m in either direction). The terminal value growth rate is in line with long term industry average growth projections at 2.5%. A change in the growth rate by +/- 0.5 percentage points will increase or decrease the value of the cash generating unit by 5.9% (DKK 119m) and 5.0% (DKK 102m) respectively.

The discount rate applied to cash flow projections is 9.0%. This rate was determined based on available market data and an assessment of the risk profile of the individual entities.

Specifically, a risk-free interest rate based on the current yield of a 10-year government bond in the relevant geography plus an estimated market-risk premium are used to estimate the required rate of return on equity. Estimated risk premiums are then added, depending on industry, business model and geography. The required rate of return on debt is based on an estimated credit assessment of the entities and current interest rate levels. The required rates of return on equity and debt are weighted using a capital structure based on a group of company peers.

An increase in the weighted average cost of capital (WACC) by 0.5 percentage points will decrease the equity value of the cash generating unit by 7.9% (DKK 160m) and a decrease in the WACC by 0.5 percentage points will increase the equity value of the cash generating unit by 9.2% (DKK 187m).

Water Utility

Impairment tests are performed based on expected future cash flows that are built from budgets and long-term business plans. The carrying amount of the net assets including goodwill is compared to the recoverable amount. The recoverable amount is calculated using cash flow projections for a 5-year period which from thereafter converge into a terminal value applying perpetuity growth. The projected cash flows represent management's best estimate of revenue, profitability and investment plans for the cash generating units.

The discount rate applied to cash flow projections is 9.0% and terminal value cash flows are extrapolated using a 2.5% growth rate which represents the estimated long-term average growth rate for the industry.

The recoverable amount of the Water Utility is significantly higher than the carrying amount.

The Group did not identify any reasonably possible change in key assumptions which could cause an impairment loss to be recognised for Water Utility.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 11 Property, plant and equipment

	LAND AND BUILDINGS	TECHNICAL INSTALLATIONS AND MACHINERY	OTHER TECHNICAL INSTALLATIONS	PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	TOTAL
COST AT 1 JANUARY 2023	**6,974**	**13,864**	**1,859**	**1,004**	**23,701**
Acquisition of companies	0	3	0	0	3
Additions	97	295	76	1,125	1,593
Disposals	(37)	(348)	(63)	7	(441)
Transfers	334	577	57	(1,003)	(35)
Exchange rate adjustments	(34)	(21)	(13)	2	(63)
COST AT 31 DECEMBER 2023	**7,334**	**14,370**	**1,916**	**1,135**	**24,755**
DEPRECIATION AND IMPAIRMENT AT 1 JANUARY 2023	**4,138**	**11,939**	**1,518**	**0**	**17,595**
Depreciation	224	562	131	0	917
Write-down of the year	0	0	0	0	0
Depreciation and impairment on disposals	(32)	(330)	(62)	0	(424)
Transfers	0	0	0	0	0
Exchange rate adjustments	(25)	(18)	(9)	0	(52)
DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2023	**4,305**	**12,153**	**1,578**	**0**	**18,036**
CARRYING AMOUNT 31 DECEMBER 2023	**3,029**	**2,217**	**338**	**1,135**	**6,719**
COST AT 1 JANUARY 2022	**6,687**	**13,545**	**1,760**	**899**	**22,891**
Additions	130	271	81	752	1,234
Disposals	(21)	(311)	(58)	(1)	(391)
Transfers	139	411	76	(657)	(31)
Exchange rate adjustments	39	(52)	0	11	(2)
COST AT 31 DECEMBER 2022	**6,974**	**13,864**	**1,859**	**1,004**	**23,701**

1. Management's Report
2. Management's Statement and Auditor's Report
3. Consolidated financial statements
4. Parent Company financial statements

Amounts in DKK Millions

Notes to the consolidated financial statements

	LAND AND BUILDINGS	TECHNICAL INSTALLATIONS AND MACHINERY	OTHER TECHNICAL INSTALLATIONS	PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	TOTAL
DEPRECIATION AND IMPAIRMENT AT 1 JANUARY 2022	**3,706**	**11,666**	**1,421**	**0**	**16,793**
Depreciation	221	573	143	0	937
Write-down of the year	226	53	5	0	284
Depreciation and impairment on disposals	(20)	(306)	(57)	0	(383)
Transfers	(2)	(6)	5	0	(3)
Exchange rate adjustments	7	(41)	1	0	(33)
DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2022	**4,138**	**11,939**	**1,518**	**0**	**17,595**
CARRYING AMOUNT 31 DECEMBER 2022	**2,836**	**1,925**	**341**	**1,004**	**6,106**

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 12 Right-of-use assets

The Group has lease contracts, primarily buildings and vehicles used in its operations. Leases of motor vehicles generally have lease terms between 4-5 years and buildings have lease terms between 1 and 10 years.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.
The Group has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
Set out below are the carrying amounts of right-of-use (ROU) assets recognised and the movements during the period:

	LAND AND BUILDINGS	MOTOR VEHICLES	OTHER EQUIPMENT	TOTAL
CARRYING AMOUNT AT 1 JANUARY 2023	**266**	**107**	**38**	**411**
Additions	42	155	25	221
Disposal of ROU assets	(8)	(3)	(2)	(13)
Depreciation	(111)	(88)	(22)	(221)
Exchange rate adjustments	0	(4)	(2)	(5)
CARRYING AMOUNT AT 31 DECEMBER 2023	**190**	**167**	**36**	**393**
CARRYING AMOUNT AT 1 JANUARY 2022	**357**	**142**	**43**	**542**
Additions	35	34	9	78
Depreciation	(124)	(69)	(14)	(207)
Exchange rate adjustments	(2)	0	0	(2)
CARRYING AMOUNT AT 31 DECEMBER 2022	**266**	**107**	**38**	**411**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:	2023	2022
BALANCE AT 1 JANUARY	**401**	**546**
Additions	221	78
Interest	11	10
Disposals	(13)	0
Payments	(219)	(233)
BALANCE AT 31 DECEMBER	**401**	**401**
Current	162	164
Non-current	239	237
TOTAL	**401**	**401**

Amounts in DKK Millions

Notes to the consolidated financial statements

Undiscounted lease liabilities maturity analysis:	2023	2022
Less than one year	167	167
One to three years	200	200
More than three years	46	42
TOTAL UNDISCOUNTED LEASE LIABILITIES AT 31 DECEMBER	**413**	**409**

The following are the amounts recognised in profit and loss:	2023	2022
Depreciation expense of right-of-use assets	220	207
Interest expense on lease liabilities	11	10
Expense relating to short-term leases	93	126
Variable lease payments	33	26
TOTAL	**357**	**369**

The Group had total cash outflows for leases of DKK 215m in 2023 (DKK 233m in 2022).

The Group has several lease contracts that include extension and termination options. Management assesses whether or not it is reasonably certain that these options will be exercised after considering all relevant facts and circumstances.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 13 Securities

	2023	2022
COST AT 1 JANUARY	**3,377**	**3,605**
Additions during the year	1,288	2,213
Disposals during the year	(1,441)	(2,441)
Exchange rate adjustments	0	0
COST AT 31 DECEMBER	**3,224**	**3,377**
Value adjustments at 1 January	(172)	50
Value adjustments during the year	156	(222)
VALUE ADJUSTMENTS AT 31 DECEMBER	**(16)**	**(172)**
BALANCE AT 31 DECEMBER	**3,208**	**3,205**
Current	3,144	3,147
Non-current	64	58
TOTAL	**3,208**	**3,205**

The portfolio consists solely of listed shares and bonds and is distributed as follows:	2023	2022
Shares	786	761
Bonds	2,422	2,444
TOTAL	**3,208**	**3,205**

Information about the Group's financial assets and associated risks is disclosed in note 29.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 14 Inventories

	2023	2022
Raw materials and consumables	2,120	2,414
Work in progress	1,813	2,106
Manufactured goods and goods for resale	1,730	2,000
TOTAL	**5,663**	**6,520**

During 2023, DKK (60m) (2022: DKK (37m)) was recognised as an expense for inventories carried at net realisable value.
This is recognised in cost of sales.

	2023	2022
PROVISION FOR OBSOLETE INVENTORIES AT 1 JANUARY	**542**	**495**
Reversal of provision through profit and loss	(51)	(10)
Additional provision	114	57
PROVISION FOR OBSOLETE INVENTORIES AT 31 DECEMBER	**605**	**542**

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 15 Trade and other receivables

	2023	2022
Trade receivables	5,545	6,000
Prepayments	270	244
Other current receivables	889	907
TOTAL TRADE AND OTHER RECEIVABLES	**6,704**	**7,151**
Allowance for expected credit loss	(130)	(138)
TRADE AND OTHER RECEIVABLES, NET	**6,574**	**7,013**

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	2023	2022
BALANCE AT 1 JANUARY	**138**	**155**
Provisions during the year	29	32
Realised losses	(20)	(23)
Reversal of provision through profit and loss	(16)	(25)
Exchange rate adjustments	(1)	(1)
BALANCE AT 31 DECEMBER	**130**	**138**

Trade receivables' age profile:

	2023	2022
Not overdue at the reporting date	6,112	6,562
Overdue less than 30 days	356	356
Overdue 30 to 60 days	87	75
Overdue 60 to 120 days	72	65
Overdue more than 120 days	77	93
TRADE RECEIVABLES BEFORE PROVISION	**6,704**	**7,151**
PROVISION FOR BAD DEBT AT 31 DECEMBER	**(130)**	**(138)**
BALANCE AT 31 DECEMBER	**6,574**	**7,013**

Amounts in DKK Millions

Notes to the consolidated financial statements

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Group's trade debtors comprise a large number of customers, and the Group's risk in that connection is not considered unusually high.

Outstanding customer receivables are regularly monitored. At 31 December 2023, the Group had 50 customers (2022: 50) that owed it more than DKK 10m each and accounted for approximately 25% (2022: 25%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 29.

The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Note 16 Cash and cash equivalents

	2023	2022
Cash at bank and on hand	5,808	3,523
TOTAL	**5,808**	**3,523**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 17 Share Capital

The share capital consists of 38,090,911 shares with a nominal value of DKK 10 each.
All shares rank equally. The share capital is fully paid.

	2023	2022
Ordinary shares of DKK 10 each	381	381
TOTAL	**381**	**381**

In 2023, the Group bought 212,421 own shares (0.6% of share capital) from Poul Due Jensens Fond at fair value for proceeds of DKK 287 million. All shares have been used for the Group's share programmes during 2023. The shares had a fair value of DKK 287 million at the time of purchase. The Group has been authorised by the shareholders to acquire up to 2,683,000 treasury shares, equal to 7.0 % of the share capital. The authorisation expires in annual tranches during the period from 30 April 2024 to 30 April 2028.

The Company acquires treasury shares for allocation to the Group's share programmes. At 31 December 2023, the Company did not hold any treasury shares.

DIVIDEND PER SHARE	2023	2022
Proposed dividend per share	44.63	26.25
Dividend from last year per share	26.25	33.47

Notes to the consolidated financial statements

Note 18 Pension and similar obligations

Defined contribution plans
The Group has made pension agreements with a considerable number of its employees. The majority of the agreements are for defined contribution plans. Contributions are paid to pension insurance plans and charged to the Consolidated income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Defined benefit plans
The Group has a number of defined benefit plans where the responsibility for the pension obligation towards the employees rests with the Group.

The largest plans are in Switzerland and the UK accounting for 70% (2022: 68%) of the Group's obligation (gross) and 77% (2022: 77%) of its plan assets.

The plans are primarily based on years of service, and benefits are generally determined on the basis of salary and rank. The Group assumes the risk associated with future developments in salary, interest rates, inflation, mortality and disability etc.

The majority of the obligations are funded with assets placed in independent pension funds. In a number of countries, some minor obligations are unfunded.

For these unfunded plans, the retirement benefit obligations amounted to DKK 106 million or 6% of the present value of the gross obligation (2022: DKK 117 million or 6%).

Switzerland
Participants are insured against the financial consequences of retirement, disability and death. The pension plans guarantee a minimum interest credit and fixed conversion rates at retirement. Contributions are paid by both the employee and the employer. The plans must be fully funded. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, reduction of benefits or a combination of both.

The pension plans include a risk-sharing element between Grundfos and the plan participants.

UK
Participants are insured against the financial consequences of retirement and death. The schemes do not provide any insured disability benefits. The pension plans are plans guaranteeing defined benefit pension at retirement on a final salary basis. The majority of the pension plans do not include a risk-sharing element between Grundfos and the plan participants.

Actuarial assumptions
Actuarial calculations and valuations are performed annually for all major plans. The actuarial assumptions vary from country to country due to local conditions.

Discount rates at 31 December are based on the market yield of high quality corporate bonds or government bonds with a maturity approximating to the terms of the obligations.

Amounts in DKK Millions

Notes to the consolidated financial statements

Sensitivity analysis for Switzerland and UK

The table below illustrates the sensitivity related to significant actuarial assumptions used in the calculation of the defined benefit obligation recognised at the reporting date. The sensitivity covers the plans in UK and Switzerland. The analysis is based on changes in assumptions that the Group considered to be reasonably possible at the reporting date. It is estimated that the relevant changes in assumptions would have increased/(decreased) the defined benefit obligation by the amounts shown below:

	2023		2022	
	0.5%	(0.5%)	0.5%	(0.5%)
Discount rates	(83)	93	(85)	92
Salary increase	(7)	(7)	3	(3)
Pension increase	39	(36)	42	(38)

	2023		2022	
	CH	UK	CH	UK
Discount rates (%)	1.75	5.00	1.90	4.30
Salary increase (%)	2.00	4.80	2.00	2.50
Pension increase (%)	0.00	3.10	0.00	3.10

The fair values of each major class of plan assets are as follows:	2023	2022
INVESTMENTS QUOTED IN ACTIVE MARKETS:		
Listed equity investments	636	751
Real estate	157	137
Corporate bonds	736	672
Cash and cash equivalents	17	32
UNQUOTED INVESTMENTS:		
Insurance contracts	127	118
Corporate bonds	13	11
Other	169	158
TOTAL	**1,855**	**1,879**

Amounts in DKK Millions

Notes to the consolidated financial statements

	2023			2022		
	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	OBLIGATION, NET	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	OBLIGATION, NET
CARRYING AMOUNT AT 1 JANUARY	**1,879**	**1,855**	**24**	**2,620**	**2,240**	**380**
Current service cost	20	0	20	33	0	33
Past service cost	54	0	54	0	0	0
Interest on obligation/plan asset	66	68	(2)	39	36	3
RECOGNISED IN PROFIT AND LOSS	**140**	**68**	**72**	**72**	**36**	**36**
Actuarial gain/loss, demographic assumptions	(10)	0	(10)	8	0	8
Actuarial gain/loss, financial assumptions	(85)	0	(85)	(759)	0	(759)
Actuarial gain/loss, experience adjustments	13	0	13	42	0	42
Return on plan assets excl. interest income	0	(87)	87	0	(340)	340
Impact from asset ceiling	0	7	(7)	0	(22)	22
RECOGNISED IN OTHER COMPREHENSIVE INCOME	**(82)**	**(80)**	**(2)**	**(709)**	**(362)**	**(347)**
Foreign exchange adjustments	37	46	(9)	(10)	(7)	(3)
Employee contributions	10	10	0	10	10	0
Employer contributions	(6)	50	(56)	(4)	42	(46)
Benefits paid	(106)	(112)	6	(100)	(104)	4
OTHER CHANGES	**(65)**	**(6)**	**(59)**	**(104)**	**(59)**	**(45)**
CARRYING AMOUNT AT 31 DECEMBER	**1,872**	**1,837**	**35**	**1,879**	**1,855**	**24**
Accumulated impact from asset ceiling	0	16	(16)	0	22	(22)
PENSIONS AND SIMILAR OBLIGATIONS AT 31 DECEMBER	**1,872**	**1,853**	**19**	**1,879**	**1,877**	**2**
Carrying amount is reflected in the statement of financial position as follows:						
Net pension obligations	0	0	140	0	0	180
Net pension assets	0	0	(105)	0	0	(156)
NET PENSION OBLIGATIONS	**0**	**0**	**35**	**0**	**0**	**24**

Amounts in DKK Millions

Notes to the consolidated financial statements

In addition to the recognised net assets, a total asset amount of DKK 16m (2022: DKK 22m) related to the Swiss scheme is not recognised due to asset ceiling rules.

The estimated weighted average duration of the defined benefit obligation was 13.0 years (2022: 13.5 years) and is split into:

Members of defined benefit schemes	2023	2022
Active employees	2,160	1,542
Retired employees	598	670
Deferred vested	683	668
TOTAL EMPLOYEES	**3,441**	**2,880**

The expected payments or contributions to the defined benefit plans within the next 12 months amount to DKK 24m (2022: DKK 22m).

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 19 Provisions

	WARRANTY	RESTRUCTURING	JUBILEE	OTHERS	TOTAL
BALANCE AT 1 JANUARY 2023	**185**	**144**	**189**	**376**	**894**
Provision	151	164	4	97	416
Utilised	(115)	(73)	0	(2)	(190)
Reversed	(1)	(1)	0	(51)	(53)
Acquisition of companies	1	0	0	0	1
Exchange rate adjustments	(2)	(27)	0	(4)	(33)
BALANCE AT 31 DECEMBER 2023	**219**	**207**	**193**	**416**	**1,035**
Current	140	140	0	0	280
Non-current	79	67	193	416	755

	WARRANTY	RESTRUCTURING	JUBILEE	OTHERS	TOTAL
BALANCE AT 1 JANUARY 2022	**193**	**33**	**178**	**249**	**653**
Provision	142	389	18	149	698
Utilised	(145)	(59)	(7)	(13)	(224)
Reversed	(8)	(2)	0	(10)	(20)
Exchange rate adjustments	3	(217)	0	1	(213)
BALANCE AT 31 DECEMBER 2022	**185**	**144**	**189**	**376**	**894**
Current	118	0	0	0	118
Non-current	67	144	189	376	776

Warranty
The provision is recognised for potential warranty claims on the basis of past experience and expected measures. The ordinary warranty on product sold covers a period of 24 months.

Restructuring
The provision mainly covers the expected cost related to the divestment of Grundfos' operations in Russia. This is expected to be settled during 2024.

Jubilee
In certain companies there is an obligation to remunerate employees celebrating certain anniversaries (such as 25 or 40 years). The payments vary among countries and companies.

Other
Other provisions include legal disputes to which the Group is a party to.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 20 Bank and other loans

	INTEREST RATE	MATURITY	2023	2022
Bank loans	6,8%	2024	15	13
Other loans	3-5%	2024	29	38
Lease liabilities	0-3%	2024-2031	401	401
Bank overdrafts and loans			87	52
TOTAL			**532**	**504**
Current			285	264
Non-current			247	240
TOTAL			**532**	**504**

Bank overdrafts:
The bank overdrafts are secured by a portion of the Group's short-term deposits.

Note 21 Trade and other payables

	2023	2022
Trade payables	2,656	2,845
TOTAL	**2,656**	**2,845**

Trade payables are non-interest bearing.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 22 Other Liabilities

	2023	2022
Customer bonus	901	1,002
Staff related	1,525	1,375
Deferred income	495	537
VAT and other taxes	366	312
Accrued expenses	496	656
Other	14	166
TOTAL	**3,797**	**4,048**

Customer bonus is recognised at an estimated value according to underlying agreements. When finally settled, the bonus will be set off against future payments from the customer.

Deferred income refers to prepayments from customers for goods and services where the Group has not yet fulfilled its contractual obligations.

Note 23 Fees to auditors appointed by the shareholders

	2023	2022
Fee to EY for statutory audit	15	14
Fee to EY for other assurance engagements	2	1
Fee to EY for tax advisory services	4	3
Fee to EY for other services	7	11
TOTAL	**28**	**29**

Note 24 Changes in working capital

	2023	2022
Changes in inventories	857	(1,216)
Changes in accounts receivable	443	(1,081)
Change in trade creditors, other liabilities and deferred income	(440)	(78)
Unrealised exchange rate adjustments	(186)	174
TOTAL	**674**	**(2,201)**

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 25 Changes in liabilities arising from financing activities

	CURRENT INTEREST-BEARING LOANS AND BORROWINGS	CURRENT LEASE LIABILITIES	NON-CURRENT INTEREST BEARING LOANS AND BORROWINGS	NON-CURRENT LEASE LIABILITIES	TOTAL
BALANCE AT 1 JANUARY 2023	**100**	**164**	**3**	**237**	**504**
Cash flows	31	(50)	9	(154)	(168)
New leases	0	53	0	168	221
Other	0	(5)	0	(12)	(13)
Exchange rate adjustments	(8)	0	(4)	0	(12)
BALANCE AT 31 DECEMBER 2023	**123**	**162**	**8**	**239**	**532**
BALANCE AT 1 JANUARY 2022	**98**	**223**	**31**	**323**	**675**
Cash flows	2	(59)	(28)	(164)	(249)
New leases	0	0	0	78	78
Other	0	0	0	0	0
Exchange rate adjustments	0	0	0	0	0
BALANCE AT 31 DECEMBER 2022	**100**	**164**	**3**	**237**	**504**

'Other' includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, the accrual of special dividends that were not yet paid at year end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 26 Share-based compensation expenses

Note 26.1 Long-Term Incentive Programme (LTI)

The LTI is targeted at Group Management and other members of senior management. Under this programme, Restricted Stock Units (RSUs) are granted to the executives.

These RSUs vest after a continued service of 3.5 years and are also contingent to targets for performance indicators that are defined under the programme for a specific year.

There are certain unvested tranches of LTI granted prior to 1 January 2022 according to a slightly different programme, which vest with the employees in 4 equal tranches and hence are contingent on continued service by the executives.

Following the vesting of RSUs under both these programmes, the executives will receive shares of Grundfos Holding A/S.

The expense recognised over the vesting period is based on the fair value of the RSUs at the grant date.

	NO. OF UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE (DKK PER UNIT)
OUTSTANDING AS AT 1 JANUARY 2022	**80,383**	**1,313**
Granted during the year	52,370	1,614
Vested during the year	(13,792)	1,122
Forfeited during the year	(1,916)	1,324
OUTSTANDING AS AT 31 DECEMBER 2022	**117,045**	**1,470**
Granted during the year	66,691	1,351
Vested during the year	(8,751)	1,249
Forfeited during the year	(13,942)	1,458
OUTSTANDING AS AT 31 DECEMBER 2023	**161,043**	**1,434**

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The outstanding units are expected to vest over a weighted average period of 1.6 years (2022: 1.9 years).

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 26.2 Employee Share Purchase Plan (ESP)

ESP is a global programme, whereby certain employees are granted an option to buy shares of Grundfos Holding A/S at a discounted price. Employees of group companies in certain countries are excluded from this due to local restrictions or requirements. The only condition for eligibility is that the employee is employed by the Group as at the specified date (close to the grant date) and has not resigned or been terminated.

The Board of Directors of Grundfos Holding A/S will each year decide if an Employee Share Purchase Plan is offered.

The expense recognised in the year in question is based on the discount the employee is entitled to upon purchase of the shares.

	2023	2022
Number of shares purchased during the year	203,670	154,165

Note 26.3 Expense recognised during the year

	2023	2022
Expense arising from equity-settled share-based payment transactions (LTI)	55	44
Expense arising from equity-settled share-based payment transactions (ESP)	137	140
TOTAL	**192**	**184**

There were no cancellations or modifications to the grants.

Note 26.4 Inputs and model used

The share price is calculated once per year and is valid for a 12-month period. The methodology for calculating the share price is prescribed in the articles of association and is based on a multiples approach. Thus the key parameters are multiples on price earnings from a peer group of companies and the profit after tax for the Grundfos Group.

	2023	2022
Benchmark PE multiple	18.6	25.2
Annual growth in average profit after tax applied for share price calculation	14%	25%

Amounts in DKK Millions

Notes to the consolidated financial statements

Note 27 Business combinations

Acquisitions in 2023
On 1 January 2023, Grundfos acquired 100% of the shares of Water Works Inc., which forms part of the Water Treatment Solutions business and on 1 July 2023 Grundfos aquired 100% of the shares of Metasphere Holding LLC, which forms part of the Water Utility division. The total consideration for the two acquisitions amounted to DKK 629m. The results of Water Works Inc. and Metasphere Holding LLC have been included in the consolidated financial statements as of 1 January 2023 and 1 July 2023 respectively. The two acquisitions do not have a material impact on the consolidated financial statements, and therefore historical and pro forma disclosures have not been presented. Had both acquisitions taken place at 1 January 2023, revenue would have been higher by DKK 73m and profit would have been lower by DKK 2m.

The fair values of the identifiable assets and liabilities of Water Works Inc. and Metasphere Holding LLC as at the date of acquisition were:

Recognised amounts of identifiable assets acquired, and liabilities assumed	FAIR VALUE RECOGNISED IN ACQUISITION
Technology	139
Customer relations and distributors	285
TOTAL INTANGIBLE ASSETS	**424**
Property, plant and equipment	3
TOTAL NON-CURRENT ASSETS	**427**
Inventories	38
Trade receivables	56
Other receivables	13
Cash at bank	14
TOTAL CURRENT ASSETS	**121**
TOTAL ASSETS	**548**

Amounts in DKK Millions

Notes to the consolidated financial statements

Recognised amounts of identifiable assets acquired, and liabilities assumed	FAIR VALUE RECOGNISED IN ACQUISITION
Long term liabilities	(4)
Deferred tax	(88)
TOTAL NON-CURRENT LIABILITIES	**(92)**
Short term liabilities	(43)
Trade creditors	(28)
Other payables	(60)
TOTAL CURRENT LIABILITIES	**(131)**
TOTAL LIABILITIES ASSUMED	**(223)**
TOTAL IDENTIFIABLE NET ASSETS	**325**
Goodwill	271
Cash net	33
TOTAL CASH ACQUISITION COST	**629**

Recognised amounts of identifiable assets acquired, and liabilities assumed	
Purchase consideration	629
Contingent purchase consideration	0
FAIR VALUE OF CONSIDERATION	**629**

Amounts in DKK Millions

Notes to the consolidated financial statements

The fair value of the trade receivables amounts to DKK 56m. The gross amount of trade receivables is DKK 56m and it is expected that the full contractual amounts can be collected.

The deferred tax liability mainly comprises the tax effect of the identified intangible assets.
As part of the purchase price allocation of the acquisition, goodwill of DKK 271m was identified after recognition of the fair value of identifiable assets, liabilities and contingent liabilities. Fair value adjustments were determined using discounted cash flows for identified assets. The intangible assets reflect the recognition of Technological know-how (DKK 139m) and Customer relations and distributors (DKK 285m). Deferred tax of DKK 88m is in relation to these intangible asset adjustments. The acquisition of Water Works Inc. and Metasphere Holding LLC involved acquisition cost of DKK 14m, which is recognised as administrative expense.

The goodwill of DKK 271m comprises the value of expected commercial and scaling synergies arising from the integration of the Water Works Inc business into the Industry-Water Treatment Solutions, and the Metasphere Holding LLC business into the Water Utility division.

The goodwill does not meet the criteria for recognition as an intangible asset under IAS 38. Around 10% of the amount the goodwill recognised is expected to be deductible for income tax purposes.

Note 28 Commitments and Contingencies

Note 28.1 Commitments

	2023	2022
Performance and payment guarantees	161	142
Purchase agreements of property, plant and equipment	129	191
TOTAL	**290**	**333**

Lease contracts etc. are renewed on a continuous basis hence, there is a minor number of contracts committed not yet recorded as at 31 December 2023. The value of these contracts is considered to be immaterial.

Apart from this the Group is under no material obligations to acquire assets.

Note 28.2 Contingencies

The Group is party to a number of disputes, lawsuits and legal actions including tax disputes. It is the view of management that the outcome of these legal actions will have no other significant impact on the Group's financial position beyond what has been recognised and stated in the Annual Report.

Notes to the consolidated financial statements

Note 29 Financial risk management and financial assets

The Group's activities expose it to a variety of financial risks:
- Market risks: Currency risk and commodity risk
- Credit risk
- Liquidity risk

The main purpose of the Group's financial risk management is to finance the Group's operations and to provide guarantees to support its operations. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's financial risk activities are governed by the policies approved by the Board of Directors. Risk management is carried out by the Central Treasury department who are responsible for identifying, measuring and managing the Group's financial risks in accordance with the Group's policies and risk objectives.

It is the Group's policy that no trading in derivatives should be undertaken for speculative purposes.

Note 29.1 Financial risks

Market Risk

FINANCIAL RISKS	DESCRIPTION	EFFECT	Reference
Currency risk	The Group is exposed to fluctuations when performing sales and purchase in foreign currencies.	Effect: Moderate Threat: Moderate	Note 1 'Revenue'
Interest rate risk	The Group is exposed to fluctuations in interest rates related to cash position, financial investments and financing arrangements	Effect: Low Threat: Moderate	Note 13 'Securities'
Credit risk	The Group is exposed to a counterparty (mainly related to Trade receivables and cash position) will not meet its obligation leading to a financial loss.	Effect: Moderate Threat: Low	Note 15 'Trade and other receivables' Note 20 'Bank and other loans'
Raw materials risk	The Group is exposed to raw material price inflation mainly related to copper and aluminium.	Effect: High Threat: Moderate	Note 14 Inventories

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Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk and other price risk, such as interest-rate risk and raw material risk. Financial instruments affected by market risk include transactions with entities in foreign currencies.

The sensitivity analysis in the following sections relates to the position as at 31 December in 2023 and 2022.

The sensitivity analysis has been prepared on the basis that the proportions of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2023. Further, it is assumed that the exchange rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The following assumption has been made in calculating the sensitivity analysis:
The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks.

This is based on the financial assets and financial liabilities held at 31 December 2023 and 2022 including the effect of hedge accounting.

The sensitivity analysis shows the effect on profit and equity of a reasonably possible change in exchange rates.
Hedges consist primarily of currency derivatives, which are further described in the following sections.

Risk on raw material prices is not hedged by way of financial instruments. Risks on change in interest rates are not considered material for the purposes of the financial statements.

Note 29.2 Financial instruments by category

	2023	2022
FINANCIAL RISKS		
Shares	786	761
Bonds	2,422	2,444
Long-term electricity swap	1	0
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**3,209**	**3,205**
Trade receivables	5,545	6,000
Cash and cash equivalents	5,808	3,523
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**11,353**	**9,523**
Bank and other loans	131	103
Trade creditors	2,656	2,887
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**2,787**	**2,990**
FORWARD CURRENCY CONTRACTS	**24**	**72**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**24**	**72**

Amounts in DKK Millions

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Note 29.3 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value hierarchy	QUOTED MARKET PRICES (LEVEL 1)	VALUATION BASED DIRECTLY OR INDIRECTLY ON MARKET (LEVEL 2)	VALUATION TECHNIQUES BASED ON UNOBSERVABLE INPUTS FOR VALUATION (LEVEL 3)	TOTAL
2023				
Shares	786	0	0	786
Bonds	2,422	0	0	2,422
Long-term electricity swap	0	0	1	1
FINANCIAL ASSETS MEASURED AT FAIR VALUE AS OF 31 DECEMBER	**3,208**	**0**	**1**	**3,209**
Forward currency contracts	0	24	0	24
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AS OF 31 DECEMBER	**0**	**24**	**0**	**24**
2022				
Shares	761	0	0	761
Bonds	2,444	0	0	2,444
FINANCIAL ASSETS MEASURED AT FAIR VALUE AS OF 31 DECEMBER	**3,205**	**0**	**0**	**3,205**
Forward currency contracts	0	72	0	72
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AS OF 31 DECEMBER	**0**	**72**	**0**	**72**

There were no transfers between the 3 Levels during 2023 or 2022.

Notes to the consolidated financial statements

Note 29.4 Valuation techniques and assumptions used

Management assesses that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments.

Securities
Fair value of securities is based on observable market prices from stock exchanges.

Foreign Exchange Derivatives
The Group enters into derivative financial instruments with various counterparties, principally financial institutions, with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable input. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.

The models incorporate various input including the foreign exchange spot and forward rates, yield curves of the respective currencies, and currency basis spreads between the respective currencies. As at 31 December 2023, the mark-to-market values of other derivative asset positions do not contain a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Electricity swap
In 2023, the Group has entered into a long-term electricity swap, in which the Group purchases renewable electricity from a windturbine farm at a fixed price and sells it at market price with net settlement. The volume in the electricity swap covers a portion of the Group's electricity consumption but is not considered a hedge. The valuation of electricity swaps is based on estimates on non-observable prices for a long-term period. The fair value of electricity swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of estimated price curves and volumes of electricity produced.

Note 29.5 Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a local currency, normally being a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 15-month period for hedges of forecasted sales and purchases.

The Group hedges its exposure to fluctuations on the translation into Danish Kroner of its foreign operations by using foreign currency swaps and forwards.

At 31 December 2023, the Group has hedged 80% of the next 12 months' exposure, respectively, of its expected foreign currency sales. The hedged sales were highly probable at the reporting date. The foreign currency risk is hedged by using foreign currency forward contracts.

The majority of Grundfos' transactions are denominated in USD, EUR, AUD, GBP, CNY or HUF. The functional currency of the subsidiaries is generally the local currency, therefore, Grundfos has exposure to these currencies through the translate value of future EBIT and cash flows. The following table demonstrates the sensitivity to the possible change in the exchange rates of the currencies below after the effect of hedge accounting, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. Given the Danish Kroner has a fluctuation limit of a maximum +/- 2.25% through the European Exchange Rate Mechanism, the effect of EUR on sensitivity is minimal.

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CURRENCY SENSITIVITY - IMPACT TO EQUITY (BEFORE TAX)	INCREASE IN EXCHANGE RATE	2023 MONETARY ITEMS	2023 HEDGING	2023 NET	2022 MONETARY ITEMS	2022 HEDGING	2022 NET
USD	5%	32	(48)	(16)	47	(57)	(10)
AUD	5%	4	(13)	(9)	4	(12)	(8)
GBP	5%	15	(32)	(17)	11	(24)	(13)
CNY	5%	3	(20)	(17)	29	(22)	7
HUF	5%	0	22	22	1	18	19
TOTAL		**54**	**(91)**	**(37)**	**92**	**(97)**	**(5)**

The impact on equity arises from monetary items and hedging instruments where the currency that the hedging instruments and monetary items are denominated in differs from the functional currency of the entity. The impact would have been the opposite if exchange rates had been decreasing by similar percentages. The analysis is based on the transaction currency.

Monetary items are expected to be converted to cash during a period of up to 60 days. Hedging contracts cover up to 80% of expected inflow in each currency for a period of up to 12 months.

Profit before tax will not be impacted by changes in the exchange rates due to a high degree of efficiency in the hedging.

Note 29.6 Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and lease contracts. The Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 10% of the Group's debt will mature in less than one year at 31 December 2023 (2022: 10%) based on the carrying value of borrowings reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. Further, to prevent significant restrictions to Grundfos' liquidity, cash is held among several investment grade financial institutions to minimise loss in an illiquidity event.

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The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
As at 31 December 2023						
Interest-bearing loans and borrowings (excl. items below)	0	0	123	8	0	131
Lease liabilities (refer to Note 12)	0	42	125	234	0	401
Trade and other payables	0	2,213	443	0	0	2,656
Forward currency contracts	0	(5)	(19)	0	0	(24)
TOTAL	**0**	**2,250**	**672**	**242**	**0**	**3,164**
As at 31 December 2022						
Interest-bearing loans and borrowings (excl. items below)	0	0	0	100	0	100
Lease liabilities (refer to Note 12)	0	41	123	237	0	401
Trade and other payables	0	2,371	474	0	0	2,845
Forward currency contracts	0	(7)	(65)	0	0	(72)
TOTAL	**0**	**2,405**	**532**	**337**	**0**	**3,274**

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Notes to the consolidated financial statements

Note 30 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is in accordance with guidelines defined by the majority owner, Poul Due Jensens Fond, to ensure and support healthy economic growth and development of the Grundfos Group.

This includes to maintain a solid equity ratio – under the current economic conditions – at a level above 60%.

There is no written dividend policy; however, in recent years, dividend distribution has been at a level of 50% of the consolidated profit of the year.

	31 DECEMBER 2023	31 DECEMBER 2022
Interest-bearing loans and borrowings	532	504
Trade and other payables	2,656	2,845
Less: Cash and short-term deposits	(8,952)	(6,670)
NET DEBT	**(5,764)**	**(3,321)**

In terms of liquidity, the Group has a cash reserve comprising bank deposits (see Note 16) and securities (see Note 13).

The Group has only few and immaterial loans. Thus, the Group is not subject to financial covenants from banks or other financial institutions.

Gearing ratio is negative, demonstrating that the Group has effectively no net debt.

Notes to the consolidated financial statements

Note 31 Hedging activities and derivatives

Forward currency contracts are estimated by generally accepted valuation techniques based on relevant observable swap curves and exchange rates. The fair value applied is calculated mainly by external sources on the basis of discounted future cash flows. Anticipated cash flow for individual contracts is based on observable market data such as interest rates and exchange rates. In addition, fair values are based on non-observable data, including exchange rate volatilities, or correlation between yield curves and credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments.

Foreign currency risk

Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast cash inflows of predominantly, USD, EUR, AUD, GBP, CNY and cash outflows of HUF from operations denominated in the local currency of entities within the Group. Should there be a forecasted transaction in excess of DKK 50m, this will be considered significant, and therefore, between 50-90% of this cash flow exposure should be hedged.

Otherwise, the exposures of foreign currency cash flows must be within the following ratios:
0-6 months: 80%-90%
7-12 months: 70%-80%
12-15 months: 50%-70%

These forecast transactions are highly probable. Refer to the table below for the relevant amounts of the respective transactions. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. Given the Danish Kroner has a fluctuation limit towards EUR of a maximum +/- 2.25% through the European Exchange Rate Mechanism, the Group has entered into foreign exchange forward contracts predominantly with EUR as the other leg of the currency pair.

There is no proxy hedging for the currency risk hedging, and therefore the economic relationship between the hedged exposure and the hedge is high. Effectiveness is assessed using the critical terms match approach according to IFRS 9. The source of ineffectiveness is the credit risk of the hedging instruments. For hedges where the cost of hedging is applied, the change in basis spread is recognised in other comprehensive income and is a time effect during the life of the forward contract. At maturity, this amounts to zero.

The net amount of the foreign exchange contracts is presented within either 'Other Current Assets' or 'Other Current Liabilities', depending on whether the carrying amount is positive or negative.

Notes to the consolidated financial statements

The Group is holding the following foreign exchange forward contracts:

				MATURITY					
				LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 TO 9 MONTHS	9 TO 12 MONTHS	TOTAL
AS AT 31 DECEMBER 2023	**Fair Value, Asset**	**Fair Value, Liability**	**Notional Amount**						
Foreign exchange forward contracts (highly probable forecast sales or purchases)									
USD			EUR	20	34	34	23	23	134
AUD			EUR	5	10	17	14	9	55
GBP			EUR	12	11	15	19	14	71
CNY			EUR	44	62	106	111	77	400
HUF			EUR	(2,398)	(3,526)	(6,417)	(5,868)	(3,564)	(21,773)
NOTIONAL AMOUNT (IN DKK MILLIONS)									
USD	12.8	1.0		132	230	232	153	158	905
AUD	1.2	3.9		22	47	80	63	41	253
GBP	0.6	7.5		100	95	127	161	126	609
CNY	11.1	0.0		42	59	101	105	73	380
HUF	18.3	1.3		-47	-69	-125	-114	-69	(424)
AVERAGE FORWARD RATE (EUR/ONE CURRENCY UNIT)									
USD				1.099	1.094	1.104	1.092	1.091	1.096
AUD				1.556	1.627	1.637	1.678	1.675	1.644
GBP				0.895	0.896	0.878	0.878	0.877	0.883
CNY				7.294	7.393	7.683	7.726	7.712	7.611
HUF				408.407	415.239	408.539	411.117	396.390	408.233

Notes to the consolidated financial statements

The Group is holding the following foreign exchange forward contracts:

				MATURITY					
				LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 TO 9 MONTHS	9 TO 12 MONTHS	TOTAL
AS AT 31 DECEMBER 2022	**Fair Value, Asset**	**Fair Value, Liability**	**Notional Amount**						
Foreign exchange forward contracts (highly probable forecast sales or purchases)									
USD			EUR	3	33	50	46	33	165
AUD			EUR	0	5	8	10	7	30
CHF			EUR	0	6	8	10	9	33
GBP			EUR	1	16	15	12	13	56
CNY			EUR	0	139	147	94	54	434
HUF			EUR	(243)	(3,513)	(6,523)	(5,791)	(4,575)	(20,645)
NOTIONAL AMOUNT (IN DKK MILLIONS)									
USD	30.3	12.1		16	221	353	334	233	1,157
AUD	6.8	0.1		0	8	13	14	11	46
CHF	0.9	4.2		0	44	60	77	65	246
GBP	12.6	0.1		5	136	129	98	115	482
CNY	11.4	0		0	143	152	99	55	449
HUF	7.9	2.5		(4)	(64)	(115)	(96)	(75)	(354)
AVERAGE FORWARD RATE (EUR/ONE CURRENCY UNIT)									
USD				1.160	1.116	1.062	1.028	1.055	1.063
AUD				1.626	1.505	1.535	1.521	1.577	1.537
CHF				0	1.017	1.020	0.962	0.973	0.989
GBP				0.860	0.852	0.867	0.875	0.883	0.868
CNY				0	7.191	7.222	7.034	7.309	7.181
HUF				404.279	406.533	423.584	449.251	452.255	433.280

Amounts in DKK Millions

Notes to the consolidated financial statements

The impact of hedged items on the statement of financial position is as follows:

Fair value hierarchy	VOLUME OF FOREIGN EXCHANGE FORWARD CONTRACTS	CASH FLOW HEDGE RESERVE
31 DECEMBER 2023		
Highly probable expected net cash flows from customers/to vendors	6,470	24
31 DECEMBER 2022		
Highly probable expected net cash flows from customers/to vendors	6,630	72

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:	TOTAL HEDGING GAIN/LOSS RECOGNISED IN OCI	INEFFECTIVENESS RECOGNISED IN PROFIT AND LOSS	LINE ITEM IN THE STATEMENT OF PROFIT AND LOSS
YEAR ENDED 31 DECEMBER 2023			
Highly probable expected net cash flows from customers/to vendors	24	0	Revenue / production cost
YEAR ENDED 31 DECEMBER 2022			
Highly probable expected net cash flows from customers/to vendors	72	0	Revenue / production cost

Notes to the consolidated financial statements

Note 32 Related parties

Note 32.1 Group information

The table below provides information about the Group's structure, including details of the subsidiaries and the holding company. Grundfos Holding A/S directly or indirectly owns the entire share capital in all subsidiaries except for Grundfos Saudi Arabia Company Limited, Saudi Arabia with an ownership percentage of 75%.

Group companies

Argentina, Bombas Grundfos de Argentina S.A.
Austria, Eurowater Wasseraufbereitung GmbH
Austria, Grundfos Pumpen Vertrieb G.m.b.H.
Australia, DAB Pumps Oceania Pty. Ltd.
Australia, Grundfos Australia Holding Pty. Ltd.
Australia, Grundfos Pumps Pty. Ltd.
Australia, Metasphere Australia Pty.
Belgium, Eurowater Belgium NV
Belgium, Grundfos Bellux S.A.
Brazil, Bombas Grundfos do Brasil Ltda.
Bulgaria, Grundfos Bulgaria EOOD
Canada, Grundfos Canada Inc.
Chile, Bombas Grundfos Chile SpA
China, DAB Pumps (Qingdao) Co. Ltd.
China, Grundfos Pumps (Changshu) Co. Ltd.
China, Grundfos (China) Holding Co. Ltd.
China, Grundfos Pumps (Chongqing) Co. Ltd.
China, Grundfos Pumps (Hong Kong) Ltd.
China, Grundfos Pumps (Shanghai) Co. Ltd.
China, Grundfos Pumps (Suzhou) Ltd.
China, Grundfos Pumps (Wuxi) Ltd.
Colombia, Grundfos Columbia S.A.S.
Croatia, Grundfos Sales Croatia d.o.o.
Czech Republic, Eurowater spol. s.r.o.
Czech Republic, Grundfos Sales Czechia and Slovakia s.r.o.
Denmark, Armacoat A/S
Denmark, Eurotank A/S
Denmark, Grundfos A/S
Denmark, Grundfos DK A/S
Denmark, Grundfos Finance A/S
Denmark, Grundfos Operations A/S
Denmark, Grundfos US ApS
Denmark, Silhorko-Eurowater A/S
Denmark, Sintex A/S
Egypt, Grundfos Holding Egypt LLC
Egypt, Grundfos Egypt LLC
Egypt, Grundfos Service Egypt LLC
Finland, OY Grundfos Environment Finland AB
Finland, OY Grundfos Pumput AB
France, Eurowater Sarl
France, Pompes Grundfos Distribution S.A.S.
France, Pompes Grundfos S.A.S.
Germany, Biral GmbH
Germany, DAB Pumps GmbH
Germany, Deutsche Vortex GmbH & Co. KG
Germany, Eurowater Wasseraufbereitung GmbH
Germany, Grundfos GmbH
Germany, Grundfos Pumpenfabrik GmbH
Germany, Grundfos Verwaltung GmbH
Germany, Grundfos Water Treatment GmbH
Ghana, Grundfos Pumps Ghana Ltd.
Greece, Grundfos Hellas Single-Member A.E.B.E.
Hungary, DAB Pumps Hungary Kft.
Hungary, Eurowater Vizkezelés Kft.
Hungary, Grundfos Shared Services Kft.
Hungary, Grundfos Hungary Manufacturing Ltd.
Hungary, Grundfos South East Europe Kft.
India, Grundfos Pumps India Private Ltd.
Indonesia, PT DAB Pumps Indonesia
Indonesia, PT Grundfos Pompa
Indonesia, PT Grundfos Trading Indonesia
Ireland, Grundfos (Ireland) Ltd.
Ireland, Mechanical Equipment Company Ireland Ltd
Italy, DAB Pumps S.p.A.
Italy, DWT Holding S.p.A.
Italy, Grundfos Pompe Italia S.r.l.
Japan, Grundfos Pumps K.K.
Kazakhstan, Grundfos Kazakhstan LLP
Kenya, Grundfos Kenya Ltd.
Korea, Grundfos Pumps Korea Ltd.
Latvia, GRUNDFOS Pumps Baltic SIA
Malaysia, Grundfos Pumps SDN. BHD
Mexico, Bombas Grundfos de Mexico Manufacturing S.A. de C.V.
Mexico, Bombas Grundfos de Mexico S.A. de C.V.
Mexico, DAB Pumps de Mexico S.A. de C.V.
Mexico, Peerless Pump Mexico S.A. de C.V.
Netherlands, DAB Pumps B.V.
Netherlands, Eurowater BV
Netherlands, Solvermedia B.V.
Netherlands, Grundfos Nederland B.V.
New Zealand, Grundfos Pumps NZ Ltd.
Nigeria, Grundfos Water Solutions NGA Limited
Norway, Eurowater AS
Norway, Grundfos Norge AS
Peru, Grundfos de Peru S.A.C.
Philippines, Grundfos IS Support & Operations Centre Philippines Inc.
Philippines, Grundfos Pumps (Philippines) Inc.
Poland, Centrum Badawczo-Wdrozeniowe Unitex Sp.z o.o.
Poland, DAB Pumps Poland Sp.Z.o.o.
Poland, Eurowater Sp. z o.o.
Poland, Grundfos Pompy Sp.Z.o.o.
Portugal, Bombas Grundfos (Portugal) S.A.
Romania, SC Grundfos Pompe Romania SRL
Russia, OOO Grundfos Istra
Russia, OOO DWT Pumps
Russia, OOO Grundfos
Saudi Arabia, Grundfos Saudi Arabia Company Limited
Serbia, Grundfos Srbija d.o.o.
Singapore, MECO Water Purification (Asia) Pte
Singapore, Grundfos (Singapore) Pte. Ltd.
Slovakia, Eurowater spol. s.r.o.
Slovenia, Grundfos Ljubljana d.o.o.
South Africa, DAB Pumps South Africa (Pty) Ltd.
South Africa, Grundfos Holding South Africa (Pty) Ltd
South Africa, Grundfos (Pty) Ltd.
Spain, Bombas Grundfos España S.A.
Spain, DAB Pumps Iberica S.L.
Sweden, Eurowater AB
Sweden, Grundfos AB
Switzerland, Biral AG
Switzerland, Eurowater Wasseraufbereitung AG
Switzerland, Grundfos Holding AG
Switzerland, Grundfos Handels AG
Switzerland, Grundfos Pumpen AG
Taiwan, Grundfos Pumps (Taiwan) Ltd.
Thailand, Grundfos (Thailand) Ltd.
Turkey, Grundfos Pompa Sanayi ve Ticaret Ltd.Sti.
Ukraine, Eurowater Ltd.
Ukraine, TOV Grundfos Ukraine
United Arab Emirates, Grundfos Gulf Distribution FZE
United Kingdom, DAB Pumps Ltd.
United Kingdom, Grundfos Manufacturing Ltd.
United Kingdom, Grundfos Pumps Ltd.
United Kingdom, Grundfos Watermill Ltd.
United Kingdom, Metasphere UK Limited
United Kingdom, Meniscus Systems Ltd.
USA, Grundfos CBS Inc.
USA, Grundfos Americas Corporation
USA, Grundfos Pumps Corporation
USA, Grundfos Pumps Manufacturing Corporation
USA, Grundfos US Holding Corporation
USA, Mechanical Equipment Company Inc.
USA, Sterling Fluid Systems (USA) LLC (DBA Peerless Pump Company)
USA, DAB Pumps Inc.
USA, SFS (USA) Holding Inc.
USA, Grundfos Water Utility Inc.
USA, Metasphere Holding LLC
USA, Metasphere Intermediate LLC
USA, Water Works Inc.
Vietnam, Grundfos Vietnam Company Ltd.

Grundfos Holding A/S, based in Bjerringbro, Denmark, is the Parent Company of the Grundfos Holding A/S Group.

Ownership

The Poul Due Jensens Fond owns 87.5% of the share capital in Grundfos Holding A/S, while the founder's family owns 9.6% and the employees own 2.9%

Associates

Base Business Bjerringbro A/S, Denmark – 21% ownership

Megat Projekt Sp. z o.o., Poland – 50% ownership

There are restrictions on access to liquidity among the Group's companies but the amounts on which the restrictions occur are immaterial.

The German subsidiary Deutsche Vortex GmbH & Co. KG, Ludwigsburg, uses the exemption in the § 264b HGB to prepare, audit and publish individual annual accounts.

Notes to the consolidated financial statements

Note 32.2 Transactions with related parties

Board of Directors and Group Executive Team
In the financial year, no transactions took place with the Board of Directors and Group Executive Team other than the transactions as a result of conditions of employment.

For compensation of Group Management, please refer to Note 5.

Poul Due Jensens Fond
In the financial year, a limited number of transactions have taken place with Poul Due Jensens Fond. The transactions comprise service transactions. The total payment to the Grundfos Group does not exceed DKK 7m (2022: DKK 5m). In the financial year, Poul Due Jensens Fond sold shares in Grundfos Holding A/S at a value of DKK 287m to Grundfos Holding A/S (2022: DKK 271m).

Other related parties
In the financial year, a limited number of transactions have taken place with certain shareholder members of the Due Jensen Family. The transactions comprise service transactions.

The total transactions with the Grundfos Group do not exceed DKK 1m (2022: DKK 1m).

Note 33 Events after the balance sheet date

Subsequent to 31 December 2023, there have been no further events with any significant effect on the financial statements beyond what has been recognized and disclosed in the Annual Report.

The Board of Directors of Grundfos Holding A/S has approved the issuance of these consolidated financial statements on 26 February 2024.

The annual general assembly is expected to finally approve the consolidated financial statements on 13 March 2024.

Note 34 Information regarding the Group

Note 34.1 Corporate information

The consolidated financial statements comprise the parent company Grundfos Holding A/S and its subsidiaries (the Group) for the year ended 31 December 2023. The Group's main operations consist of the manufacture and sale of pump solutions.

The parent company is a limited liability company incorporated and domiciled in Denmark. The company's registered office address is Grundfos Holding A/S, Poul Due Jensens Vej 7, DK-8850 Bjerringbro.

Notes to the consolidated financial statements

Note 35 Summary of material Accounting Policies

Note 35.1 Basis of preparation

The Annual Report for the year ended 31 December 2023 has been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU), and additional disclosure requirements in the Danish Financial Statements Act applicable to reporting class C (Large) entities.

The Grundfos Group has adopted all new, amended or revised IFRS accounting standard and interpretations as endorsed by the EU effective as of 1 January 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, earn out and debt or securities and equity financial assets that have been measured at fair value.

The Annual Report is presented in Danish Kroner (DKK), the functional currency of the parent company, and all amounts are stated in millions, except when otherwise indicated.

Note 35.2 Basis of consolidation

The consolidated financial statements comprise the parent company, Grundfos Holding A/S, and subsidiaries over which Grundfos Holding A/S exercises control.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated statement of profit or loss until the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to non-controlling interests even if this means that the non-controlling interests have a negative balance. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows arising from transactions between group entities are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Note 35.3 New and amended standards and interpretations

The following accounting standards / amendments are effective as of 1 January 2023.
- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12

Above standards and amendments does not have material impact on our financial statements

Notes to the consolidated financial statements

Note 35.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following accounting standards / amendments are effective as of 1 January 2024.
- Amendments to IFRS16: Liability in a sale and leaseback
- Amendments to IAS 1: Classification of Liabilities as current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The adoption is not expected to have material impact on our financial statements

Note 35.5 Critical accounting estimates and judgements

In preparing the consolidated financial statement, Management has made judgements, estimates and assumptions that affect how the Group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported.

Note 35.5.1 Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the consolidated and separate financial statements:

Special items
The use of special items entails management judgement in the separation from ordinary items. Management carefully assesses individual classifications for a fair distinction between operating activities and significant income and expenses of a special nature. The exit decision from Russia and Belarus led to one-off expenses which management deems a special item.

Exit related expenses relate to impairment of assets and cost related to severance and other legal commitments arising from the Share Purchase Agreement with the buyer.

Management has assessed the various scenarios and likelihood in their judgement and estimation of the provision.

Notes to the consolidated financial statements

Note 35.5.2 Assumptions and estimation uncertainties

Management makes accounting estimates and assumptions on which the recognition and measurement of the Group's revenues, expenses, assets and liabilities, and the accompanying disclosures, are based.

The following provides information about assumptions and estimation uncertainties which could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Tax (Note 9)
Conducting business globally the interpretation of local tax regulations – including transfer pricing – creates uncertainty with regards to timing, assessment and other assumptions. Management reviews the assumptions on an ongoing basis. Tax assets and liabilities are recognised at the most likely future impact to the consolidated financial statements, considering the level and timing of future taxable income.

Impairment test of goodwill (Note 10)
The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future production and unit prices. Please refer to Note 10 for more details related to the impairment test.

Depreciation on tangible non-current assets (Note 11)
The expected lifetime for tangible assets is determined based on experience and expectations for future use of the assets. Estimated lifetime is linked to uncertainty due to varying utilisation.

Inventories (Note 14)
Valuation of inventories includes estimates related to allocation of indirect cost and estimates on the net realisable value at which inventories are expected to be sold. Estimates in these areas are based on judgements such as determination of obsolete items and expected future turnover.

Trade receivables (Note 15)
The valuation of trade receivables includes estimates on the expected credit loss. These estimates are based on statistics over the historic risk of credit losses, and judgements over future risk of losses. By nature, this methodology is associated with uncertainty.

Pension obligations, defined benefit plans (Note 18)
Pension obligations under defined benefit plans are based on assumptions in the actual individual agreements (such as a fixed amount or a percentage of the employee's salary) and generic assumptions (interest, inflation, mortality etc.) which are associated with a degree of uncertainty. External actuarial support is used on significant plans.

The calculated pension obligation is measured at discounted present value.

Provisions (Note 19)
Provision for warranty is determined on historic experience on the level and size of claims under the warranty provided. The provision is adjusted annually. Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are, by nature, uncertain. When considering provisions involving significant estimates, opinions and estimates by external legal experts and existing case law are applied in assessing the probable outcome of material legal proceedings.

Estimated cost of restructuring reflects the total estimated cost of decided or foreseen significant restructuring measures.

Notes to the consolidated financial statements

Note 36 Grundfos Holding A/S Group General Accounting Policies

Note 36.1 Revenue

Pump solutions
Pump solutions relate to sale of finished goods of which revenue is recognised in the statement of profit and loss when control of the products has been transferred to the customer (the performance obligation is satisfied at a point in time). Control is transferred when the products are delivered, which occurs when the Group has objective evidence that all criteria for transfer of risk has been satisfied. Sales are only recognised to the extent that it is highly probable that a significant reversal will not occur. Products are often sold with retrospective volume discounts. Revenue is measured at the fair value of the consideration agreed, excluding VAT, duties, and discounts in relation to the sale contract. Accumulated experience is used to estimate variable considerations (expected value method). The validity of assumptions and estimates are reassessed at each reporting date. Because of historical accurate estimates, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Service sales
Service income is recognised in the statement of profit and loss as the services are rendered. Accordingly, the recognised sale corresponds to the sales value of the work performed during the year. This is determined based on the actual cost incurred relative to the total expected cost. The sale of services is recognised in the statement of profit and loss when the aggregated income and expenses of the service contract can be reliably measured, and it is probable that the Group will receive the financial benefits, including payments.

Project sales
In addition to the standard pump sales Grundfos develops and delivers highly customised pump solutions. The performance obligation is satisfied over time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

A loss is recognised if the sum of the expected cost for services under the contract exceeds the transaction price.

The Group's standard payment terms are 30-60 days. However, there may be country-specific deviations from the standard payment terms. The Group does not expect to have any contracts where the period between the transfer of the promised products or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money. A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

Note 36.2 Production cost

Production cost comprises cost incurred in generating the revenue for the year.

This includes direct and indirect cost such as staff cost, depreciation, amortisation and provisions for obsolete inventory.

Note 36.3 Research and development cost

Research and development cost is cost that relates to the Company's R&D activities, including staff cost, amortisation and depreciation. Research costs is recognised in the profit and loss account in the year they are incurred.

Development cost incurred for the maintenance and optimisation of existing products or production processes is recognised in the profit and loss account. Cost for the development of new products is recognised in the profit and loss account, unless the criteria for recognition in the consolidated statement of financial position are met for the individual development project.

Notes to the consolidated financial statements

Note 36.4 Staff cost

Staff cost includes the Group's total cost of wages, salaries, pensions and other social insurance cost. Staff cost also includes cost in accordance with the Group's employee share programme.

Staff cost including cost related to the employee share programme is distributed across functions in accordance with the functions primarily executed by the relevant employees.

Note 36.5 Special items and earnings before interest and tax (EBIT) before special items

Special items include significant and rarely occurring items that are the result of external events over which Grundfos has no influence and are not attributable to Grundfos' normal operations. This includes – but is not limited to – unforeseeable events that would be considered as force majeure such as natural disasters and political actions that significantly impact Grundfos' operations. Consequently, operating profit (EBIT) before special items is defined as operating profit (EBIT) excluding the above-mentioned special items.

Note 36.6 Finance income and expenses

Finance income and expenses comprise interest received, and interest paid, realised and unrealised gains and losses on securities, receivables, debt and transactions denominated in foreign currencies. Further, the interest element of leasing payments is included.

Note 36.7 Goodwill

Goodwill is recognised at initial recognition in the statement of financial position at cost and allocated to cash-generating units as described under "Note 10 Intangible assets".

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Note 36.8 Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and write-downs.
Amortisation on other intangible assets is made according to the straight-line method over the anticipated economic life of the asset.

Estimated useful lives and residual values are reassessed annually. The estimated useful lives are:

Know-how	3-10 years
Customer relations	3-10 years
Other intangible assets	3-10 years

Notes to the consolidated financial statements

Note 36.9 Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or utilisation opportunity within the Group is demonstrated, and where the Group intends to produce, market or use the project, are recognised as intangible assets, provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover cost of sales, selling and distribution costs and administrative expenses and development cost.

Other development cost is recognised in the consolidated statement of profit or loss when incurred. Recognised development projects are measured at cost less accumulated amortisation and impairment.

Cost includes direct and indirect expenses, including wages.

Completed development projects are generally amortised on a straight-line basis over 5 years. Development projects in progress are not amortised, but annually tested for impairment.

Note 36.10 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost directly attributable to the acquisition until the date on which the assets are 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	20-40 years
Technical installations and machinery	3-10 years
Other technical installations	3-10 years
Land	Not depreciated

The remaining useful life is reassessed annually and adjusted as necessary. The residual value of an asset is considered when the depreciable amount of the asset is determined.
The basis of depreciation is calculated considering the asset's residual value less any impairment losses.
The residual value is determined at the date of acquisition and reassessed annually.

When the residual value exceeds the carrying amount of the assets, depreciation is discontinued. If the depreciation period or the residual value is changed, the changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal.

Gains and losses are recognised in the consolidated statement of profit or loss as other operating income or operating cost in the period of disposal.

Notes to the consolidated financial statements

Note 36.11 Right-of-use assets and lease liability

For identified leases, a right-of-use asset and a corresponding lease liability are recognised on the lease commencement date. Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related cost, including dismantling and restoration cost.

Right-of-use assets are depreciated by the straight-line method over the lease term or the useful life of the leased asset, whichever is shortest.

The lease liability is measured at the present value of lease payments of the lease term discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental Grundfos borrowing rate is applied corresponding to the borrowing rate used in the country specific project.

Lease extensions are applied where they are available and when it is foreseeable and reasonably certain they will be exercised.

Right-of-use assets and lease liabilities are not recognised for low value lease assets below DKK 50,000 or leases with a term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease.

Note 36.12 Trade receivables and other receivables

Receivables are measured at amortised cost less expected credit losses. The estimated value is discounted where relevant.

Contracted work in progress is measured at sales value of the completed part of the contracts as at the date of statement of financial position.

Expected credit loss is based on historic experience including impact from regional and specific circumstances.

An impairment analysis is performed to measure expected credit losses. The provision rates are based on days past due, customer geography, type and rating and coverage by letters of credit or other forms of credit insurance. Generally, trade receivables are written-off if past due for more than one year.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Note 36.13 Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value. The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and indirect costs such as material and labour, maintenance of and depreciation on production machinery, buildings and equipment and cost relating to production administration and management.

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

Notes to the consolidated financial statements

Note 36.14 Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at the expected future cash flows and – where material – discounted, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings.

Note 36.15 Pension and similar obligations

The Group has established defined-benefit plans with certain employees at some of the Group's foreign companies. The plans place the Group under an obligation to pay a certain benefit in connection with retirement (e.g. in the form of a fixed amount at retirement or a proportion of the employee's exit salary). The pension obligations are determined by discounting the pension obligations at the present value.

The present value is determined based on assumptions about the future development in economic variables such as interest rates, inflation, mortality and disability probabilities, which are subject to some degree of uncertainty. External actuaries are used for the measurement of all significant defined-benefit plans. The assumptions used are disclosed in Note 18 Pension and similar obligations.

Notes to the consolidated financial statements

Note 36.16 Tax

Income tax
Tax expense for the year includes current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax
Current tax assets and tax liabilities arising from current or prior periods are recognised at the amounts expected to be received from or paid to the relevant tax authority.

Tax for the period is recognised in the consolidated statement of profit or loss.

The tax rates applied are those in force at the date of the statement of financial position.

Deferred tax
Deferred tax is measured using all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that future taxable income is likely to be available against which the differences can be used – either as a setoff against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are assessed on an ongoing basis and are recognised only to the extent that future taxable profits are likely to allow the recovery of the deferred tax asset.

Deferred tax assets and deferred tax liabilities are measured using the tax rates expected to apply in the year when the asset is realised, or the liability is settled.

Deferred tax assets and deferred tax liabilities are set off if a legal right to do so exists, and the deferred tax is attributable to the same legal tax entity.

The temporary exception from the requirement to account for deferred taxes arising from the implementation of the Global Minimum Tax has been applied.

Uncertain tax positions
Uncertain tax positions are recognised if it is probable that the uncertain tax position will affect the Group's future tax payments. Uncertain tax positions are measured at the expected future value to be settled.

Note 36.17 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the consolidated financial statements

Note 36.18 Financial instruments

Financial assets and financial liabilities
Financial assets and liabilities are measured at fair value through the consolidated statement of profit or loss or at fair value through other comprehensive income (hedging instruments).

Derivatives and hedge accounting
Derivative financial instruments are measured at fair value.

An economic relationship between the hedged item and the hedging instrument exists when it is expected that the values of the hedged item and hedging instrument will typically move in opposite directions in response to movements in the same risk (hedged risk).

Effectiveness is monitored by comparing the change in the value of the future cash flow hedged to the change in the value of the derivative.

Changes in the fair value of derivative financial instruments designated as a hedge of a recognised asset or liability are recognised in other comprehensive income.

Changes in the fair value of derivative financial instruments that are not designated as a hedge or do not meet the criteria for hedge accounting are recognised as finance income or finance cost in the consolidated statement of profit or loss.

Other financial assets and liabilities
Receivables and other financial assets are measured at amortised cost and written down for expected credit loss on bad debt.

Payables are measured at amortised cost.

Note 36.19 Fair value measurements

The Group uses fair value for certain disclosures and measurement of financial instruments and other investments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, presuming that they are acting in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, thus maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, on the basis of the lowest level input that is significant to the fair value measurement as a whole.

LEVEL 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
LEVEL 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
LEVEL 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of interest rate swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date. Fair value of the issued bonds is equal to the listed bond price at the balance sheet date.

The fair value of electricity swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of estimated price curves and estimated volumes of electricity produced.

Notes to the consolidated financial statements

Note 36.20 Business combinations

Enterprises acquired during the year are recognised in the consolidated financial statements from the date of acquisition. The acquisition date is the date when the parent company effectively obtains control of the acquired enterprise. Enterprises disposed of are recognised in the consolidated statement of profit or loss until the disposal date.

For acquisitions of new enterprises in which the parent company is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprise's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Goodwill is initially measured at cost, being the excess of the consideration transferred, over the Group net identifiable assets acquired, and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of profit or loss as a gain from a bargain purchase. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group cash-generating units that are expected to benefit from the combination. Goodwill is tested for impairment at year-end or more frequently when impairment indicators are identified.

The cost of a business combination comprises the fair value of the consideration agreed upon. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured in a reliable manner. Subsequent changes to contingent considerations are recognised in the consolidated statement of profit or loss. If uncertainties regarding the measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have significantly different fair value at the acquisition date than first assumed, goodwill is adjusted up to twelve months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly.

Note 36.21 Government grants

Grants for R&D purposes are recognised as income in the consolidated profit and loss account under R&D cost, thus offsetting the cost they compensate.

Grants for the purchase of assets and development projects that are capitalised are offset in the cost of the assets to which the grants are given.

Note 36.22 Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency of the parent company is DKK. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions. On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rates 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 consolidated statement of profit or loss as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates at the reporting date. The difference between the exchange rates at the date of statement of financial position and at the date at which the receivable or payable arose or the exchange rates in the latest annual report is recognised in the consolidated statement of profit or loss.

The consolidated statement of profit or loss and statement of comprehensive income of entities with a functional currency other than Danish kroner are translated at the exchange rates at the transaction date. Balance sheet items are translated at the exchange rates at the date of statement of financial position. An average exchange rate for each month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions.

Foreign currency translation adjustments that are considered part of the total net investment in entities with another functional currency than DKK are recognised in the consolidated financial statements in other comprehensive income under a separate reserve for foreign currency translation adjustments under equity.

Notes to the consolidated financial statements

Note 36.23 Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquired entities are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities are calculated in accordance with the indirect method based on profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest received and paid, including the interest element related to recognised lease commitments, dividends received and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, of intangible assets, property, plant and equipment and other non-current assets as well as securities that are not presented as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related expenses as well as borrowings, repayment of interest-bearing debt, repayment of lease commitments, purchase and sale of treasury shares and distribution of dividends to shareholders.

Cash and cash equivalents comprise cash at bank and in hand. Cash flow in currencies other than the functional currency are translated using average exchange rates unless this deviates significantly from the rate at the transaction date.

Note 36.24 Contingent liabilities and assets

Contingent liabilities comprise obligations that are not recognised because the outflow of resources embodying economic benefits will probably not be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

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Parent Company Financial Statements Grundfos Holding A/S

Amounts in DKK Millions

Statement of profit and loss

1 January - 31 December 2023	NOTE	2023	2022
Revenue	1	5,200	4,274
Production cost		(213)	(211)
GROSS PROFIT		**4,987**	**4,063**
Research and development cost	2	(1,434)	(1,483)
Selling and distribution cost	3	(797)	(631)
Administrative cost	**4**	**(2,038)**	**(1,814)**
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**718**	**135**
Income from investments in affiliated companies		2,524	1,989
Finance income	5	724	252
Finance expenses	5	(287)	(469)
PROFIT BEFORE TAX		**3,679**	**1,907**
Income tax expenses	6	(262)	104
PROFIT FOR THE YEAR		**3,417**	**2,011**

Amounts in DKK Millions

Statement of other comprehensive income

1 January - 31 December 2023	NOTE	2023	2022
PROFIT FOR THE YEAR		**3,417**	**2,011**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Net gain/loss on hedge of a net investment		0	0
Exchange differences on translation of foreign operations		(86)	148
Other OCI adjustments		(188)	565
Tax on other comprehensive income		19	(33)
SHARE OF OTHER COMPREHENSIVE LOSS OF AN ASSOCIATE		**0**	**0**
NET OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIOD		**(255)**	**680**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,162**	**2,691**

Amounts in DKK Millions

Statement of financial position

As at 31 December 2023

ASSETS	NOTE	2023	2022
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Completed development projects		60	88
Other intangible assets		138	208
Development projects in progress		185	73
Other intangible assets in progress		144	93
TOTAL INTANGIBLE ASSETS	7	**527**	**462**
PROPERTY, PLANT AND EQUIPMENT			
Technical installations and machinery	8	95	78
Other technical installations	8	186	198
Property, plant and equipment in progress	8	124	109
Right of use assets	9	**203**	**280**
TOTAL PROPERTY, PLANT AND EQUIPMENT		**608**	**665**
FINANCIAL ASSETS			
Investments in affiliated companies	10	15,279	13,810
Accounts receivable from affiliated companies	11	2,671	2,905
Other accounts receivable		33	37
TOTAL		**17,983**	**16,752**
TOTAL NON-CURRENT ASSETS		**19,118**	**17,879**
CURRENT ASSETS			
Inventory		4	7
Accounts receivable from affiliated companies	11	2,543	3,830
Corporation tax receivable		134	109
Other accounts receivables	12	239	151
Securities	13	3,141	3,144
Cash and cash equivalents	14	4,376	1,654
TOTAL CURRENT ASSETS		**10,437**	**8,895**
TOTAL ASSETS		**29,555**	**26,774**

Amounts in DKK Millions

Statement of financial position

As at 31 December 2023

EQUITY AND LIABILITIES	NOTE	2023	2022
EQUITY			
Share capital	15	381	381
Reserve development projects		191	126
Reserve for net revaluation under the equity method		4,036	3,111
Retained earnings		16,819	16,304
Proposed dividend		1,700	1,000
TOTAL EQUITY		**23,127**	**20,922**
NON-CURRENT LIABILITIES			
Provisions	16	29	29
Deferred tax liabilities	6	110	100
Lease liabilities	9	150	208
TOTAL NON-CURRENT LIABILITIES		**289**	**337**
CURRENT LIABILITIES			
Trade and other payables	18	303	238
Accounts payable to affiliated companies	11	5,363	4,753
Interest-bearing debt	17	58	40
Lease liabilities	9	53	73
Income tax payable	9	0	0
Other liabilities	19	362	411
TOTAL CURRENT LIABILITIES		**6,139**	**5,515**
TOTAL LIABILITIES		**6,428**	**5,852**
TOTAL LIABILITIES AND EQUITY		**29,555**	**26,774**

Amounts in DKK Millions

Statement of cash flows

1 January - 31 December 2023

	NOTE	2023	2022
OPERATING ACTIVITIES			
Profit after tax		3,417	2,011
Depreciation and impairment of property, plant and equipment and right-of-use assets	7, 8, 9	344	408
Finance income	5	(724)	(252)
Finance expenses	5	287	469
Income from investments in affiliated companies	10	(2,524)	(1,989)
Tax for the year	6	262	(104)
Changes in net working capital		(832)	403
Dividends received	10	1,411	740
CASH FLOW FROM OPERATIONS BEFORE FINANCIAL ITEMS AND TAX		**1,641**	**1,686**
Taxes paid		(277)	134
Interest paid and realised currency losses		(287)	(469)
Interest received and realised currency gains		724	252
Other adjustments		(25)	433
CASH FLOW FROM OPERATING ACTIVITIES		**1,776**	**2,036**

	NOTE	2023	2022
INVESTING ACTIVITIES			
Purchase of intangible assets	7	(248)	(161)
Purchase of property, plant and equipment	8, 9	(158)	(100)
Acquisition of subsidiaries		544	0
Capital injections to subsidiaries		0	(74)
Lending to affiliated companies		0	(1,657)
Repayment of loans from affiliated companies		1,845	29
Purchase of securities	13	(1,282)	(2,213)
Sale of securities	13	1,440	2,230
CASH FLOW FROM INVESTING ACTIVITIES		**1,053**	**(1,946)**
NET CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES		**2,829**	**90**
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	9	(102)	(98)
Proceeds from borrowings affiliated companies		989	703
Repayment of borrowings		0	(17)
Proceeds from borrowings		18	0
Purchase of own shares		(12)	(22)
Dividend paid		(1,000)	(1,275)
CASH FLOW FROM FINANCING ACTIVITIES		**(107)**	**(709)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**2,722**	**(619)**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		**1,654**	**2,273**
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		**4,376**	**1,654**

Amounts in DKK Millions

Statement of changes in equity

	SHARE CAPITAL	RESERVE DEVELOPMENT PROJECTS	RESERVE EQUITY METHOD	RETAINED EARNINGS	PROPOSED DIVIDEND	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRUNDFOS HOLDING A/S
BALANCE AT 1 JANUARY 2022	**381**	**105**	**1,132**	**16,591**	**1,275**	**19,484**
Profit for the year, attributable to shareholders	0	21	1,249	(259)	1,000	2,011
Other comprehensive income/loss	0	0	0	148	0	148
Exchange rate adjustments, affiliated companies, etc.	0	0	730	(165)	0	565
Tax on other comprehensive income	0	0	0	(33)	0	(33)
TOTAL COMPREHENSIVE INCOME/LOSS	**0**	**21**	**1,979**	**(309)**	**1,000**	**2,691**
TRANSACTIONS WITH OWNERS:						
Dividend paid	0	0	0	0	(1,275)	(1,275)
Purchase of treasury shares	0	0	0	(271)	0	(271)
Sale of own shares	0	0	0	210	0	210
Share-based compensation expenses	0	0	0	83	0	83
TOTAL TRANSACTIONS WITH SHAREHOLDERS	**0**	**0**	**0**	**22**	**(1,275)**	**(1,253)**
BALANCE AT 31 DECEMBER 2022	**381**	**126**	**3,111**	**16,304**	**1,000**	**20,922**
Profit for the year, attributable to shareholders	0	65	1,113	539	1,700	3,417
Other comprehensive income/loss	0	0	0	(86)	0	(86)
Exchange rate adjustments, affiliated companies, etc.	0	0	(188)	0	0	(188)
Tax on other comprehensive income	0	0	0	19	0	19
TOTAL COMPREHENSIVE INCOME/LOSS	**0**	**65**	**925**	**472**	**1,700**	**3,162**
TRANSACTIONS WITH OWNERS:						
Dividend paid	0	0	0	0	(1,000)	(1,000)
Purchase of treasury shares	0	0	0	(287)	0	(287)
Sale of own shares	0	0	0	241	0	241
Share-based compensation expenses	0	0	0	89	0	89
TOTAL TRANSACTIONS WITH SHAREHOLDERS	**0**	**0**	**0**	**43**	**(1,000)**	**(957)**
BALANCE AT 31 DECEMBER 2023	**381**	**191**	**4,036**	**16,819**	**1,700**	**23,127**

Notes index

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 1 Revenue

	2023	2022
Intercompany services	5,200	4,274
TOTAL	**5,200**	**4,274**

Sale of services consists of royalty fee, fee for IT services and other intra-group services.

Note 2 Research and development cost

	2023	2022
Staff cost	719	686
Consultancy	233	195
Depreciation and amortisation	62	95
Other research and development cost	420	507
TOTAL	**1,434**	**1,483**

Note 3 Selling and distribution cost

	2023	2022
Staff cost	171	160
Sales promotion	142	99
Consultancy	75	58
Depreciation and amortisation	4	55
Other selling and distribution cost	405	259
TOTAL	**797**	**631**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 4 Administration cost

	2023	2022
Staff cost	693	580
Consultancy	220	228
Depreciation and amortisation	51	234
Other administration	1,074	772
TOTAL	**2,038**	**1,814**

Note 5 Finance income and expense

	2023	2022
Interest income from bonds	71	33
Value adjustment etc. from bonds	63	0
Value adjustment etc. from shares	118	0
Hedging forward contracts	26	71
Financial income, affiliated companies	331	127
Other financial income	118	25
Exchange rate adjustments, other	(3)	(4)
TOTAL	**724**	**252**
Value adjustment etc. from bonds	0	283
Value adjustment etc. from shares	0	98
Interest on lease liabilities	1	1
Financial cost, affiliated companies	285	82
Other finance expense	1	5
TOTAL	**287**	**469**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 6 Tax

Note 6.1 Income taxes in statement of profit and loss and reconciliation

	2023	2022
TAX ON THE PROFIT FOR THE YEAR IS SPECIFIED AS FOLLOWS:		
Tax on profit/loss for the year	262	(104)
Tax on other comprehensive income	(19)	33
TOTAL	**243**	**(71)**
TAX ON THE PROFIT FOR THE YEAR HAS BEEN CALCULATED AS FOLLOWS:		
Current income taxes	228	(52)
Deferred income taxes	10	(13)
Withholding taxes paid abroad	26	23
Adjustment regarding previous years	(2)	(62)
TOTAL INCOME TAXES	**262**	**(104)**
EFFECTIVE TAX RATE CAN BE CALCULATED AS FOLLOWS:		
Danish tax rate	22%	22%
Non-taxable income and non-deductible expenses	-16%	-25%
Withholding taxes paid abroad	1%	1%
Adjustment previous years	0%	-3%
Other adjustments	0%	0%
EFFECTIVE TAX RATE	**7%**	**-5%**

	2023	2022
Income tax receivable	134	109
Income tax payable	0	0
TOTAL INCOME TAX	**134**	**109**

1. Management's Report
2. Management's Statement and Auditor's Report
3. Consolidated financial statements
4. Parent Company financial statements

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 6.2 Deferred taxes

	2023	2022
CHANGES IN DEFERRED TAX		
Net deferred tax assets 1 January	100	113
Deferred tax recognised in profit and loss account	10	(13)
Deferred tax recognised in equity	0	0
NET DEFERRED TAX LIABILITY	**110**	**100**

	2023	2022
BREAKDOWN OF DEFERRED TAX		
Fixed Assets	120	107
Current Assets	24	15
Provisions	(33)	(22)
Liabilities	(1)	0
Tax loss carry forward	0	0
NET DEFERRED TAX LIABILITY	**110**	**100**
REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax assets	0	0
Deferred tax liabilities	(110)	(100)
NET DEFERRED TAX LIABILITY	**(110)**	**(100)**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 7 Intangible assets

	COMPLETED DEVELOPMENT PROJECTS	OTHER INTANGIBLE FIXED ASSETS	DEVELOPMENT PROJECTS IN PROGRESS	OTHER INTANGIBLE FIXED ASSETS IN PROGRESS	TOTAL
COST AT 1 JANUARY 2023	**161**	**620**	**73**	**93**	**947**
Acquisition of companies	0	0	0	0	0
Additions	10	17	113	108	248
Disposals	(43)	(342)	0	0	(385)
Transfers	1	86	(1)	(57)	29
COST AT 31 DECEMBER 2023	**129**	**381**	**185**	**144**	**839**
AMORTISATION AND IMPAIRMENT AT 1 JANUARY 2023	**73**	**412**	**0**	**0**	**485**
Amortisation and impairment	30	128	0	0	158
Amortisation and impairment on disposals	(34)	(297)	0	0	(331)
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2023	**69**	**243**	**0**	**0**	**312**
CARRYING AMOUNT 31 DECEMBER 2023	**60**	**138**	**185**	**144**	**527**
COST AT 1 JANUARY 2022	**187**	**627**	**41**	**24**	**879**
Additions	6	12	55	88	161
Disposals	(55)	(66)	0	0	(121)
Transfers	23	47	(23)	(19)	28
COST AT 31 DECEMBER 2022	**161**	**620**	**73**	**93**	**947**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

	COMPLETED DEVELOPMENT PROJECTS	OTHER INTANGIBLE FIXED ASSETS	DEVELOPMENT PROJECTS IN PROGRESS	OTHER INTANGIBLE FIXED ASSETS IN PROGRESS	TOTAL
AMORTISATION AND IMPAIRMENT AT 1 JANUARY 2022	**94**	**288**	**0**	**0**	**382**
Amortisation and impairment	34	190	0	0	224
Amortisation and impairment on disposals	(55)	(66)	0	0	(121)
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2022	**73**	**412**	**0**	**0**	**485**
CARRYING AMOUNT 31 DECEMBER 2022	**88**	**208**	**73**	**93**	**462**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 8 Property, plant and equipment

	TECHNICAL INSTALLATION AND MACHINERY	OTHER TECHNICAL INSTALLATIONS	PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	TOTAL
COST AT 1 JANUARY 2023	**472**	**779**	**109**	**1,360**
Additions	28	23	85	136
Disposals	0	0	0	0
Transfers	11	29	(70)	(30)
COST AT 31 DECEMBER 2023	**511**	**831**	**124**	**1,466**
DEPRECIATION AT 1 JANUARY 2023	**394**	**581**	**0**	**975**
Depreciation	22	64	0	86
DEPRECIATION AT 31 DECEMBER 2023	**416**	**645**	**0**	**1,061**
CARRYING AMOUNT 31 DECEMBER 2023	**95**	**186**	**124**	**405**
COST AT 1 JANUARY 2022	**453**	**718**	**118**	**1,289**
Additions	18	19	62	99
Disposals	0	0	0	0
Transfers	1	42	(71)	(28)
COST AT 31 DECEMBER 2022	**472**	**779**	**109**	**1,360**
DEPRECIATION AT 1 JANUARY 2022	**372**	**517**	**0**	**889**
Depreciation	22	64	0	86
DEPRECIATION AT 31 DECEMBER 2022	**394**	**581**	**0**	**975**
CARRYING AMOUNT AT 31 DECEMBER 2022	**78**	**198**	**109**	**385**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 9 Right-of-use assets

The Company has lease contracts for buildings, motor vehicles and other equipment used in its operations. For buildings that are all leased from another company in the Group, lease terms of 5 years have been applied, while motor vehicles and other equipment generally have lease terms between 4 - 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has leases with lease terms of 12 months or less and leases of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	BUILDINGS	MOTOR VEHICLES	OTHER EQUIPMENT	TOTAL
CARRYING AMOUNT AT 1 JANUARY 2023	**270**	**10**	**0**	**280**
Additions	0	22	0	22
Depreciation	(90)	(10)	0	(100)
CARRYING AMOUNT AT 31 DECEMBER 2023	**180**	**23**	**0**	**203**
CARRYING AMOUNT AT 1 JANUARY 2022	**360**	**17**	**0**	**377**
Additions	0	1	0	1
Depreciation	(90)	(8)	0	(98)
CARRYING AMOUNT AT 31 DECEMBER 2022	**270**	**10**	**0**	**280**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:	2023	2022
BALANCE AT 1 JANUARY	**281**	**378**
Additions	22	1
Interest	1	1
Payments	(102)	(99)
BALANCE AT 31 DECEMBER	**203**	**281**
Current	53	73
Non-current	150	208
TOTAL	**203**	**281**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Undiscounted lease liabilities maturity analysis:	2023	2022
Less than one year	54	73
One to three years	103	44
More than three years	52	164
TOTAL UNDISCOUNTED LEASE LIABILITIES AT 31 DECEMBER	**209**	**281**

The following are the amounts recognised in profit or loss:	2023	2022
Depreciation expense of right-of-use assets	100	98
Interest expense on lease liabilities	1	1
Expense relating to short-term leases	1	2
Expense relating to leases of low-value assets	2	0
Variable lease payments	0	0
TOTAL AMOUNT RECOGNISED IN PROFIT OR LOSS	**104**	**101**

The company had total cash outflows for leases of DKK 102m in 2023 (2022: DKK 100m).

The company has a number of lease contracts that include extension and termination options. Management assesses whether or not it is reasonably certain that these options will be exercised after considering all relevant facts and circumstances.

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 10 Investments in affiliated companies

	2023	2022
COST AT 1 JANUARY	**17,303**	**17,394**
Additions	544	74
Disposals	0	(165)
COST AT 31 DECEMBER	**17,847**	**17,303**
Value adjustments at 1 January	(3,493)	(5,472)
Share of profit	2,922	1,989
Impairment 2023	(398)	0
Dividends received	(1,411)	(740)
Other value adjustments	(188)	730
ADJUSTMENTS AT 31 DECEMBER	**2,568**	**(3,493)**
CARRYING AMOUNT AT 31 DECEMBER	**15,279**	**13,810**
OF WHICH CARRYING AMOUNT OF GOODWILL	**1,078**	**1,228**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 11 Accounts receivable from and payables to affiliated companies

	2023	2022
Receivables from affiliated companies – non-current	2,671	2,905
Receivables from affiliated companies – current	2,543	3,830
Payables to affiliated companies – current	(5,363)	(4,753)
TOTAL RECEIVABLES FROM AFFILIATED COMPANIES	**(149)**	**1,982**

	2023	2022
Breakdown of receivables from affiliated companies:		
Interest-bearing receivables	4,293	6,224
Non-interest-bearing receivables	921	511
TOTAL RECEIVABLES FROM AFFILIATED COMPANIES	**5,214**	**6,735**

	2023	2022
Payables to affiliated companies – non-current	0	0
Interest-bearing payables to affiliated companies – current	5,363	4,396
Non-interest-bearing payables to affiliated companies	0	357
TOTAL PAYABLES TO AFFILIATED COMPANIES	**5,363**	**4,753**

Note 12 Prepayments

	2023	2022
Prepayments	139	114
Other accounts receivable	100	37
TOTAL	**239**	**151**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 13 Securities

	2023	2022
COST AT 1 JANUARY	**3,316**	**3,533**
Additions during the year	1,282	2,213
Disposals during the year	(1,440)	(2,430)
COST AT 31 DECEMBER	**3,158**	**3,316**
Value adjustments at 1 January	(172)	50
Value adjustments during the year	155	(222)
VALUE ADJUSTMENTS AT 31 DECEMBER	**(17)**	**(172)**
BALANCE AT 31 DECEMBER	**3,141**	**3,144**
Current	3,141	3,144
Non-current	0	0
TOTAL	**3,141**	**3,144**
The portfolio consists solely of listed shares and bonds and is distributed as follows:		
Shares	763	758
Bonds	2,378	2,386
TOTAL	**3,141**	**3,144**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 14 Cash and cash equivalents

	2023	2022
Cash at bank and on hand	4,376	1,654
TOTAL	**4,376**	**1,654**

	2023	2022
Cash at bank and on hand	4,376	1,654
TOTAL	**4,376**	**1,654**
BANK OVERDRAFTS	**0**	**0**
CASH AND CASH EQUIVALENTS	**4,376**	**1,654**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 15 Share Capital

The share capital consists of 38,090,911 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid.

	2023	2022
Ordinary shares of DKK 10 each	381	381
TOTAL	**381**	**381**

In 2023 the Group bought 212,421 own shares (0.6% of share capital) from Poul Due Jensens Fond at fair value for proceeds of DKK 287 million. All shares have been used for the Group's share programmes during 2023. The shares had a fair value of DKK 287 million at the time of purchase. The Group has been authorised by the shareholders to acquire up to 2,683,000 treasury shares, equal to 7.0 % of the share capital. The authorisation expires in annual tranches during the period from 30 April 2024 to 30 April 2028.

The company acquires treasury shares for allocation to the Group's share programmes. At 31 December 2023, the company did not hold any treasury shares.

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 16 Provisions

	RESTRUCTURING	JUBILEE	OTHERS	TOTAL
BALANCE AT 1 JANUARY 2023	**0**	**29**	**0**	**29**
Provision	0	0	0	0
Utilised	0	0	0	0
Reversed	0	0	0	0
BALANCE AT 31 DECEMBER 2023	**0**	**29**	**0**	**29**
Current	0	0	0	0
Non-current	0	29	0	29

	RESTRUCTURING	JUBILEE	OTHERS	TOTAL
BALANCE AT 1 JANUARY 2022	**0**	**26**	**3**	**29**
Provision	0	3	0	3
Utilised	0	0	0	0
Reversed	0	0	(3)	(3)
BALANCE AT 31 DECEMBER 2022	**0**	**29**	**0**	**29**
Current	0	0	0	0
Non-current	0	29	0	29

Jubilee

In Grundfos Holding A/S, employees celebrating their 25 or 40-year anniversary are paid an additional month's salary.

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 17 Interest bearing debt

	2023	2022
Loan from a third-party	58	40
TOTAL	**58**	**40**

	2023	2022
Current	58	40
Non-current	0	0
TOTAL	**58**	**40**

Bank overdrafts
The bank overdrafts are secured by a portion of the Group's short-term deposits.

Note 18 Trade and other payables

	2023	2022
Trade payables	303	238
TOTAL	**303**	**238**

Trade payables are non-interest bearing and are normally settled on 60-day terms

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 19 Other Liabilities

	2023	2022
Staff related	259	206
Earn out	0	110
Accrued expenses	95	81
Other	8	14
TOTAL OTHER LIABILITIES	**362**	**411**

Note 20 Fees to auditors appointed by the shareholders

	2023	2022
Fee to EY for statutory audit	1	1
Fee to EY for other assurance engagements	1	1
Fee to EY for tax advisory services	2	1
Fee to EY for other services	2	9
TOTAL FEES	**6**	**12**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 21 Staff Cost

	2023	2022
Wages and salaries	1,402	1,314
Share-based payments	89	83
Pensions	108	106
Other social security cost	20	19
TOTAL	**1,619**	**1,522**

Staff cost is recognised in the financial statements as follows:	2023	2022
Production	36	96
Research and development	719	686
Sales and distribution	171	160
Administration	693	580
TOTAL	**1,619**	**1,522**
Average number of full-time employees	1,825	1,763
Number of employees at year end	1,886	1,756

Staff cost includes fees to Group Management and the Board of Directors of Grundfos Holding A/S for directorships in Grundfos Holding A/S and can be specified as follows:

	2023			2022		
	BOARD OF DIRECTORS	REGISTERED GROUP MANAGEMENT	OTHER GROUP MANAGEMENT	BOARD OF DIRECTORS	REGISTERED GROUP MANAGEMENT	OTHER GROUP MANAGEMENT
Remuneration	11	21	19	11	18	20
Pensions and other post-employment benefits	0	14	15	0	8	10
Other long-term benefits	0	5	3	0	4	3
Termination benefits	0	0	1	0	0	0
Share-based payments (according to Note 26 in the Consolidated notes)	0	11	2	0	7	5
TOTAL	**11**	**51**	**40**	**11**	**37**	**38**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 22 Share-based compensation expenses

Note 22.1 Long-Term Incentive Programme (LTI)

The LTI is targeted at Group Management and other members of senior management. Under this programme, Restricted Stock Units (RSUs) are granted to the executives.
These RSUs vest with them after a continued service of 3.5 years and are also contingent on targets for Group EBIT ratio, Group revenue Growth and Reduction of Scope 1 & Scope 2 CO_2 emissions.

There are certain unvested tranches of LTI granted prior to 1 January 2021, which vest with the employees in 4 equal tranches and hence are contingent on continued service by the executives.
The number of RSUs vested pursuant to these programmes depends on the individual performance and the performance of the Group in terms of targets for Sales Growth, EBIT Growth and Return on Capital Employed.

Following the vesting of RSUs under both these programmes, the executives will receive shares of the parent Company. There are no cash settlement alternatives.
The Group also does not have a past practice of cash settlement for these RSUs.

The expense recognised over the vesting period is based on the fair value of the RSUs at the grant date.

	NO. OF UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE (DKK PER UNIT)
OUTSTANDING AS OF 1 JANUARY 2022	**80,383**	**1,313**
Granted during the year	52,370	1,614
Vested during the year	(13,792)	1,122
Forfeited during the year	(1,916)	1,324
OUTSTANDING AS OF 31 DECEMBER 2022	**117,045**	**1,470**
Granted during the year	66,691	1,351
Vested during the year	(8,751)	1,249
Forfeited during the year	(13,942)	1,458
OUTSTANDING AS OF 31 DECEMBER 2023	**161,043**	**1,434**

The outstanding units are expected to vest over a weighted average period of 1.6 years (2022: 1.9 years).

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 22.2 Employee Share Purchase Plan (ESP)

ESP is a global programme, whereby certain employees are granted an option to buy shares of Grundfos Holding A/S at a discounted price. Employees employed by group companies in certain countries are excluded from this due to local restrictions or requirements. The only condition for eligibility is that the employee should be employed by the Group as at the specified date (close to the grant date) and has not resigned or been terminated.

The Board of Directors of Grundfos Holding A/S will each year decide if an Employee Share Purchase Plan is offered.

The expense recognised over the vesting period is based on the discount the employee is entitled to upon purchase of the shares.

	2023	2022
Shares purchased during the year	203,670	154,165

Note 22.3 Expense recognised during the year

	2023	2022
Expense arising from equity-settled share-based payment transactions (LTI)	55	44
Expense arising from equity-settled share-based payment transactions (ESP)	34	39
TOTAL	**89**	**83**

There were no cancellations or modifications to the grants.

Note 22.4 Inputs and model used

	2023	2022
Benchmark PE multiple	18.6	25.2
Annual growth in average profit after tax applied for share price calculation	14%	25%

Notes to the accounts of Grundfos Holding A/S

Note 23 Financial risk management and financial assets

The main purpose of the Company's financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.

The Company is exposed to financial risks, consisting of liquidity risk, foreign currency risk, interest rate risk and credit risk that affect its earnings. Company Management oversees the management of these risks, including overseeing that the Company's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees on policies for managing each of these risks.

Note 23.1 Financial risks

FINANCIAL RISKS	DESCRIPTION	EFFECT	Reference
Currency risk	The Company is exposed to fluctuations when performing sales and purchase in foreign currencies.	Effect: Low Threat: Moderate	Note 1 'Revenue'
Interest rate risk	The Company is exposed to fluctuations in interest rates related to financing arrangements	Effect: High Threat: Moderate	Note 13 'Securities' Note 14 'Cash and cash equivalents' Note 17 'Interest bearing debt'
Credit risk	The Company is exposed to a counterparty (mainly related to Trade receivables and contracts assets) will not meet its obligation leading to a financial loss.	Effect: Moderate Threat: Moderate	Note 11 'Accounts receivable from and payables to affiliated companies' Note 14 'Cash and cash equivalents'

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 23.2 Financial instrument by category

	2023	2022
Shares	763	758
Bonds	2,378	2,386
Long-term electricity swap	1	0
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**3,142**	**3,144**
Accounts receivable	2,165	3,830
Cash and cash equivalents	4,376	1,654
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**6,541**	**5,484**
Bank and other loans	58	40
Accounts payable	5,288	4,991
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**5,346**	**5,031**
Forward currency contracts, external banks	28	83
Forward currency contracts, affiliated companies	(28)	(83)
FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**0**	**0**

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 23.3 Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value hierarchy	QUOTED MARKET PRICES (LEVEL 1)	VALUATION BASED DIRECTLY OR INDIRECTLY ON MARKET (LEVEL 2)	VALUATION TECHNIQUES BASED ON UNOBSERVABLE INPUTS FOR VALUATION (LEVEL 3)	TOTAL
2023				
Shares	763	0	0	763
Bonds	2,378	0	0	2,378
Long-term electricity swap	0	0	1	1
FINANCIAL ASSETS MEASURED AT FAIR VALUE AS AT 31 DECEMBER	**3,141**	**0**	**1**	**3,142**
Forward currency contracts	0	28	0	28
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AS AT 31 DECEMBER	**0**	**28**	**0**	**28**
2022				
Shares	758	0	0	758
Bonds	2,386	0	0	2,386
FINANCIAL ASSETS MEASURED AT FAIR VALUE AS AT 31 DECEMBER	**3,144**	**0**	**0**	**3,144**
Forward currency contracts	0	83	0	83
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AS AT 31 DECEMBER	**0**	**83**	**0**	**83**

There were no transfers between Level 1 and Level 2 during 2023 or 2022.

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 23.4 Valuation techniques and assumptions used

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Securities
Fair value of securities is based on observable market prices from stock exchanges.

Electricity swap
In 2023, the Company has entered into a long-term electricity swap, in which the Company purchases renewable electricity from a windturbine farm at a fixed price and sells it at market price with net settlement. The volume in the electricity swap covers a portion of the Company's electricity consumption but is not considered a hedge. The valuation of electricity swaps is based on estimates on non-observable prices for a long-term period. The fair value of electricity swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of estimated price curves and volumes of electricity produced.

Note 23.5 Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in foreign currency rates.

		2023			2022		
	INCREASE IN EXCHANGE RATE	MONETARY ITEMS	HEDGING	NET	MONETARY ITEMS	HEDGING	NET
CURRENCY SENSITIVITY - IMPACT ON EQUITY (BEFORE TAX)							
USD	5%	119	0	119	127	0	127
AUD	5%	7	0	7	3	0	3
CHF	5%	(10)	0	(10)	(8)	0	(8)
GBP	5%	(40)	0	(40)	(25)	0	(25)
CNY	5%	(1)	0	(1)	0	0	0
HUF	5%	(15)	0	(15)	(15)	0	(15)
TOTAL		**60**	**0**	**60**	**82**	**0**	**82**

The impact on equity arises from monetary items and hedging instruments where the currency that the hedging instruments and monetary items are denominated in differs from the functional currency of the entity. The impact would have been the opposite if exchange rates had been decreasing by similar percentages. The analysis is based on the transaction currency. The company hedges group cash flow with external banks and enters opposite contracts with group companies, hence the net value and calculated impact of currency fluctuations on hedging is zero.

Monetary items are expected to be converted to cash during a period of up to 60 days. Hedging contracts cover up to 80% of expected inflow in each currency for a period of up to 12 months.

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 23.6 Liquidity risk

The Company's objective is to maintain a balance between funding continuity and flexibility through the use of bank overdrafts, bank loans and bonds issue. The Management assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

	ON DEMAND	UP TO 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 YEARS TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
31 DECEMBER 2023						
Interest-bearing loans and borrowings (excl. items below)	0	58	0	0	0	58
Lease liabilities	0	54	103	52	0	209
Trade payables	0	303	0	0	0	303
Currency forward contracts	0	0	0	0	0	0
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**0**	**415**	**103**	**52**	**0**	**570**
31 DECEMBER 2022						
Interest-bearing loans and borrowings (excl. items below)	0	40	0	0	0	40
Lease liabilities	0	73	44	164	0	281
Trade payables	0	238	0	0	0	238
Currency forward contracts	0	0	0	0	0	0
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**0**	**351**	**44**	**164**	**0**	**559**

Notes to the accounts of Grundfos Holding A/S

Note 23.7 Interest rate risks

The company's interest risk is mainly related to bank deposits and bonds. Bank deposits have a short time horizon, whereas the exposure of the bond portfolio – amounting to a total of DKK 2,378m (2022: DKK 2,785m) – when expressed by an increase of the interest rate by 1 percentage point is approx. DKK 79m (2022: DKK 78m).

Note 24 Hedging activities and derivatives

Forward currency contracts are estimated by generally accepted valuation techniques based on relevant observable swap curves and exchange rates. The fair value applied is calculated mainly by external sources on the basis of discounted future cash flows. Anticipated cash flow for individual contracts is based on observable market data such as interest rates and exchange rates. In addition, fair values are based on non-observable data, including exchange rate volatilities, or correlation between yield curves and credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments.

Foreign currency risk
Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast cash inflows of predominantly, USD, EUR, AUD, GBP, CNY and cash outflows of HUF from operations denominated in the entities controlled by the Company. Should there be a forecasted transaction in excess of DKK 50m, this will be considered significant, and therefore, between 50-90% of this cash flow exposure should be hedged. Otherwise, the exposures of foreign currency cash flows must be within the following ratios:

0-6 months: 80%-90%
7-12 months: 70%-80%
12-15 months: 50%-70%

The Company sets out opposite contracts with the controlled entities which effectively transfers the value of the contract to the controlled entity.

These forecast transactions are highly probable. Refer to the table below for the relevant amounts of the respective transactions. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. Given the Danish Kroner has a fluctuation limit towards EUR of a maximum +/- 2.25% through the European Exchange Rate Mechanism, the Group has entered into foreign exchange forward contracts predominantly with EUR as the other leg of the currency pair.

Further to the described contracts that are transferred to the controlled entities, the Company has entered contracts to hedge own cash outflows in USD.

There is no proxy hedging for the currency risk hedging, and therefore the economic relationship between the hedged exposure and the hedge is high. Effectiveness is assessed using the critical terms match approach according to IFRS 9. The source of ineffectiveness is the credit risk of the hedging instruments. For hedges where the cost of hedging is applied, the change in basis spread is recognised in other comprehensive income and is a time effect during the life of the forward contract. At maturity, this amounts to zero.

The net amount of the foreign exchange contracts is presented within either 'Other Current Assets' or 'Other Current Liabilities', depending on whether the carrying amount is positive or negative.

Notes to the accounts of Grundfos Holding A/S

The Company is holding the following foreign exchange forward contracts:

AS AT 31 DECEMBER 2023	Fair Value, Asset	Fair Value, Liability	Notional Amount	MATURITY LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 TO 9 MONTHS	9 TO 12 MONTHS	TOTAL
Foreign exchange forward contracts (highly probable forecast sales or purchases)									
USD - inflow			EUR	22	36	46	23	25	152
USD - outflow			EUR	(20)	(34)	(34)	(24)	(23)	(135)
AUD - inflow			EUR	8	10	17	14	9	58
AUD - outflow			EUR	(8)	(10)	(17)	(14)	(9)	(58)
GBP - inflow			EUR	12	11	15	19	15	72
GBP - outflow			EUR	(12)	(11)	(15)	(19)	(15)	(72)
CNY - inflow			EUR	44	62	106	111	77	400
CNY - outflow			EUR	(44)	(62)	(106)	(111)	(77)	(400)
HUF - inflow			EUR	3,062	4,255	6,417	5,868	3,564	23,166
HUF - outflow			EUR	(3,062)	(4,254)	(6,417)	(5,868)	(3,564)	(23,164)
NOTIONAL AMOUNT (IN DKK MILLIONS)									
USD - inflow	12.8	1.0		150	243	310	157	166	1,025
USD - outflow	1.7	12.3		(132)	(230)	(232)	(162)	(158)	(914)
AUD - inflow	4.3	1.1		36	47	80	63	41	267
AUD - outflow	1.2	3.9		(36)	(47)	(80)	(63)	(41)	(267)
GBP - inflow	8.5	0.5		100	95	127	161	126	609
GBP - outflow	0.6	7.5		(100)	(95)	(127)	(161)	(126)	(609)
CNY - inflow	8.5	0.5		42	59	101	105	71	378
CNY - outflow	0.6	7.5		(42)	(59)	(101)	(105)	(71)	(378)
HUF - inflow	19.5	0.1		60	83	125	114	69	451
HUF - outflow	0.2	18.8		(60)	(83)	(125)	(114)	(69)	(451)
AVERAGE FORWARD RATE (EUR/ONE CURRENCY UNIT)									
USD				1.099	1.094	1.104	1.092	1.091	1.096
AUD				0.952	1.627	1.637	1.679	1.675	1.555
GBP				0.895	0.896	0.878	0.878	0.877	0.883
CNY				7.294	7.393	7.683	7.726	7.719	7.611
HUF				323.557	344.620	408.539	411.117	396.389	384.582

Notes to the accounts of Grundfos Holding A/S

The Company is holding the following foreign exchange forward contracts:

AS AT 31 DECEMBER 2022	Fair Value, Asset	Fair Value, Liability	Notional Amount	MATURITY LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 TO 9 MONTHS	9 TO 12 MONTHS	TOTAL
Foreign exchange forward contracts (highly probable forecast sales or purchases)									
USD - inflow			EUR	1	29	48	41	30	148
USD - outflow			EUR	(3)	(33)	(50)	(46)	(33)	(165)
AUD - inflow			EUR	5	8	13	14	11	51
AUD - outflow			EUR	(5)	(8)	(13)	(14)	(11)	(51)
CHF - inflow			EUR	0	6	8	10	9	33
CHF - outflow			EUR	0	(6)	(8)	(10)	(9)	(33)
GBP - inflow			EUR	1	16	15	12	13	56
GBP - outflow			EUR	(1)	(16)	(15)	(12)	(13)	(56)
CNY - inflow			EUR	0	139	147	94	54	434
CNY - outflow			EUR	0	(139)	(147)	(94)	(54)	(434)
HUF - inflow			EUR	243	3,513	6,523	5,791	4,575	20,645
HUF - outflow			EUR	(243)	(3,513)	(6,523)	(5,791)	(4,575)	(20,645)
NOTIONAL AMOUNT (IN DKK MILLIONS)									
USD - inflow	32.6	14.7		4	191	337	299	208	1,040
USD - outflow	12.1	30.3		(16)	(221)	(353)	(334)	(233)	(1,157)
AUD - inflow	6.7	0.7		25	39	63	70	50	247
AUD - outflow	0.7	6.3		(25)	(39)	(63)	(70)	(50)	(247)
CHF - inflow	0.9	4.2		0	44	60	77	65	246
CHF - outflow	4.2	0.9		0	(44)	(60)	(77)	(65)	(246)
GBP - inflow	12.5	0.1		5	136	129	98	115	482
GBP - outflow	0.1	12.5		(5)	(136)	(129)	(98)	(115)	(482)
CNY - inflow	11.4	0		0	143	152	99	55	449
CNY - outflow	0	11.4		0	(143)	(152)	(99)	(55)	(449)
HUF - inflow	7.9	2.5		5	64	115	96	75	354
HUF - outflow	2.5	7.9		(5)	(64)	(115)	(96)	(75)	(354)
AVERAGE FORWARD RATE (EUR/ONE CURRENCY UNIT)									
USD				1.166	1.116	1.061	1.028	1.056	1.061
AUD				1.626	1.505	1.535	1.521	1.577	1.537
CHF				0	1.017	1.020	0.962	0.973	0.989
GBP				0.860	0.852	0.867	0.875	0.883	0.868
CNY				0	7.191	7.222	7.034	7.309	7.181
HUF				404.279	406.534	423.584	449.250	452.255	433.280

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

The impact of hedged items on the statement of financial position is as follows:

Fair value hierarchy	VOLUME OF FOREIGN EXCHANGE FORWARD CONTRACTS	CASH FLOW HEDGE RESERVE
31 DECEMBER 2023		
Highly probable expected net cash flows from customers/to vendors	129	0
31 DECEMBER 2022		
Highly probable expected net cash flows from customers/to vendors	116	0

The effect of the cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:	TOTAL HEDGING GAIN/LOSS RECOGNISED IN OCI	INEFFECTIVENESS RECOGNISED IN PROFIT AND LOSS	LINE ITEM IN THE STATEMENT OF PROFIT AND LOSS
YEAR ENDED 31 DECEMBER 2023			
Highly probable expected net cash flows from customers/to vendors	0	0	Revenue / production cost
YEAR ENDED 31 DECEMBER 2022			
Highly probable expected net cash flows from customers/to vendors	0	0	Revenue / production cost

Amounts in DKK Millions

Notes to the accounts of Grundfos Holding A/S

Note 25 Related parties

Note 25.1 Group information

For more information about related parties, including compensation to Group Management, see Note 32 Related parties under the Consolidated Financial Statement.

Note 25.2 Transactions with related parties

Transactions between Grundfos Holding A/S and the subsidiaries

	2023	2022
Sale of goods and services	5,200	4,274
Cost of services	1,635	1,358
Interest income	331	127
Interest expense	285	82
Dividends received	1411	740
Loans given	4,293	6,224
Loan received	5,363	4,396

The amounts disclosed in the table are the amounts recognised as an expense or income during the reporting period. The amount of loans represent the balances at year-end.

Notes to the accounts of Grundfos Holding A/S

Note 26 Commitments and Contingencies

Note 26.1 Commitments

The Company has provided security for facilities in subsidiaries. The total corporate guarantee amounts to DKK 407m (2022: DKK 478m), hereof utilised DKK 37m (2022: DKK 40m).

The Company has issued letters of intent to support bank debt of DKK 57m (2022: DKK 19m).

Lease contracts etc. are renewed on a continuous basis, hence there is a minor number of contracts committed not yet recorded as at 31 December 2023. The value of these contracts is considered to be immaterial.

Apart from this the Group is under no material obligations or commitments.

Note 26.2 Contingencies

The Company has issued performance and payment guarantees of DKK 16m (2022: DKK 0m).

The Company has issued support letters for a number of subsidiaries.

The Danish affiliated companies participate in a Danish joint taxation arrangement with Grundfos Holding A/S serving as the administration company and are therefore jointly and severally liable for the total corporation tax and for obligations, if any, to withhold tax on interest, royalties and dividends for the jointly taxed companies. The total net liability to the Danish tax authorities is recognised in the financial statements of Grundfos Holding A/S.

Note 27 Events after the balance sheet date

The Board of Directors of Grundfos Holding A/S has approved the issuance of these consolidated financial statements on 26 February 2024. As of this date, no material events after the reporting date have occurred that are not recognised and disclosed.

Notes to the accounts of Grundfos Holding A/S

Note 28 Grundfos Holding A/S Accounting Policies

Grundfos Holding A/S is a private limited company domiciled in Denmark. The Annual Report for the period 1 January to 31 December 2023, comprises the Financial Statements of Grundfos Holding A/S.

The Financial Statements of Grundfos Holding A/S have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and Danish disclosure requirements for large class C companies.

Unless otherwise indicated, the Annual Report is presented in DKK rounded to the nearest million. Besides the following section, the accounting policies for Grundfos Holding A/S are the same as for the Grundfos Group.

Note 28.1 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are measured at cost on initial recognition and subsequently at the proportionate share of the companies' net asset value calculated in accordance with the parent company's accounting policies with the deduction or addition of unrealised intra-group gains and losses and with the addition or deduction of goodwill calculated according to the purchase method.

Companies with a negative net asset value are recognised at DKK 0, and any receivable amount from these companies is written down, to the extent it is deemed to be irrecoverable, by the parent company's share of the negative net asset value. If the negative net asset value exceeds the amount receivable, the residual amount is recognised under provisions to the extent that the parent company has a legal or constructive obligation to cover the subsidiary's negative balance.

The proportionate share of the profit or loss of subsidiaries after tax is recognised in the income statement after full elimination of intra-group gains/losses.

Note 28.2 Dividend

Dividend proposed for the financial year is shown as a separate item under Shareholders' equity.

Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration).
Dividends expected to be declared in respect of the year are stated as a separate line item under equity.

Note 28.3 Corporation tax

Grundfos Holding A/S is jointly taxed with its Danish subsidiaries. Current tax and deferred tax is allocated between the jointly taxed companies. The jointly taxed companies are taxed under the tax prepayment scheme.

Note 28.4 Development projects

Grundfos Holding A/S has established a non-distributable reserve in equity regarding capitalised development projects. This reserve will be reversed as the development projects have effect on the income statements.
The amount is presented net of deferred tax.

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