

# Watts Denmark Holding ApS

Pugdavej 1  
7480 Vildbjerg

CVR-nr. 31 36 80 06

## Annual report 2020

(13th financial year)



The annual report has been presented and approved at the Company's annual general meeting at 22 June 2021.

A handwritten signature in blue ink, appearing to read 'JSC', written over a horizontal line.

Jens Seehusen Christensen  
Chairman of the meeting

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## Management's review

### Company details

**The company:** Watts Denmark Holding ApS  
Pugdalvej 1  
7480 Vildbjerg  
Denmark  
  
CVR no. 31 36 80 06  
  
Telephone: +45 99 92 08 00  
Telefax: +45 97 13 33 50  
  
Municipality: Herning  
  
Established: 7 April 2008  
  
Reporting period: 1 January - 31 December

**Board of Directors:** Christopher Wayne Jamieson  
(Chairman)  
  
Jens Seehusen Christensen  
  
Henning Aagaard Rasmussen

**Executive Board:** Henning Aagaard Rasmussen

**Auditors** KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
DK-8210 Aarhus V  
  
CVR no. 25 57 81 98

## **Management's review**

### **Principal activities**

The principal activity of Watts Denmark Holding ApS is to hold shares in subsidiaries and related services.

### **Change in accounting policies**

The Annual Report is prepared in accordance with the provisions of the Danish Financial Statements Act against formerly in accordance with the provisions of IFRS. The change has been implemented to allow the sub-group of Watts Denmark Holding ApS to refer to Watts Water Technologies Inc. for group financial statements. In addition, the entity no longer prepares consolidated statements for its sub-group.

The change in accounting policies don't have an impact on the recognition and measurement of the financial statements incl. comparative figures.

### **Development in activities and financial position**

The Company realised a profit after tax of DKK -0.1 million as against DKK 144.8 million in 2019. Profit for the year was in line with forecast and must be characterised as satisfactory.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date of importance to the financial statements for 2020.

### **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Watts Denmark Holding ApS for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

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

Vildbjerg, 22 June 2021

**Executive Board:** Henning Aagaard Rasmussen  
CEO

**Board of Directors:** Christopher Wayne Jamieson



Jens Seehusen Christensen

Henning Aagaard Rasmussen

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Writs Denmark Holding ApS for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position as 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

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

Videbjerg, 22 June 2021

Executive Board:

  
Henrik Aggaard Rasmussen  
CEO

Board of Directors:

  
Christopher Wines  
Chairman

  
Jens Peter Christensen  
Chairman

  
Henrik Aggaard Rasmussen  
CEO

## **Independent auditor's report**

**To the shareholder of Watts Denmark Holding ApS**

### **Opinion**

We have audited the financial statements of Watts Denmark Holding ApS for the financial year 1 January – 31 December 2020, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibility for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## **Independent auditor's report (continued)**

### **Statement on the Management's review**

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 22 June 2021

### **KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no.: 25 57 81 98



Mikkel Trabjerg Knudsen  
State Authorised Public Accountant  
mne34459



### Income statement

<b>DKK'000</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Gross loss</b>		-133	-98
Income from investments in subsidiaries		0	145,000
Financial expenses		<u>-4</u>	<u>-169</u>
<b>Profit/loss before tax</b>		-137	144,733
Tax on profit/loss for the year		<u>30</u>	<u>59</u>
<b>Profit/loss for the year</b>		<u><u>-107</u></u>	<u><u>144,792</u></u>
 <b><u>Profit appropriation / distribution of loss</u></b>			
		<u><b>2020</b></u>	<u><b>2019</b></u>
Profit/loss for the year		<u>-107</u>	<u>144,792</u>
Transferred to equity		<u>-107</u>	<u>144,792</u>

## Balance sheet at 31 December

DKK'000	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Financial assets</b>			
Investments in subsidiaries		785,910	785,910
<b>Total fixed assets</b>		<u>785,910</u>	<u>785,910</u>
<b>Current assets</b>			
<b>Receivables</b>			
Corporation tax, joint taxation		30	59
<b>Total Receivables</b>		<u>30</u>	<u>59</u>
<b>Cash at bank and in hand</b>		<u>528</u>	<u>515</u>
<b>Total current assets</b>		<u>558</u>	<u>574</u>
<b>TOTAL ASSETS</b>		<u>786,468</u>	<u>786,484</u>
 <b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		276,500	276,500
Retained earnings		509,569	509,676
<b>Total equity</b>		<u>786,069</u>	<u>786,176</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables to group entities		372	284
Other payables		27	24
<b>Total current liabilities</b>		<u>399</u>	<u>308</u>
<b>Total liabilities</b>		<u>399</u>	<u>308</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>786,468</u>	<u>786,484</u>
 <b>Contingent items</b>	 <b>2</b>		
<b>Related parties</b>	<b>3</b>		

### Statement of changes in equity

<b>DKK'000</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2020</b>	276,500	509,676	786,176
<b>Distribution of loss</b>	0	-107	-107
<b>Equity at 31 December 2020</b>	276,500	509,569	786,069

## Notes

### Note 1 - Accounting policies

The Annual Report of Watts Denmark Holding ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The Financial Statements for 2020 are presented in TDKK.

#### Changes in accounting policies:

The Annual Report is prepared in accordance with the provisions of the Danish Financial Statements Act against formerly in accordance with the provisions of IFRS. The change has been implemented to allow the sub-group of Watts Denmark Holding ApS to refer to Watts Water Technologies Inc. for group financial statements. In addition, the entity no longer prepares consolidated statements for its sub-group.

The change in accounting policies don't have an impact on the recognition and measurement of the financial statements incl. comparative figures.

#### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Watts Water Technologies Inc., the Company has not prepared consolidated financial statements.

### Income statement

#### Other external expenses

Other external expenses comprise expenses incurred during the year for management and administration, including expenses for office premises and office expenses.

#### Gross loss

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

#### Income from investments in subsidiaries

Dividends from equity investments in subsidiaries measured at cost are recognised as income in the income statement in the financial year when the dividends are declared.

#### Financial expenses

Financial expenses comprise interest expense, financial costs regarding payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

#### Tax on loss for the year

Watts Denmark Holding ApS is jointly taxed with the subsidiary, BLÜCHER Metal A/S.

Current Danish corporation tax is allocated among the jointly taxed companies in proportion to their taxable income. Companies using tax losses in other companies pay joint taxation contribution to the Parent Company, equivalent to the tax value of utilised losses, while companies whose tax losses are used by other companies receive joint taxation contributions from the Parent Company, equivalent to the tax value of the unutilised loss (full allocation). The jointly taxed companies are included in the on-account tax scheme.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

### Balance sheet

#### Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. If there is any indication of impairment, an impairment test is conducted. If costs exceed recoverable amount, impairment write-down is made to this lower value.

The carrying amount of investments in subsidiaries is subject to an annual test for indications of impairment.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

**Receivables**

Receivables are measured at amortised cost less write-down for bad debts.

Write-down for bad debts is made on the basis of an assessment of the individual receivable.

**Dividends**

Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting. The expected dividend payment for the year is shown as a separate entry under equity.

**Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity or jurisdiction.

Adjustment is made to deferred tax regarding elimination of unrealised intragroup gains and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

**Financial liabilities**

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other financial liabilities are measured at amortised cost.

**Note 2 - Contingent items**

Watts Denmark Holding ApS is jointly taxed with the subsidiary BLÜCHER Metal A/S. In its capacity as administration company, the Company is jointly and severally liable together with the other companies in the joint taxation for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed entity. Any subsequent corrections of taxable joint taxation income or withholding taxes may have the outcome that the Company incurs heavier liability.

**Note 3 - Related parties**

WWT International Holding B.V., Kollergang 14, 6961LZ Eerbeek, Holland, is the parent company exercising control through the majority of the shares of Watts Denmark Holding ApS.

Watts Denmark Holding ApS is part of the consolidated financial statements of Watts Water Technologies, Inc., Massachusetts, USA, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Watts Water Technologies, Inc. are available at [www.watts.com](http://www.watts.com).