



## ANNUAL REPORT 2019

Approved by the company at the general meeting on 4/6-2020

Chairman



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## **COMPANY INFORMATION**

### **Company**

BROEN A/S

Skovvej 30

5610 Assens

Telephone: +45 64 71 20 95

Website: [www.broen.com](http://www.broen.com)

Company registration no.: 71 17 25 11

Registered in: Assens

### **Supervisory Board**

Wiebe Arnold Pelsma, Chairman

Arno Rudolf Monincx

Mogens Garde Laursen

Stefan Klaaborg, elected by the employees

Claus Lund, elected by the employees

### **Executive Board**

Mogens Garde Laursen, CEO

Lene Schwartz, CFO

### **Company auditor**

Deloitte

Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

DK-8100 Aarhus

**STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS ON THE ANNUAL REPORT**

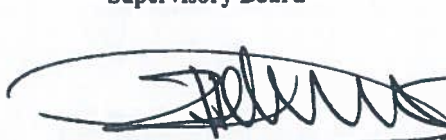
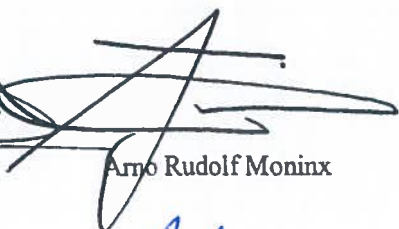
The Executive and Supervisory Boards have today considered and adopted the Annual Report of BROEN A/S for the financial year 1 January – 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2019.

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

Assens, June 4, 2020

**Executive Board**  
Mogens Garde Laursen  
Lene Schwartz**Supervisory Board**  
Wiebe Arnold Pelsma  
Chairman  
Arno Rudolf Moninx  
Mogens Garde Laursen  
Stefan Klaaborg  
Claus Lund

## INDEPENDENT AUDITORS' REPORTS

### To the Shareholder of BROEN A/S

We have audited the consolidated financial statements and the parent financial statements of Broen A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

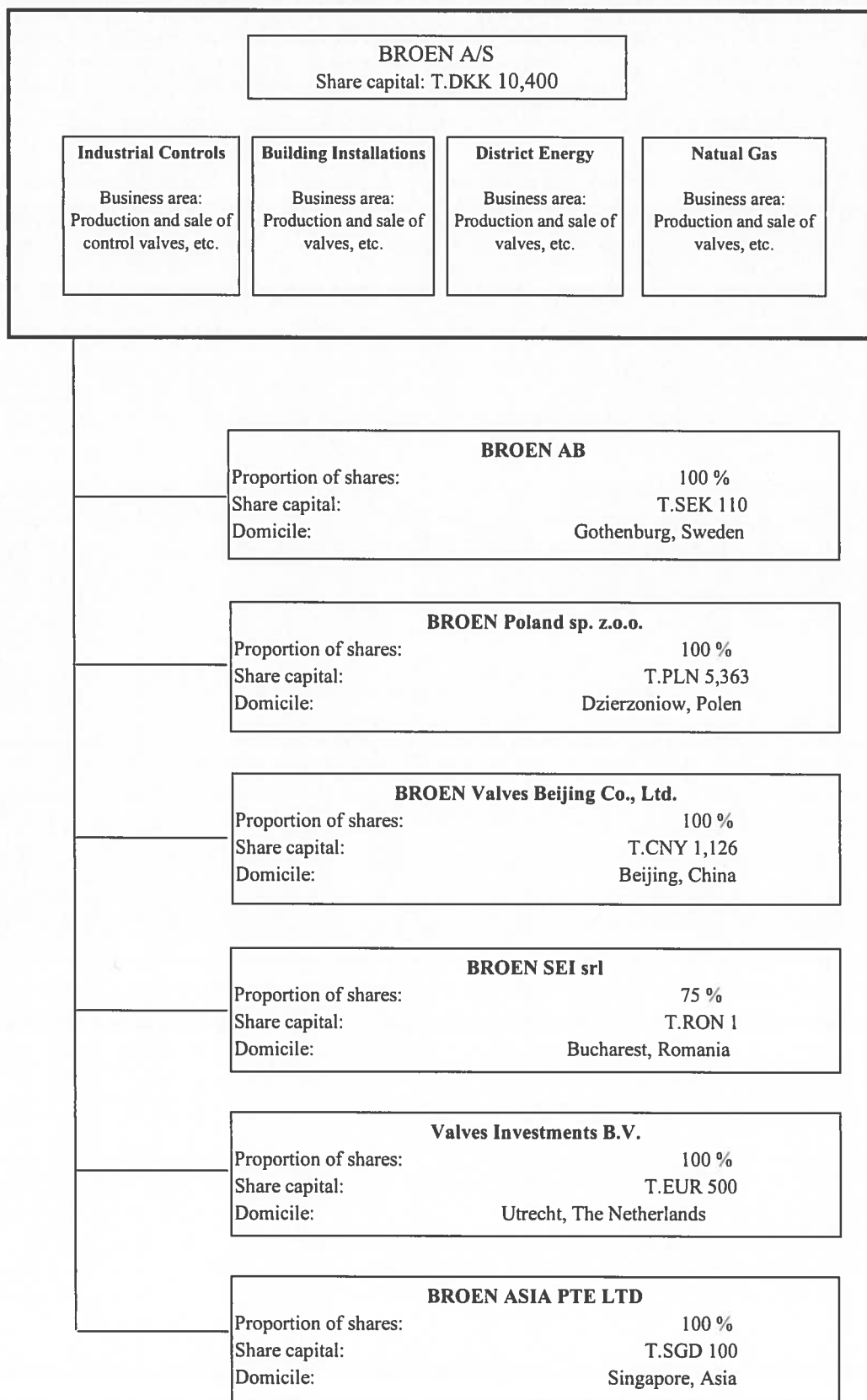
Aarhus, June 4, 2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 96 35 56

Henrik Vedel  
State Authorised Public Accountant  
MNE-nr. mne10052

## GROUP STRUCTURE AS PER 31.12.2019





## HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP

	<u>2015</u> <u>T.DKK/</u> <u>T.EUR</u>	<u>2016</u> <u>T.DKK/</u> <u>T.EUR</u>	<u>2017</u> <u>T.DKK/</u> <u>T.EUR</u>	<u>2018</u> <u>T.DKK/</u> <u>T.EUR</u>	<u>2019</u> <u>T.DKK/</u> <u>T.EUR</u>
<b>Five years' highlights</b>					
Net turnover	600,967 80,530	610,962 82,058	605,145 81,277	599,101 80,238	611,273 81,825
Operating profit	71,834 9,626	77,164 10,364	98,704 13,257	58,899 7,888	62,598 8,379
Net financial costs	(8,846) (1,185)	(7,643) (1,027)	(6,647) (893)	(101) (14)	(5,088) (681)
Profit before tax	62,988 8,440	69,521 9,337	92,057 12,364	58,798 7,875	57,510 7,698
Net Profit of the year	46,483 6,229	51,667 6,939	73,596 9,885	45,351 6,074	42,392 5,675
Total assets	559,231 74,937	549,109 73,751	560,752 75,315	594,281 79,592	634,460 84,929
Investments in tangible fixed assets	27,477 3,682	16,812 2,258	36,517 4,905	35,972 4,818	48,838 6,537
Equity	226,798 30,391	271,301 36,438	300,038 40,298	328,251 43,963	363,912 48,713
Profit margin	10.5%	11.4%	15.2%	9.8%	9.4%
Asset turnover	1.1	1.1	1.1	1.0	1.0
Return on capital and reserves	8.8%	22.8%	27.1%	15.1%	12.9%
Solvency ratio	40.6%	49.4%	53.5%	55.2%	57.4%
Average number of employees	543	569	574	609	634

Key ratios are defined and calculated in accordance with the latest "Recommendation & Ratios" issued by the Danish Finance Society.

1 Profit margin (%) :  

$$\frac{\text{Profit/loss for the year} * 100}{\text{Net turnover}}$$

2 Asset turnover :  

$$\frac{\text{Net turnover}}{\text{Total assets}}$$

3 Return on capital and reserves (%) :  

$$\frac{\text{Profit/loss for the year} * 100}{\text{Equity beginning of the year}}$$

4 Solvency ratio (%) :  

$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

## MANAGEMENT'S REVIEW

The BROEN group is part of the international group Aalberts N.V. listed on the Euro-next Amsterdam and on the AEX index.

### Principal activities

The BROEN group's activities are the development, production, marketing and sale of valves and fittings worldwide.

### The result of year 2019

In 2019 group sales were mDKK 611 compared to mDKK 599 in 2018, which represents a positive growth of 2%. Group sales were very limited influenced by currency deviations this year.

The ordinary consolidated operating profit was mDKK 63 compared to mDKK 59 in 2018. Overall profit before tax was thus mDKK 58 compared to mDKK 59 in 2018. This result is same level as last year, this is due to an old claim case in our Chinese daughter company BROEN Beijing on sold agency products, now finalised by a court ruling.

By the end of the year BROEN A/S decided to insource our BALLOFIX assembly production in our daughter company BROEN Poland.

BROEN has managed to uphold market shares concurrently with a continuous adjustment of cost levels. Even considering the difficult market conditions, particularly in Russia, the result of the year is as expected.

### The market

BROEN has seen a limited increase in sales in 2019 compared to 2018. Our Danish market has remain positive and in several European countries, both in Western and Eastern Europe. The China market developed positively this year. The remaining market was flat or positive.

The Russian market has been difficult this year, due to the limited liquidity in the market and the government still postpone projects. The rouble rate has developed positively this year, but has a minor impact totally due to negative impact from PLN rate. In all other markets a positive, but still relatively low growth was realized.

### Products and product Development

The development of our new Full flow valve and a new production line has been finalized and further investments have been implemented during the year. This product will contribute to further growth in 2020 and the years to come. The development of the product line will continue 2020 for expansion of this product range and further investments in expansion of production capacity.

The company also finalised a new Temperature control valves, with Internal temperature sensor, for the Industrial market. This valve will be introduced during 2HY 2020

In the course of the year BROEN's investments amounted to mDKK 49, primarily in Poland and Denmark.

### Organisation

In 2019 the group had an average number of staff members of 633 compared to last year 609.

### Statement of the gender composition of management.

BROEN believes that a diverse and versatile composition of employees, including that gender distribution contributes to an innovative organization and a positive work environment, resulting in increased competitiveness and profitability.

The company has set a target figure for the under-represented gender on the Board of Directors at 20%. At present, the board consists of 0 women and 5 men, which means that the goal has not been met. In order to ensure diversity among the other levels of management, BROEN has set a policy to increase the proportion of the underrepresented gender in the other management.

Other management positions include the Executive Board, BROEN management team and other managers in the group.

In 2020, BROEN reassessed the target figure to 20% for the proportion of the under-represented gender in its other management by the end of the financial year 2024.

BROEN will seek to increase the proportion of the under-represented gender in the other management through the following initiatives:

- The aim is to have at least one of each gender among the last three candidates in the recruitment process.
- In connection with internal promotions for management positions, we strive to propose at least one female candidate.

In all positions, the share of the under-represented gender has increased from 16% in 2018 to 17,5% in 2019.

### **Corporate Social Responsibility**

The company has not prepared a local CSR policy, but observes and complies with the CSR stipulations and guidelines stated in the annual report of the ultimate parent company Aalberts N.V. - see Annual Report 2019 for Aalberts N.V. on the website [www.aalberts.com/investors/results-and-presentations](http://www.aalberts.com/investors/results-and-presentations).

### **Environmental policy**

The company processes and manufactures products and materials with due consideration to the lowest possible impact on the environment. This includes limiting the discharge of waste water, air pollution, noise pollution and waste products. It also includes the observance of existing regulations and approvals. There are ongoing environmental improvements in the above areas as well as within the working environment.

### **Future**

First indication for growth in 2020 expects to be in the level of 3-4% and on profit from ordinary activities with the same level as 2019, but due to the global pandemic COVID-19 started in March and the decrease in the Rubel rate we foresee a negative growth of 10-15%. The effect from COVID-19 on BROEN growth depends on the global activities within the building industry segment and district heating segment. The results for 2020 will still be effected by the negative growth, cost level is adjusted accordingly, but it will have a negative impact compared to last year.

The group will thus focus on new areas combined with new products, adjusting the organisation to the current situation and on increasing sales efforts in all markets. Focus will be in further development of the new product line to support further growth in 2021.

In 2020 the company will continue to invest in further product development and new production equipment in our factories mainly in Denmark.

### **Subsequent events**

The outbreak and spread of COVID-19 in early 2020 has caused that BROEN Group revenue from January to April 2020 went down by 5% compared to the same period last year. This decline is a result of postponed projects and activity level in general in several countries and destocking among

our distributors. BROEN Group has adjusted the cost level accordingly.

Based on the assumption that the effect of COVID-19 disease will decrease during Q2 2020, Management has estimated that there is no need to write down BROEN Group' production plant. Currently, it is not possible to reliably estimate when the effect of COVID-19 disease will ease off, and revenue and operating activities of BROEN Group will normalize. Depending on the time frame for normalization of the revenue and the impact on its revenue and costs until then, subsequent impairment losses may arise and they may be substantial.

Apart from this, no events have occurred after the balance sheet date which would influence the evaluation of the annual report.

## ACCOUNTING POLICIES

The Annual Report for 2019 is presented in DKK thousands.

### **Basis of preparation**

The Annual Report of BROEN A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are the same compared to last year.

### **Consolidation policy**

The group accounts include BROEN A/S, Denmark, the parent company, and companies where the parent company directly or indirectly has the voting right majority or in which the parent company through a shareholding or in any other way has a controlling interest. Companies in which the group owns between 20 % and 50 % of the voting rights or has a substantial, but not controlling interest are considered affiliated companies.

The consolidation sums up items of a uniform nature. Inter-group income and expenses, shareholdings, dividends and outstanding accounts as well as non-realized internal gains and losses related to transactions between the consolidated companies are eliminated.

The parent company's investment interests in the consolidated subsidiaries are offset by the parent company's share of the book value of the subsidiaries at the date of the establishment of the relationship.

### **Investments in subsidiaries**

Investments in subsidiaries are recognised under the equity method.

The items "Income from investments in subsidiaries after tax" in the income statement include the proportionate share of the profit after tax less goodwill amortisation.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of goodwill or negative goodwill.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

At the acquisition of subsidiaries their assets and liabilities are measured at the realisable value at the time of acquisition and with due consideration to the inclusion of possible restructuring provisions made for the company acquired. Goodwill paid for at the acquisition is included in "Investments in subsidiaries" and is amortized on a straight-line basis over the estimated useful life. The maximum amortization period is 20 years, which is based on the estimated useful lifetime.

### **Minority holdings**

At the preparation of the consolidated accounts and the group equity, the shares of the subsidiary's result and equity attributable to minority holdings are entered as separate items in the profit and loss account and in the balance sheet. Minority holdings are included on the basis of the revaluation of the acquired assets and liabilities at market value at the date of acquisition.

Subsequent adjustments in minority holdings are included in the accounts at the time of adjustment.

**Leases**

Finance leases in respect of property, plant and equipment are recognised in the balance sheet at the cost value of the leased asset. Assets acquired under finance leases are depreciated and written down for impairment like the other property, plant and equipment of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operational leases. Payments made under operational leases are recognised in the income statement over the lease term.

**Translation policies**

Transactions in foreign currencies are translated at the exchange rates at transaction dates. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Gains and losses from foreign currencies are recognised in financial income and expenses in the income statement.

Foreign subsidiaries and associates of the Company are separate legal entities and the income statements are translated at average exchange rates, whereas balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of foreign enterprises and exchange adjustments arising from the translation at average exchange rates of the income statements of foreign enterprises are recognized directly in equity.

Exchange adjustments of loans in foreign currencies contracted for the hedging of investments in foreign subsidiaries and associates or loans considered to be derived from the investment are recognized directly in equity. If the hedge is not effective, the ineffective portion is reported immediately in net profit or loss.

**Corporation tax and deferred tax**

The Company is jointly taxed with the Danish companies that form part of the overall parent company. The tax effect of the joint taxation of the enterprises is allocated to both profitable and unprofitable Danish enterprises in relation to their taxable income (full allocation with refund of fiscal losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Tax for the year consists of current tax for the year and deferred tax for the year.

Current tax is recognised in receivables in the balance sheet in the event of overpayment of tax on account, and in debt in the event of underpayment of tax on account.

Deferred tax provisions are made for the deviations between the accounting value and the tax value of assets and liabilities. Deferred tax assets are included at the expected realizable value.

Adjustment is made for deferred tax concerning unrealised intercompany gains and losses.

**PROFIT AND LOSS ACCOUNT****Net turnover**

The revenue from sale of manufactured goods and goods for resales is recognised in the income statement, when delivery is made and risk has passed to the purchaser. Revenue is recognised net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

**Production costs**

Production costs comprise all costs incurred in connection with annual sales. The cost price includes raw materials, consumables, direct wages and salaries, indirect production costs, such as maintenance, depreciation, etc. as well as operational, administrative and management costs related to the

production facilities.

**Distribution costs**

Distribution costs comprise salaries to sales and distribution staff, advertising and marketing costs as well as automobile costs, depreciation, etc. Depreciation of goodwill is included to the extent that goodwill relates to the distribution activities.

**Administrative costs**

Administrative costs comprise costs related to management, the administrative staff, office expenses, depreciation, etc.

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**BALANCE SHEET****Intangible assets****Goodwill**

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 20 years, which is based on the estimated useful lifetime.

**Development projects, patents and licences**

Development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities. The amortisation period is 5 years.

Patents and licences are measured at cost less accumulated amortisation. Patents are amortised over the remaining patent period, and licences are amortised over the period of the agreement, but not exceeding 5 years.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

The carrying amounts and the useful lives of property, plant and equipment are reviewed annually to determine any indications of impairment in addition to those reflected in depreciation.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-40 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-5 years

Gains and losses on current replacement of tangible fixed assets are recognised as depreciations and impairments of fixed assets.

**Impairment of fixed assets**

The carrying amounts of both intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

**Stocks**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process. Indirect production costs do not comprise interests.

**Receivables**

Receivables are recognised in the balance sheet at nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable and a general provision is also made based on the Company's experience.

**Prepayments**

Prepayments comprise prepaid expenses concerning the following year.

**Equity**

The dividend proposed by the management for the financial year is entered as a separate item under equity.

**Financial debts**

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Other debts are measured at amortized cost, substantially corresponding to nominal value.

**CASH FLOW STATEMENT**

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

Cash flow statement for the parent company is not prepared, due to the parent company is a part of the cash flow statement for the Group.

**Cash and cash equivalents**

The cash and cash equivalents of the cash flow statement cover cash and cash equivalents with the deduction of bank debts, this forms the basis of the cash flow control of the company.

The cash flow statement cannot be immediately derived from the published financial records.



## PROFIT AND LOSS ACCOUNT FOR 2019

	Note	<u>Group</u>		<u>Parent</u>	
		<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Net turnover	1	611,273	599,101	306,575	298,854
Production costs	2,3	(404,293)	(395,740)	(218,890)	(214,449)
<b>Gross profit</b>		<b>206,980</b>	<b>203,361</b>	<b>87,685</b>	<b>84,405</b>
Distribution costs	2,3	(59,651)	(66,267)	(38,229)	(39,314)
Administrative costs	2,3,4	(81,822)	(78,195)	(23,543)	(24,614)
<b>Profit from ordinary activities</b>		<b>65,507</b>	<b>58,899</b>	<b>25,913</b>	<b>20,477</b>
Other operating expenses		(2,909)	0	0	0
<b>Operating profit</b>		<b>62,598</b>	<b>58,899</b>	<b>25,913</b>	<b>20,477</b>
Result after tax in affiliated undertakings	5	0	0	24,069	31,120
Financial income	6	9,302	7,637	7,321	5,594
Financial expenses	7	(14,390)	(7,738)	(8,766)	(6,991)
<b>Profit before tax</b>		<b>57,510</b>	<b>58,798</b>	<b>48,537</b>	<b>50,200</b>
Tax on profit of the year	8	(15,205)	(13,497)	(6,145)	(4,849)
<b>Profit before minority interests</b>		<b>42,305</b>	<b>45,301</b>	<b>42,392</b>	<b>45,351</b>
Shares of minority interests		87	50	0	0
<b>NET PROFIT OF THE YEAR</b>	<b>9</b>	<b><u>42,392</u></b>	<b><u>45,351</u></b>	<b><u>42,392</u></b>	<b><u>45,351</u></b>

## BALANCE SHEET AT 31.12.2019

## ASSETS

		<u>Group</u>		<u>Parent</u>	
	<u>Note</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Goodwill	10	22,231	25,317	0	0
Licenses	10	2,367	1,677	1,494	928
Development projects	10	8,063	7,693	7,024	6,708
Development projects in progress	10	<u>10,766</u>	<u>7,963</u>	<u>10,766</u>	<u>7,963</u>
<b>Intangible fixed assets</b>		<b><u>43,427</u></b>	<b><u>42,650</u></b>	<b><u>19,284</u></b>	<b><u>15,599</u></b>
Land and buildings	11	88,193	82,225	3,655	4,430
Plant and machinery	11	87,983	82,078	39,072	37,470
Other fixtures and fittings, tools and equipment	11	10,896	10,213	1,889	2,257
Tangible fixed assets in progress and prepayments for tangible assets	11	<u>49,894</u>	<u>23,677</u>	<u>12,657</u>	<u>4,460</u>
<b>Tangible fixed assets</b>		<b><u>236,966</u></b>	<b><u>198,193</u></b>	<b><u>57,273</u></b>	<b><u>48,616</u></b>
Capital participation in affiliated undertakings	12	0	0	351,477	340,138
Deposits	12	<u>207</u>	<u>790</u>	<u>147</u>	<u>729</u>
<b>Financial fixed assets</b>		<b><u>207</u></b>	<b><u>790</u></b>	<b><u>351,624</u></b>	<b><u>340,867</u></b>
<b>FIXED ASSETS</b>		<b><u>280,600</u></b>	<b><u>241,633</u></b>	<b><u>428,181</u></b>	<b><u>405,083</u></b>
Raw materials and consumables		73,237	63,500	13,131	11,194
Work in progress		47,105	49,399	4,282	3,113
Produced finished goods and commodities		<u>61,219</u>	<u>65,160</u>	<u>19,665</u>	<u>24,605</u>
<b>Stocks</b>		<b><u>181,561</u></b>	<b><u>178,059</u></b>	<b><u>37,078</u></b>	<b><u>38,912</u></b>

## BALANCE SHEET AT 31.12.2019

## ASSETS

	<u>Note</u>	<u>Group</u>		<u>Parent</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Trade debtors		78,593	84,782	31,976	37,892
Receivables from affiliated undertakings		10,182	10,925	33,066	15,490
Other receivables		10,102	9,516	5,929	4,634
Accruals and prepayments		<u>7,576</u>	<u>7,127</u>	<u>4,012</u>	<u>4,614</u>
<b>Receivables</b>		<b><u>106,454</u></b>	<b><u>112,350</u></b>	<b><u>74,983</u></b>	<b><u>62,630</u></b>
 <b>Cash funds</b>		 <b><u>65,845</u></b>	 <b><u>62,239</u></b>	 <b><u>505</u></b>	 <b><u>2,497</u></b>
 <b>CURRENT ASSETS</b>		 <b><u>353,860</u></b>	 <b><u>352,648</u></b>	 <b><u>112,566</u></b>	 <b><u>104,039</u></b>
 <b>ASSETS</b>		 <b><u>634,460</u></b>	 <b><u>594,281</u></b>	 <b><u>540,747</u></b>	 <b><u>509,122</u></b>

## BALANCE SHEET AT 31.12.2019

## LIABILITIES AND EQUITY

	Note	<u>Group</u>		<u>Parent</u>	
		2019 DKK'000	2018 DKK'000	2019 DKK'000	2018 DKK'000
Share capital	13	10,400	10,400	10,400	10,400
Reserve for net revaluation according to the equity value method		0	0	232,170	222,603
Reserve development projects		0	0	10,400	6,034
Retained profit		354,159	288,428	111,589	59,791
Proposed dividend for the year		0	30,000	0	30,000
Minority interests		<u>(647)</u>	<u>(577)</u>	<u>0</u>	<u>0</u>
<b>EQUITY</b>		<b><u>363,912</u></b>	<b><u>328,251</u></b>	<b><u>364,559</u></b>	<b><u>328,828</u></b>
Provisions for deferred tax	14	4,715	2,071	7,014	5,288
Provision for affiliated undertakings		<u>0</u>	<u>0</u>	<u>11,482</u>	<u>9,710</u>
<b>PROVISIONS</b>		<b><u>4,715</u></b>	<b><u>2,071</u></b>	<b><u>18,496</u></b>	<b><u>14,998</u></b>
Long term loan to affiliated undertakings		<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
<b>Long term debt</b>	15	<b><u>100,000</u></b>	<b><u>0</u></b>	<b><u>100,000</u></b>	<b><u>0</u></b>
Suppliers of goods and services		69,625	64,353	24,122	23,527
Amount owed to affiliated undertakings		59,244	167,103	13,728	122,767
Other creditors		<u>36,964</u>	<u>32,503</u>	<u>19,842</u>	<u>19,002</u>
<b>Short term debt</b>		<b><u>165,833</u></b>	<b><u>263,959</u></b>	<b><u>57,692</u></b>	<b><u>165,296</u></b>
<b>DEBT</b>		<b><u>265,833</u></b>	<b><u>263,959</u></b>	<b><u>157,692</u></b>	<b><u>165,296</u></b>
<b>LIABILITIES AND EQUITY</b>		<b><u>634,460</u></b>	<b><u>594,281</u></b>	<b><u>540,747</u></b>	<b><u>509,122</u></b>

Change in working capital, note 16

Pledged assets and contingent liabilities, etc. note 17

Closely related partners, note 18

Subsequent events, note 19

## STATEMENT OF CHANGES IN EQUITY

## GROUP

	DKK'000	Share capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Minority interest DKK'000	Total
Equity at 01.01.2019		10,400	288,428	30,000	(577)	328,251
Dividend paid				(30,000)		(30,000)
Exchange rate adjustment concerning affiliated companies			23,340		17	23,356
Net profit for the year			42,392		(87)	42,305
Proposed dividend for the year		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Equity at 31.12.2019</b>		<b><u>10,400</u></b>	<b><u>354,159</u></b>	<b><u>0</u></b>	<b><u>(647)</u></b>	<b><u>363,912</u></b>

## PARENT COMPANY

	Share capital DKK'000	Reserve under the equity method DKK'000	Reserve development project DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 01.01.2019	10,400	222,603	6,034	59,791	30,000	328,828
Dividend paid					(30,000)	(30,000)
Exchange rate adjustment concerning affiliated companies		23,339				23,339
Reserve concerning development projects			4,366	(4,366)		0
Received dividend from affiliated companies		(37,841)		37,841		0
Net profit for the year		24,069		18,323		42,392
Proposed dividend for the year				<u>0</u>	<u>0</u>	<u>0</u>
<b>Equity at 31.12.2019</b>	<b><u>10,400</u></b>	<b><u>232,170</u></b>	<b><u>10,400</u></b>	<b><u>111,589</u></b>	<b><u>0</u></b>	<b><u>364,559</u></b>

## CASH FLOW STATEMENT FOR THE GROUP FOR 2019

	<u>Note</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit		62,598	58,899
Depreciation		25,040	24,086
Changes in working capital	16	<u>(85,318)</u>	<u>6,108</u>
<b>Cash flows from operating activities before financial income and expenses</b>		<b>2,320</b>	<b>89,093</b>
Net interest, dividends and exchange rate gains		(5,088)	(101)
Net paid tax		<u>(8,736)</u>	<u>(16,199)</u>
<b>Cash flow from operating activities</b>		<b><u>(11,504)</u></b>	<b><u>72,793</u></b>
Purchase of intangible fixed assets		(7,540)	(5,105)
Purchase of tangible fixed assets		(48,838)	(35,972)
Sale of tangible fixed assets		902	195
Sale of intangible fixed assets		0	0
Purchase of financial fixed assets		<u>586</u>	<u>179</u>
<b>Cash flows from investment activities</b>		<b><u>(54,890)</u></b>	<b><u>(40,703)</u></b>
Long term loan to affiliated undertakings		100,000	0
Instalments on long term debt		(0)	(523)
Dividend paid		<u>(30,000)</u>	<u>(6,000)</u>
<b>Cash flow from financing activities</b>		<b><u>70,000</u></b>	<b><u>(6,523)</u></b>
<b>CHANGE IN CASH FUNDS</b>		<b>3,606</b>	<b>25,567</b>
Cash funds at 01.01.2019		62,239	36,672
<b>CASH FUNDS AT 31.12.2019</b>		<b><u>65,845</u></b>	<b><u>62,239</u></b>
Cash funds comprise:			
Cash at bank and in hand		<u>65,845</u>	<u>62,239</u>
		<b><u>65,845</u></b>	<b><u>62,239</u></b>

## NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>1. Net turnover</b>				
Denmark	82,834	80,951	82,421	80,626
Europe	433,458	436,880	172,897	167,716
Others	<u>94,981</u>	<u>81,270</u>	<u>51,257</u>	<u>50,512</u>
	<b><u>611,273</u></b>	<b><u>599,101</u></b>	<b><u>306,575</u></b>	<b><u>298,854</u></b>

Net turnover per activity classification can be classified as one activity - sales of valves in various dimensions.

**2. Employment costs**

Salaries and wages	122,748	122,948	59,895	64,079
Pensions	12,150	11,822	8,150	7,959
Other social security costs	<u>7,771</u>	<u>8,090</u>	<u>524</u>	<u>520</u>
	<b><u>142,669</u></b>	<b><u>142,861</u></b>	<b><u>68,569</u></b>	<b><u>72,558</u></b>

Of this total fees comprise:

Supervisory Board	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
Executive Board	<u>5,321</u>	<u>4,557</u>	<u>5,321</u>	<u>4,557</u>
Number of employees (converted to full-time)	<u>634</u>	<u>609</u>	<u>124</u>	<u>124</u>

## NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>3. Depreciation</b>				
Depreciation is distributed as follows:				
Production costs	14,061	14,149	6,412	6,753
Distribution costs	208	274	234	213
Administrative costs	<u>10,460</u>	<u>9,938</u>	<u>1,242</u>	<u>2,075</u>
	<u>24,729</u>	<u>24,361</u>	<u>7,888</u>	<u>9,041</u>
Depreciation includes losses/(gains)				
from the sale of fixed assets	<u>(311)</u>	<u>275</u>	<u>(55)</u>	<u>(8)</u>
<b>4. Auditors fee</b>				
Audit fee Deloitte	1,004	990	439	331
Audit fee others	93	76	0	0
Fee for tax advice Deloitte	275	40	275	40
Fee for tax advice others	70	103	0	0
Fee for other services, other	<u>0</u>	<u>18</u>	<u>0</u>	<u>18</u>
	<u>1,442</u>	<u>1,227</u>	<u>714</u>	<u>389</u>
<b>5. Result after tax in affiliated undertakings</b>				
Share of profit after tax			28,451	35,741
Share of losses after tax			(2,614)	(3,634)
Change in unrealised internal profit on stocks			1,317	2,098
Depreciation on goodwill			<u>(3,085)</u>	<u>(3,085)</u>
			<u>24,069</u>	<u>31,120</u>
<b>6. Financial income</b>				
Interest from affiliated undertakings	627	383	379	311
Currency deviations	7,464	6,049	6,941	5,263
Other interest	<u>1,211</u>	<u>1,205</u>	<u>1</u>	<u>20</u>
	<u>9,302</u>	<u>7,637</u>	<u>7,321</u>	<u>5,594</u>



## NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>7. Financial expenses</b>				
Interest owed to affiliated undertakings	4,420	2,522	1,270	1,383
Currency deviations	9,956	4,770	7,420	5,328
Other interest expenses and similar charges	<u>14</u>	<u>446</u>	<u>76</u>	<u>280</u>
	<b><u>14,390</u></b>	<b><u>7,738</u></b>	<b><u>8,766</u></b>	<b><u>6,991</u></b>
<b>8. Tax on profit for the year</b>				
Current tax	11,669	12,197	4,418	3,496
Change in deferred tax	2,788	1,643	1,726	1,380
Adjustment tax relating to prior year	<u>748</u>	<u>(343)</u>	<u>1</u>	<u>(27)</u>
	<b><u>15,205</u></b>	<b><u>13,497</u></b>	<b><u>6,145</u></b>	<b><u>4,849</u></b>
<b>9. Distribution of profit</b>				
<b>Proposed distribution of profit</b>				
Proposed dividend for the year			0	30,000
Reserve for net revaluation according to the equity value method			24,070	31,120
Retained profit			<u>18,322</u>	<u>(15,769)</u>
			<b><u>42,392</u></b>	<b><u>45,351</u></b>

# NOTES TO THE ANNUAL REPORT GROUP

	Goodwill	Licenses	Development projects	Development projects in progress
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>10. Intangible fixed assets</b>				
Cost at 01.01.2019	68,250	22,830	19,145	7,963
Exchange rate adjustments	(73)	48	17	0
Additions	0	1,698	3,039	2,803
Disposals	<u>0</u>	<u>(136)</u>	<u>0</u>	<u>0</u>
<b>Cost at 31.12.2019</b>	<b><u>68,177</u></b>	<b><u>24,440</u></b>	<b><u>22,201</u></b>	<b><u>10,766</u></b>
Depreciation at 01.01.2019	(42,933)	(21,153)	(11,452)	0
Exchange rate adjustments	72	(40)	(6)	0
Depreciation	(3,085)	(1,016)	(2,680)	0
Disposals	<u>0</u>	<u>136</u>	<u>0</u>	<u>0</u>
<b>Depreciation at 31.12.2019</b>	<b><u>(45,946)</u></b>	<b><u>(22,073)</u></b>	<b><u>(14,138)</u></b>	<b><u>0</u></b>
<b>Book value at 31.12.2019</b>	<b><u>22,231</u></b>	<b><u>2,367</u></b>	<b><u>8,063</u></b>	<b><u>10,766</u></b>
Book value at 31.12.2018	<u>25,317</u>	<u>1,677</u>	<u>7,693</u>	<u>7,963</u>
Depreciated over years	<u>10-20</u>	<u>3-5</u>	<u>5</u>	<u>-</u>

**NOTES TO THE ANNUAL REPORT**  
**PARENT COMPANY**

	<b>Goodwill</b>	<b>Licenses</b>	<b>Development projects</b>	<b>Development projects in progress</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>10. Intangible fixed assets</b>				
Cost at 01.01.2019	1,138	18,015	17,502	7,963
Additions	0	1,415	2,606	2,803
Disposals	<u>0</u>	<u>(136)</u>	<u>0</u>	<u>0</u>
<b>Cost at 31.12.2019</b>	<b><u>1,138</u></b>	<b><u>19,294</u></b>	<b><u>20,108</u></b>	<b><u>10,766</u></b>
Depreciation at 01.01.2019	(1,138)	(17,087)	(10,794)	0
Disposal	0	136	0	0
Depreciation	<u>0</u>	<u>(849)</u>	<u>(2,290)</u>	<u>0</u>
<b>Depreciation at 31.12.2019</b>	<b><u>(1,138)</u></b>	<b><u>(17,800)</u></b>	<b><u>(13,084)</u></b>	<b><u>0</u></b>
<b>Book value at 31.12.2019</b>	<b><u>0</u></b>	<b><u>1,494</u></b>	<b><u>7,024</u></b>	<b><u>10,766</u></b>
Book value at 31.12.2018	<u>0</u>	<u>928</u>	<u>6,708</u>	<u>7,963</u>
Depreciated over years	<u>10</u>	<u>3-5</u>	<u>5</u>	<u>-</u>

# NOTES TO THE ANNUAL REPORT GROUP

				Prepayments for and tangible fixed assets in progress
	Land and Buildings DKK'000	Plant and Machinery DKK'000	Other Fixtures, ect. DKK'000	DKK'000
<b>11. Tangible fixed assets</b>				
Cost at 01.01.2019	150,310	182,019	41,623	23,677
Exchange rate adjustments	8,385	4,521	784	0
Addition due to merger	0	0	0	0
Additions	3,106	15,167	4,348	26,217
Disposals	0	(33)	(3,748)	0
<b>Cost at 31.12.2019</b>	<b><u>161,801</u></b>	<b><u>201,674</u></b>	<b><u>43,007</u></b>	<b><u>49,894</u></b>
Depreciation at 01.01.2019	(68,085)	(99,941)	(31,410)	0
Exchange rate adjustments	(1,767)	(2,576)	(562)	0
Addition due to merger	0	0	0	0
Depreciation	(3,756)	(11,207)	(3,296)	0
Depreciation concerning disposals of the year	0	33	3,157	0
<b>Depreciation at 31.12.2019</b>	<b><u>(73,608)</u></b>	<b><u>(113,691)</u></b>	<b><u>(32,111)</u></b>	<b><u>0</u></b>
<b>Book value at 31.12.2019</b>	<b><u>88,193</u></b>	<b><u>87,983</u></b>	<b><u>10,896</u></b>	<b><u>49,894</u></b>
Book value at 31.12.2018	<u>82,225</u>	<u>82,078</u>	<u>10,213</u>	<u>23,677</u>
Depreciated over years	<u>20-40</u>	<u>10-15</u>	<u>3-5</u>	<u>-</u>
Hereof included financially leased assets	<u>0</u>	<u>0</u>	<u>408</u>	<u>0</u>

**NOTES TO THE ANNUAL REPORT**  
**PARENT COMPANY**

	<b>Land and Buildings DKK'000</b>	<b>Plant and Machinery DKK'000</b>	<b>Other Fixtures, etc. DKK'000</b>	<b>Prepayments for and tangible fixed assets in progress DKK'000</b>
<b>11. Tangible fixed assets</b>				
Cost at 01.01.2019	48,085	86,296	17,907	4,460
Additions	0	4,666	958	8,197
Disposals	<u>0</u>	<u>0</u>	<u>(1,966)</u>	<u>0</u>
<b>Cost at 31.12.2019</b>	<b><u>48,085</u></b>	<b><u>90,962</u></b>	<b><u>16,900</u></b>	<b><u>12,657</u></b>
Depreciation at 01.01.2019	(43,655)	(48,826)	(15,650)	0
Disposals	0	0	1,603	0
Depreciation	<u>(775)</u>	<u>(3,064)</u>	<u>(964)</u>	<u>0</u>
<b>Depreciation at 31.12.2019</b>	<b><u>(44,430)</u></b>	<b><u>(51,890)</u></b>	<b><u>(15,011)</u></b>	<b><u>0</u></b>
<b>Book value at 31.12.2019</b>	<b><u>3,655</u></b>	<b><u>39,072</u></b>	<b><u>1,889</u></b>	<b><u>12,657</u></b>
Book value at 31.12.2018	<u>4,430</u>	<u>37,470</u>	<u>2,257</u>	<u>4,460</u>
Depreciated over years	<u>20-25</u>	<u>10-15</u>	<u>3-5</u>	<u>-</u>
Hereof included financially leased assets	<u>0</u>	<u>0</u>	<u>408</u>	<u>0</u>

**NOTES TO THE ANNUAL REPORT  
GROUP**

<b>12. Financial fixed assets</b>	<b>Deposits DKK'000</b>
Cost at 01.01.2019	791
Exchange rate adjustments	2
Additions	35
Disposals	<u>(621)</u>
<b>Cost at 31.12.2019</b>	<b><u>207</u></b>
 <b>Book value at 31.12.2019</b>	 <b><u>207</u></b>
 Book value at 31.12.2018	 <u>791</u>

**NOTES TO THE ANNUAL REPORT**  
**PARENT COMPANY**

	<b>Capital participation in affiliated undertakings DKK'000</b>	<b>Deposits DKK'000</b>
<b>12. Financial fixed assets</b>		
Cost at 01.01.2019	107,825	729
Additions	0	35
Disposals	<u>0</u>	<u>(617)</u>
<b>Cost at 31.12.2019</b>	<b><u>107,825</u></b>	<b><u>147</u></b>
Revaluations at 01.01.2019	234,745	0
Direct equity movement	0	0
Exchange rate adjustment	23,580	0
Profit for the year of capital participation	27,677	0
Changes in intercompany profit	(181)	0
Depreciation on goodwill	(3,051)	0
Dividends for parent company	<u>(37,841)</u>	<u>0</u>
<b>Revaluations at 31.12.2019</b>	<b><u>244,929</u></b>	<b><u>0</u></b>
Amortization at 01.01.2019	(12,142)	0
Exchange rate adjustment	(241)	0
Profit for the year of capital participation	(1,840)	0
Changes in intercompany profit	1,498	0
Depreciation on goodwill	(34)	0
Dividends for parent company	<u>0</u>	<u>0</u>
<b>Amortization at 31.12.2019</b>	<b><u>(12,759)</u></b>	<b><u>0</u></b>
<b>Provision for affiliated undertakings 31.12.2019</b>	<b><u>11,482</u></b>	<b><u>0</u></b>
<b>Book value at 31.12.2019</b>	<b><u>351,477</u></b>	<b><u>147</u></b>
Book value at 31.12.2018	<u>340,138</u>	<u>729</u>
Hereof measured as goodwill	<u><b>22,231</b></u>	

## NOTES TO THE ANNUAL REPORT

## 12. Financial fixed assets, continued

	<u>Net profit</u> <u>DKK'000</u>	<u>Equity</u> <u>DKK'000</u>	<u>Share capital</u> <u>DKK'000</u>	<u>Ownership</u> <u>DKK'000</u>
BROEN Poland	14,636	192,067	13,968	100%
Valves Investment BV	12,251	148,236	3,735	100%
BROEN SEI	(348)	(2,590)	2	75%
BROEN Beijing	1,450	4,368	1,550	100%
BROEN AB	115	4,603	78	100%
BROEN ASIA	(2,353)	(9,770)	496	100%

## 13. Share capital

The share capital of the company, T.DKK 10,400, consists of shares of DKK 1,000 or multiples thereof

	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
	<u>10,400</u>	<u>10,400</u>
Balance 01.01.2019	10,400	10,380
Addition	<u>0</u>	<u>20</u>
<b>Balance 31.12.2019</b>	<u><b>10,400</b></u>	<u><b>10,400</b></u>

	<u>Group</u>		<u>Parent</u>	
	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
<b>14. Deferred tax asset / Provisions for deferred tax</b>				
Intangible fixed assets	4,202	3,422	4,202	3,422
Tangible fixed assets	4,823	4,348	3,841	3,344
Financial fixed assets	(157)	(104)	0	0
Stocks	(1,696)	(1,632)	422	324
Receivables	(333)	(769)	(2)	(7)
Other creditors	(701)	(1,481)	(26)	(82)
Intercompany profit on stocks	<u>(1,423)</u>	<u>(1,713)</u>	<u>(1,423)</u>	<u>(1,713)</u>
	<u><b>4,715</b></u>	<u><b>2,071</b></u>	<u><b>7,014</b></u>	<u><b>5,288</b></u>

Deferred tax for the group has been provided in accordance to local tax rates. For parent it has been calculated at 22%.



## NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>15. Long term debt</b>				
Payment due				
After 5 years	0	0	0	0
Between 1 and 5 years	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
	<u><b>100,000</b></u>	<u><b>0</b></u>	<u><b>100,000</b></u>	<u><b>0</b></u>

	<u>2019</u>	<u>2018</u>
	<u>DKK'000</u>	<u>DKK'000</u>
<b>NOTES FOR CASHFLOW STATEMENT</b>		
<b>16. Change in working capital</b>		
Change in stocks	(3,502)	5,538
Change in receivables	5,896	(5,242)
Change in suppliers of goods and services, etc.	(101,807)	7,113
Change in working capital due to merger	0	7,749
Currency regulations fixed assets/loans	8,806	(8,877)
Currency regulations New working capital	<u>5,289</u>	<u>(173)</u>
	<u><b>(85,318)</b></u>	<u><b>6,108</b></u>

**17. Pledged assets and contingent liabilities, etc.****Pledged assets**

Owner's mortgage deeds held by the company	<u>24,483</u>	<u>24,483</u>	<u>24,483</u>	<u>24,483</u>
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**Leasing commitments**

## Leasing commitments, others

Between 1 and 5 years	4,314	5,558	3,511	4,857
Within 1 year	<u>3,964</u>	<u>3,402</u>	<u>3,504</u>	<u>3,147</u>
	<u><b>8,278</b></u>	<u><b>8,960</b></u>	<u><b>7,015</b></u>	<u><b>8,004</b></u>

## NOTES TO THE ANNUAL REPORT

### 17. Pledged assets and contingent liabilities, etc.

#### Rental commitments

After 5 years	729	651	0	0
Between 1 and 5 years	2,308	4,499	0	829
Within 1 year	<u>1,503</u>	<u>1,887</u>	<u>292</u>	<u>1,483</u>
	<u>4,540</u>	<u>7,037</u>	<u>292</u>	<u>2,312</u>

#### Suretyship :

The Company has not provided a suretyship in 2019.

	<u>Group</u>		<u>Parent</u>	
	2019	2018	2019	2018
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>Other commitments</b>				
Submitted guarantees for work	<u>1,709</u>	<u>1,988</u>	<u>1,709</u>	<u>1,988</u>

The company has accepted a negative pledge from its main banker.

BROEN A/S participates in a Danish joint taxation arrangement where Aalberts Scandinavia A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, Aalberts Scandinavia A/S and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statement.

### 18. Closely related partners

#### Shareholder relations

Apart from normal in-group transactions and management fees there have in the course of the year been no transactions involving the board of management, the board of directors, chief executives, major shareholders, associated companies and other closely related or associated parties.

#### Group relations

The company is included in the Group Annual Report of Aalberts N.V., The Netherlands.

The Group Annual Report of Aalberts N.V. may be obtained upon application to BROEN A/S.

## NOTES TO THE ANNUAL REPORT

### 19. Subsequent events

The outbreak and spread of COVID-19 in early 2020 has caused that BROEN Group revenue from January to April 2020 went down by 5% compared to the same period last year. This decline is a result of postponed projects and activity level in general in several countries and destocking among our distributors. BROEN Group has adjusted the cost level accordingly.

Based on the assumption that the effect of COVID-19 disease will decrease during Q2 2020, Management has estimated that there is no need to write down BROEN Group's production plant. Currently, it is not possible to reliably estimate when the effect of COVID-19 disease will ease off, and revenue and operating activities of BROEN Group will normalize. Depending on the time frame for normalization of the revenue and the impact on its revenue and costs until then, subsequent impairment losses may arise and they may be substantial.

Apart from this, no events have occurred after the balance sheet date which would influence the evaluation of the annual report.

## BROEN Valve Technologies

For more than 70 years BROEN has been the global leader in the development and production of valve technology for the control of water, air and gas. BROEN delivers complete solutions for HVAC building installations and is a leading supplier of district energy valves.

We know application and valve technology in depth and in close dialogue with our customers and partners all over the world we create value and reliability with proven valves offering full quality assurance.

BROEN is headquartered in Assens, Denmark and is part of Aalberts N.V., Netherland.

Read more at: [www.broen.com](http://www.broen.com)

## BROEN Group locations

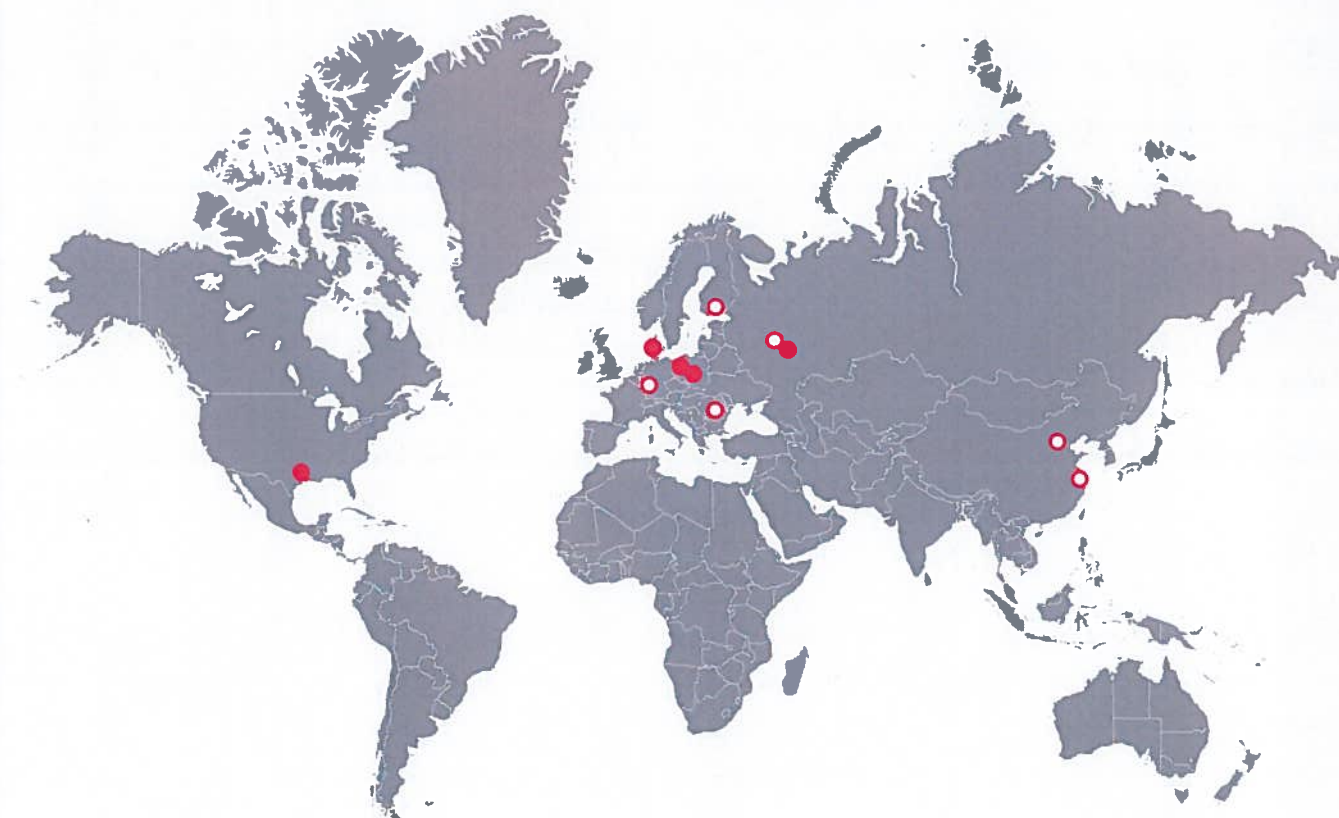
Headquarters in Assens, DK

## Sales- and productions sites ●

BROEN A/S, Assens (DK)  
BROEN POLAND, Dzierżonów (PL)  
BROEN POLAND, Rogoźno (PL)  
BROEN LLC, Kolomna (RU)  
BROEN INC., Houston (US)  
BROEN Clorius, Dzierżonów (PL)

## Sales companies and offices ○

BROEN Assens (DK)  
BROEN Helsinki (FI)  
BROEN SEI, Bucharest (RO)  
BROEN Beijing (CN)  
BROEN Moscow (RU)  
BROEN Clorius, Shanghai (CN)



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