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CVR no. 20 22 26 70

BRUGG DENMARK A/S
ERRITSØ MØLLEBANKE 35, 7000 FREDERICIA
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 February 2022**

Per Skafte

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 31 59 51 77

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COMPANY DETAILS

Company	BRUGG Denmark A/S Erritsø Møllebanke 35 7000 Fredericia
	CVR No.: 31 59 51 77 Established: 1 July 2008 Municipality: Fredericia Financial Year: 1 January - 31 December
Board of Directors	Kevin Rommel Stephan Erwin Peters Gerhard Wirz
Executive Board	Per Skaftø
Auditor	BDO Statsautoriseret revisionsaktieselskab Langelandsvej 6 5500 Middelfart
Bank	Sydbank Vendersgade 74 7000 Fredericia
Law Firm	Andersen Partners Advokatfirma Buen 11 6000 Kolding

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of BRUGG Denmark A/S for the financial year 1 January - 31 December 2021.

The Annual Report is presented 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Fredericia, 23 February 2022

Executive Board

Per Skafte

Board of Directors

Kevin Rommel

Stephan Erwin Peters

Gerhard Wirz

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRUGG Denmark A/S

Conclusion

We have performed an extended review of the Financial Statements of BRUGG Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Middelfart, 23 February 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Claus Urhøj
State Authorised Public Accountant
MNE no. mne27873

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise to the purpose of trading with industrial and district heating pipes and related business.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS PROFIT		4.968.425	6.823.266
Staff costs.....	1	-4.555.089	-4.118.152
Depreciation, amortisation and impairment losses.....		-215.633	-420.583
Other operating expenses.....		-78.338	0
OPERATING PROFIT		119.365	2.284.531
Other financial income.....		5	28.157
Other financial expenses.....		-25.466	-13.567
PROFIT BEFORE TAX		93.904	2.299.121
Tax on profit/loss for the year.....	2	-25.481	-531.939
PROFIT FOR THE YEAR		68.423	1.767.182
PROPOSED DISTRIBUTION OF PROFIT			
Extraordinary dividend.....		0	2.500.000
Retained earnings.....		68.423	-732.818
TOTAL		68.423	1.767.182

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Other plant, machinery tools and equipment.....		296.179	687.668
Leasehold improvements.....		3.292	15.266
Property, plant and equipment.....	3	299.471	702.934
Rent deposit and other receivables.....		57.661	57.661
Financial non-current assets.....	4	57.661	57.661
NON-CURRENT ASSETS.....		357.132	760.595
Finished goods and goods for resale.....		5.048.337	2.771.792
Inventories.....		5.048.337	2.771.792
Trade receivables.....		3.370.574	3.951.719
Receivables from group enterprises.....		337.820	337.439
Deferred tax assets.....		27.092	11.807
Other receivables.....		38.817	152
Prepayments.....		135.572	189.713
Receivables.....		3.909.875	4.490.830
Cash and cash equivalents.....		1.386.890	2.637.319
CURRENT ASSETS.....		10.345.102	9.899.941
ASSETS.....		10.702.234	10.660.536

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		500.000	500.000
Retained earnings.....		5.098.186	5.029.763
EQUITY.....		5.598.186	5.529.763
Contract work in progress.....	5	274.541	0
Trade payables.....		883.961	1.093.804
Corporation tax payable.....		40.766	613.030
Joint tax contribution payable.....		613.030	0
Other liabilities.....		2.994.418	3.329.487
Deposit.....		262.144	94.452
Deferred income.....		35.188	0
Current liabilities.....		5.104.048	5.130.773
LIABILITIES.....		5.104.048	5.130.773
EQUITY AND LIABILITIES.....		10.702.234	10.660.536
 Charges and securities	 6		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	500.000	5.029.763	5.529.763
Proposed profit allocation.....		68.423	68.423
Equity at 31 December 2021.....	500.000	5.098.186	5.598.186

NOTES

			Note
Staff costs			1
Average number of employees	8	8	
Wages and salaries.....	3.628.726	3.517.098	
Pensions.....	459.155	376.681	
Social security costs.....	60.822	51.220	
Other staff costs.....	406.386	173.153	
	4.555.089	4.118.152	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	40.766	613.030	
Adjustment of deferred tax.....	-15.285	-81.091	
	25.481	531.939	
Property, plant and equipment			3
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2021.....	2.235.647	116.659	
Additions.....	105.519	0	
Disposals.....	-400.000	0	
Cost at 31 December 2021.....	1.941.166	116.659	
Depreciation and impairment losses at 1 January 2021.....	1.547.994	101.394	
Reversal of depreciation of assets disposed of.....	-106.667	0	
Depreciation for the year.....	203.660	11.973	
Depreciation and impairment losses at 31 December 2021...	1.644.987	113.367	
Carrying amount at 31 December 2021.....	296.179	3.292	
Financial non-current assets			4
		Rent deposit and other receivables	
Cost at 1 January 2021.....		57.661	
Cost at 31 December 2021.....		57.661	
Carrying amount at 31 December 2021.....		57.661	

NOTES

	2021 DKK	2020 DKK	Note
Contract work in progress			5
Sales value of completed work.....	675.459	0	
Progress invoicing/advances received.....	-950.000	0	
Contract work in progress, net.....	-274.541	0	
Contract work in progress (liability).....	-274.541	0	
	-274.541	0	
Charges and securities			6
The following assets have been placed as security with credit institutions:			
Floating company charge DKK 2,800k providing security on inventory, receivables, tangible assets, and immaterial rights at a total carrying amount of.....		0	
Other plant, machinery tools and equipment.....		296.179	
Inventories.....		5.048.337	
Trade receivables.....		3.370.574	

Rental and lease obligations

Lease obligations under operating leases. Total future lease and rental payments running from 10 - 48 months sums to 2.015.414 kr.

ACCOUNTING POLICIES

The Annual Report of BRUGG Denmark A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

ACCOUNTING POLICIES

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

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

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.