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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 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 11 April 2023**

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**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**

<b>Company</b>	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
<b>Board of Directors</b>	Uwe Georg Ernst Puttkammer Stephan Erwin Peters Gerhard Wirz
<b>Executive Board</b>	Per Skaftø
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Langelandsvej 6 5500 Middelfart
<b>Bank</b>	Sydbank Vendersgade 74 7000 Fredericia
<b>Law Firm</b>	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 2022.*

*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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.*

*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, 11 April 2023

Executive Board

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Per Skafte

Board of Directors

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Uwe Georg Ernst Puttkammer

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Stephan Erwin Peters

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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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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, 11 April 2023

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**

	<b>Note</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
<b>GROSS PROFIT.....</b>		<b>7.891.428</b>	<b>5.058.126</b>
Staff costs.....	1	-6.338.217	-4.644.790
Depreciation, amortisation and impairment losses.....		-175.626	-215.633
Other operating expenses.....		0	-78.338
<b>OPERATING PROFIT.....</b>		<b>1.377.585</b>	<b>119.365</b>
Other financial income.....	2	6.761	5
Other financial expenses.....	3	-50.283	-25.466
<b>PROFIT BEFORE TAX.....</b>		<b>1.334.063</b>	<b>93.904</b>
Tax on profit/loss for the year.....	4	-295.372	-25.481
<b>PROFIT FOR THE YEAR.....</b>		<b>1.038.691</b>	<b>68.423</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		1.038.691	68.423
<b>TOTAL.....</b>		<b>1.038.691</b>	<b>68.423</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Other plant, machinery tools and equipment.....		427.437	296.179
Leasehold improvements.....		78.112	3.292
<b>Property, plant and equipment.....</b>	<b>5</b>	<b>505.549</b>	<b>299.471</b>
Rent deposit and other receivables.....		57.661	57.661
<b>Financial non-current assets.....</b>	<b>6</b>	<b>57.661</b>	<b>57.661</b>
<b>NON-CURRENT ASSETS.....</b>		<b>563.210</b>	<b>357.132</b>
Finished goods and goods for resale.....		8.640.133	5.048.337
<b>Inventories.....</b>		<b>8.640.133</b>	<b>5.048.337</b>
Trade receivables.....		3.796.299	3.370.574
Receivables from group enterprises.....		337.820	337.820
Deferred tax assets.....		36.090	27.092
Other receivables.....		36.125	38.817
Prepayments.....		39.252	135.572
<b>Receivables.....</b>		<b>4.245.586</b>	<b>3.909.875</b>
<b>Cash and cash equivalents.....</b>		<b>2.784.468</b>	<b>1.386.890</b>
<b>CURRENT ASSETS.....</b>		<b>15.670.187</b>	<b>10.345.102</b>
<b>ASSETS.....</b>		<b>16.233.397</b>	<b>10.702.234</b>

# BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital.....		500.000	500.000
Retained earnings.....		6.136.877	5.098.186
<b>EQUITY.....</b>		<b>6.636.877</b>	<b>5.598.186</b>
Contract work in progress.....	7	0	274.541
Trade payables.....		1.042.863	883.961
Debt to Group companies.....		4.686.557	0
Corporation tax payable.....		304.370	40.766
Joint tax contribution payable.....		613.030	613.030
Other liabilities.....		2.602.967	2.994.418
Deposit.....		346.733	262.144
Deferred income.....		0	35.188
<b>Current liabilities.....</b>		<b>9.596.520</b>	<b>5.104.048</b>
<b>LIABILITIES.....</b>		<b>9.596.520</b>	<b>5.104.048</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>16.233.397</b>	<b>10.702.234</b>
Charges and securities	8		

## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2022.....	500.000	5.098.186	5.598.186
Proposed profit allocation.....		1.038.691	1.038.691
Equity at 31 December 2022.....	500.000	6.136.877	6.636.877

## NOTES

			Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	10	8	
Wages and salaries.....	5.266.020	3.718.427	
Pensions.....	558.228	459.155	
Social security costs.....	76.718	60.822	
Other staff costs.....	437.251	406.386	
	<b>6.338.217</b>	<b>4.644.790</b>	
<b>Other financial income</b>			<b>2</b>
Other interest income.....	6.761	5	
	<b>6.761</b>	<b>5</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	28.108	0	
Other interest expenses.....	22.175	25.466	
	<b>50.283</b>	<b>25.466</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	304.370	40.766	
Adjustment of deferred tax.....	-8.998	-15.285	
	<b>295.372</b>	<b>25.481</b>	
<b>Property, plant and equipment</b>			<b>5</b>
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2022.....	1.941.166	116.659	
Additions.....	303.919	77.786	
<b>Cost at 31 December 2022.....</b>	<b>2.245.085</b>	<b>194.445</b>	
Depreciation and impairment losses at 1 January 2022.....	1.644.988	113.367	
Depreciation for the year.....	172.660	2.966	
<b>Depreciation and impairment losses at 31 December 2022...</b>	<b>1.817.648</b>	<b>116.333</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>427.437</b>	<b>78.112</b>	
<b>Financial non-current assets</b>			<b>6</b>
		Rent deposit and other receivables	
Cost at 1 January 2022.....		57.661	
<b>Cost at 31 December 2022.....</b>		<b>57.661</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>57.661</b>	

## NOTES

			Note
<b>Fixed asset investments (continued)</b>			<b>6</b>
<b>Contract work in progress</b>			<b>7</b>
Sales value of completed work.....	0	675.459	
Progress invoicing/advances received.....	0	-950.000	
<b>Contract work in progress, net.....</b>	<b>0</b>	<b>-274.541</b>	
Contract work in progress (liability).....	0	-274.541	
	0	-274.541	
<b>Charges and securities</b>			<b>8</b>
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 carrying amount of			
		DKK	
Other plant, machinery tools and equipment.....		427.437	
Leasehold improvements.....		78.112	
Finished goods and goods for resale.....		8.640.133	
Trade receivables.....		3.796.299	
<b>Rental and lease obligations:</b>			
Lease obligations under operating leases. Total future lease and rental payments running from 1 - 36 months sums to 1.387 t.kr.			

## ACCOUNTING POLICIES

*The Annual Report of BRUGG Denmark A/S for 2022 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.

#### **Financial non-current assets**

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.*