

Annual Report 2022

A wellspring of certainty

BROEN-LAB

Approved at the company's
Annual General Meeting on
20.02.2023
Chairman

Name: Xin Zhuo

BROEN-LAB A/S
Drejervænget 2
5610 Assens
Denmark

VAT 36454423

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Entity details

Entity

BROEN-LAB A/S

Drejervænget 2

5610 Assens

Business Registration No.: 36454423

Registered office: Assens

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Henning Birk Nicolajsen, Chairman

Steven Allen Kersten, Deputy Chairman

Lucas Aaron Beals

Executive Board

Nicky Berg

Torsten Heldbjerg Kjeldsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BROEN-LAB A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented 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 31.12.2022 and the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Assens, 20.02.2023

Executive Board

Nicky Berg

Torsten Heldbjerg Kjeldsen

Board of Directors

Henning Birk Nicolajsen
Chairman

Steven Allen Kersten
Deputy Chairman

Lucas Aaron Beals

Independent auditor's report

To the shareholders of BROEN-LAB A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of BROEN-LAB A/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Entity'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 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 Entity'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 Entity'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.

Odense, 20.02.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Damgaard Hansen

State Authorised Public Accountant
Identification No (MNE) mne34543

Marco Mosegaard Brøndsted

State Authorised Public Accountant
Identification No (MNE) mne49081

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Gross profit/loss	101,052	81,257	62,888	59,548	56,675
EBITDA *	45,459	32,126	18,019	13,828	10,235
Operating profit/loss	33,284	7,708	6,415	1,991	578
Net financials	(204)	(214)	(1,875)	(1,843)	(1,331)
Profit/loss for the year *	26,736	20,139	3,225	(25)	(706)
Profit/loss for the year	26,012	5,823	3,225	(25)	(706)
Balance sheet total	154,737	152,016	138,781	145,185	166,531
Investments in property, plant and equipment	2,358	973	473	4,890	2,254
Equity	111,280	85,547	79,837	76,813	75,090
Cash flows from investing activities	(3,210)	(1,126)	(1,175)	(3,906)	
Cash flows from financing activities	(20,085)	2,467	(16,348)	(23)	
Ratios					
Return on equity (%)	26.43	7.04	4.12	(0.03)	(0.93)
Equity ratio (%)	71.92	56.27	57.53	52.91	45.09

In 2019, Broen-Lab A / S has implemented IFRS 16, without changing comparative figures, which is why lack of comparability between the key figures and key figures from 2018.

The company/group has with accounting retroactive effect to 01.01.2022 carried out a tax-free merger according to the book value method, with the former parent company TOPCAP BROEN-LAB ApS with CVR no. 36454385, as a result of using the book value method, the comparative figures have not been adjusted.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark, except: EBITDA* and profit for the Year* 2021 and 2022 is normalized for nonrecurring items related to sale of Broen-lab A/S.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Group's primary activity is the manufacture, trade and servicing of laboratory fittings and emergency showers used in professional laboratories, the educational sector and in the industry.

Development in activities and finances

2022 was the first full year for the Group under the ownership (100%) of the US-based LI Enterprises LLC. The Group's activities and strategy has continued with headquarters and management in Assens on Funen.

The Group realized a normalized EBITDA of tDKK 45,459 - an improvement of 42% compared to 2021. The profit for the year (before nonrecurring costs) was tDKK 26,736 compared with tDKK 20.139 in 2021. At the end of the financial year, equity amounts to tDKK 111,280.

The realized growth from 2021 continued and the Group experienced growth in nearly all market regions in 2022. The total revenue growth was 15% compared to 2021. The growth was realized through the continued strategic sales focus in selected market areas combined with increases in selling prices due to significant increases in raw materials. On both the market for laboratory activities and emergency shower solutions we have experienced an increased demand driven by new investments in laboratories as well as renovation and capacity increases. The Group's ability to be able to deliver an exceptionally short delivery time and quality to customers despite the global raw material and freight challenges has also contributed to the growth in revenue. The Group has continued the recent years focus on streamlining the business processes. Production efficiency has increased compared to 2021, despite increased challenges in dealing with the impacts of the COVID-19 pandemic and war in Ukraine. Again in 2022, all employees contributed in the best way to ensure that the Group's operations were not affected by COVID-19 outbreaks or by failures in supply chains so that the ability to deliver to customers could be maintained at a high level. Despite the growth in revenue, the total operational costs have only increased slightly on nominal level, which mainly is driven by increasing selling costs as visiting customers and exhibitions have been possible post COVID-19. The operational efficiency has thereby contributed to the growth in earnings.

The Group's cash flow before financing and non-recurring costs improved despite larger financing of inventories and receivables – the improvement is primary caused by the increase in operational earnings. The Group's liquid funds are regarded sufficient. A dividend of tDKK 7.450 will be distributed to shareholders.

The Group's overall result is considered satisfactory.

The company/group has with accounting retroactive effect to 01.01.2022 carried out a tax-free merger according to the book value method, with the former parent company TOPCAP BROEN-LAB ApS with CVR no. 36454385, as a result of using the book value method, the comparative figures have not been adjusted.

Profit/loss for the year in relation to expected developments

Profit for the year is higher as expected.

Outlook

The Group expects lower growth in the main markets but in combination with an accelerated strategy for emergency shower solutions, revenues are expected to grow for the coming years. Hence the group expect profit for 2023 to be at the level as profit for 2022 due to investments in organization, sales, marketing and R&D related to the accelerated strategy for emergency shower solutions.

Knowledge resources

Investments are made on an ongoing basis in the development of employee competencies.

Research and development activities

The group does not conduct definite research, but ongoing product development is carried out through it's own organization

Consolidated income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		101,051,732	81,256,552
Distribution costs		(8,713,478)	(7,305,278)
Administrative expenses		(59,054,636)	(66,243,284)
Operating profit/loss		33,283,618	7,707,990
Other financial income		1,697,444	968,894
Financial expenses from group enterprises		(206,252)	0
Other financial expenses		(1,695,600)	(1,183,114)
Profit/loss before tax		33,079,210	7,493,770
Tax on profit/loss for the year	3	(7,067,351)	(1,670,526)
Profit/loss for the year	4	26,011,859	5,823,244

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	6	2,330,997	2,442,165
Acquired patents		3,500,510	5,250,766
Acquired licences		3,459,573	4,729,324
Goodwill		59,508,771	64,467,728
Development projects in progress	6	852,838	815,502
Prepayments for intangible assets		250,562	0
Intangible assets	5	69,903,251	77,705,485
Land and buildings		11,578,077	11,630,102
Plant and machinery		2,037,609	1,870,769
Other fixtures and fittings, tools and equipment		2,817,917	3,163,494
Property, plant and equipment in progress		2,511	55,000
Property, plant and equipment	7	16,436,114	16,719,365
Fixed assets		86,339,365	94,424,850
Raw materials and consumables		14,637,707	10,250,837
Work in progress		245,126	431,792
Manufactured goods and goods for resale		6,085,230	6,755,964
Inventories		20,968,063	17,438,593
Trade receivables		21,513,714	18,424,238
Contract work in progress	8	0	0
Receivables from group enterprises		0	263,900
Other receivables		851,270	1,416,118
Prepayments	9	1,368,698	1,239,710
Receivables		23,733,682	21,343,966
Cash		23,695,645	18,808,763
Current assets		68,397,390	57,591,322

Assets	154,736,755	152,016,172
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Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	10	19,340,000	19,340,000
Translation reserve		4,215	(53,598)
Retained earnings		84,485,826	66,260,185
Proposed dividend for the financial year		7,450,000	0
Equity		111,280,041	85,546,587
Deferred tax	11	15,062,674	9,879,803
Provisions		15,062,674	9,879,803
Lease liabilities		1,044,528	827,944
Payables to group enterprises		0	20,082,004
Non-current liabilities other than provisions	12	1,044,528	20,909,948
Current portion of non-current liabilities other than provisions	12	530,236	750,000
Prepayments received from customers		455,520	532,048
Contract work in progress	8	814,520	0
Trade payables		6,581,340	15,842,274
Tax payable		1,814,440	394,519
Other payables		17,153,456	18,160,993
Current liabilities other than provisions		27,349,512	35,679,834
Liabilities other than provisions		28,394,040	56,589,782
Equity and liabilities		154,736,755	152,016,172
Events after the balance sheet date	1		
Staff costs	2		
Transactions with related parties	14		
Group relations	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	19,340,000	(53,598)	66,260,186	0	85,546,588
Exchange rate adjustments	0	57,813	0	0	57,813
Other entries on equity	0	0	(336,219)	0	(336,219)
Profit/loss for the year	0	0	18,561,859	7,450,000	26,011,859
Equity end of year	19,340,000	4,215	84,485,826	7,450,000	111,280,041

Consolidated cash flow statement for 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		33,283,618	7,707,990
Amortisation, depreciation and impairment losses		11,451,569	11,759,508
Working capital changes	13	(16,348,227)	(5,970,287)
Cash flow from ordinary operating activities		28,386,960	13,497,211
Financial income received		1,697,444	968,894
Financial expenses paid		(1,901,852)	(1,183,114)
Taxes refunded/(paid)		0	263,136
Cash flows from operating activities		28,182,552	13,546,127
Acquisition etc. of intangible assets		(852,848)	(1,028,416)
Acquisition etc. of property, plant and equipment		(2,357,638)	(97,704)
Cash flows from investing activities		(3,210,486)	(1,126,120)
Free cash flows generated from operations and investments before financing		24,972,066	12,420,007
Loans raised		661,392	241,919
Repayments of loans etc.		(664,572)	(17,856,716)
Incurrence of debt to group enterprises		0	20,082,004
Repayment of debt to group enterprises		(20,082,004)	0
Cash flows from financing activities		(20,085,184)	2,467,207
Increase/decrease in cash and cash equivalents		4,886,882	14,887,214
Cash and cash equivalents beginning of year		18,808,763	3,921,549
Cash and cash equivalents end of year		23,695,645	18,808,763
Cash and cash equivalents at year-end are composed of:			
Cash		23,695,645	18,808,763
Cash and cash equivalents end of year		23,695,645	18,808,763

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report

2 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	49,799,721	54,594,756
Pension costs	2,657,060	2,528,100
Other social security costs	869,210	653,668
Other staff costs	1,595,516	3,672,314
	54,921,507	61,448,838

Number of employees at balance sheet date	72	70
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	Remuneration of Manage- ment 2022 DKK	Remuneration of Manage- ment 2021 DKK
Executive Board	9,597,156	17,421,012
Board of Directors	425,000	425,000
	10,022,156	17,846,012

3 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	1,810,166	394,519
Change in deferred tax	5,257,185	1,539,143
Adjustment concerning previous years	0	(263,136)
	7,067,351	1,670,526

4 Proposed distribution of profit/loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	7,450,000	0
Retained earnings	18,561,859	5,823,244
	26,011,859	5,823,244

5 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Acquired licences DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	5,844,973	17,502,551	10,696,517	101,309,735	815,502
Transfers	608,302	0	0	0	(608,302)
Additions	92,225	0	114,985	0	645,638
Disposals	(555,006)	0	(657,750)	0	0
Cost end of year	5,990,494	17,502,551	10,153,752	101,309,735	852,838
Amortisation and impairment losses beginning of year	(3,402,807)	(12,251,786)	(5,967,192)	(36,841,907)	0
Amortisation for the year	(811,696)	(1,750,255)	(1,384,737)	(4,959,057)	0
Reversal regarding disposals	555,006	0	657,750	0	0
Amortisation and impairment losses end of year	(3,659,497)	(14,002,041)	(6,694,179)	(41,800,964)	0
Carrying amount end of year	2,330,997	3,500,510	3,459,573	59,508,771	852,838

	Prepayments for intangible assets DKK
Cost beginning of year	0
Transfers	0
Additions	250,562
Disposals	0
Cost end of year	250,562
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Reversal regarding disposals	0
Amortisation and impairment losses end of year	0
Carrying amount end of year	250,562

6 Development projects

Development projects relate to the development of new products. It is prior to the start of the projects prepared calculations which show that the projects are expected to lead to increased revenue and earnings in the company. The ongoing development projects are expected to be completed in 2023.

7 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	14,535,543	4,191,429	8,668,658	55,000
Additions	392,812	662,244	1,300,071	2,511
Disposals	0	(20,000)	(1,296,630)	(55,000)
Cost end of year	14,928,355	4,833,673	8,672,099	2,511
Depreciation and impairment losses beginning of year	(2,905,442)	(2,320,660)	(5,503,228)	0
Depreciation for the year	(444,836)	(495,404)	(1,605,584)	0
Reversal regarding disposals	0	20,000	1,254,630	0
Depreciation and impairment losses end of year	(3,350,278)	(2,796,064)	(5,854,182)	0
Carrying amount end of year	11,578,077	2,037,609	2,817,917	2,511
Recognised assets not owned by Entity			1,556,337	

8 Contract work in progress

	2022 DKK	2021 DKK
Contract work in progress	50,288	0
Progress billings	(864,808)	0
Transferred to liabilities other than provisions	814,520	0
	0	0

9 Prepayments

Prepayments comprises accrued of costs.

10 Contributed capital

	Number	Par value DKK	Nominal value DKK
A-Shares	19,340,000	1	19,340,000
	19,340,000		19,340,000

11 Deferred tax

	2022 DKK	2021 DKK
Changes during the year		
Beginning of year	9,879,803	8,340,660
Recognised in the income statement	5,257,185	1,539,143
Recognised directly in equity	(74,314)	0
End of year	15,062,674	9,879,803

12 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK
Lease liabilities	530,236	750,000	1,044,528
	530,236	750,000	1,044,528

13 Changes in working capital

	2022 DKK	2021 DKK
Increase/decrease in inventories	(3,529,470)	(3,726,465)
Increase/decrease in receivables	(2,389,716)	(4,646,732)
Increase/decrease in trade payables etc.	(10,429,041)	2,402,910
	(16,348,227)	(5,970,287)

14 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Broen-lab A/S, CVR.nr: 36454423, Drejervænget 2, 5610 Assens

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Broen-lab A/S, CVR.nr: 36454423, Drejervænget 2, 5610 Assens

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Broen-lab Singapore PTE. LTD.	Singapore	LTD	100
Broen-lab LTD.	United Kingdom	LTD	100
Broen-lab GmbH Vertiebsgesellschaft	Tyskland	GmbH	100
Broen-lab Sverige AB	Sverige	AB	100
Broen-lab USA LLC	USA	LLC	100

Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		96,983,065	77,027,389
Distribution costs		(5,004,404)	(3,128,840)
Administrative expenses		(59,708,366)	(66,109,478)
Operating profit/loss		32,270,295	7,789,071
Income from investments in group enterprises		1,007,884	(28,878)
Other financial income	3	1,685,750	915,469
Financial expenses from group enterprises		(206,252)	0
Other financial expenses		(1,674,193)	(1,313,275)
Profit/loss before tax		33,083,484	7,362,387
Tax on profit/loss for the year	4	(7,071,625)	(1,539,143)
Profit/loss for the year	5	26,011,859	5,823,244

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	7	2,330,997	2,442,165
Acquired intangible assets		2,682,311	2,829,287
Acquired patents		3,500,510	5,250,766
Acquired licences		3,459,573	4,729,324
Goodwill		59,508,771	64,467,728
Development projects in progress	7	852,838	815,502
Prepayments for intangible assets		250,562	0
Intangible assets	6	72,585,562	80,534,772
Land and buildings		11,578,077	11,630,102
Plant and machinery		2,037,609	1,870,769
Other fixtures and fittings, tools and equipment		2,252,341	2,679,122
Property, plant and equipment in progress		2,511	55,000
Property, plant and equipment	8	15,870,538	16,234,993
Investments in group enterprises		1,250,863	1,436,323
Financial assets	9	1,250,863	1,436,323
Fixed assets		89,706,963	98,206,088
Raw materials and consumables		14,637,707	10,250,837
Work in progress		245,126	431,792
Manufactured goods and goods for resale		6,085,230	6,755,964
Inventories		20,968,063	17,438,593
Trade receivables		21,513,714	18,424,238
Contract work in progress	10	0	0
Receivables from group enterprises		177,834	558,873
Other receivables		683,060	1,331,036
Prepayments	11	1,368,698	1,231,442
Receivables		23,743,306	21,545,589
Cash		22,919,895	17,866,062

Current assets	67,631,264	56,850,244
<hr/>		
Assets	157,338,227	155,056,332
<hr/>		

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		19,340,000	19,340,000
Reserve for development costs		2,671,016	2,540,981
Retained earnings		81,819,025	63,665,606
Proposed dividend for the financial year		7,450,000	0
Equity		111,280,041	85,546,587
Deferred tax	12	15,062,674	9,879,803
Provisions for investments in group enterprises	13	1,465,826	2,797,238
Provisions		16,528,500	12,677,041
Lease liabilities		702,024	517,784
Payables to group enterprises		0	20,082,005
Non-current liabilities other than provisions	14	702,024	20,599,789
Current portion of non-current liabilities other than provisions	14	302,643	573,062
Prepayments received from customers		455,520	532,048
Contract work in progress	10	814,520	0
Trade payables		6,557,201	15,818,606
Payables to group enterprises		2,685,289	3,019,184
Tax payable		1,814,440	0
Other payables		16,198,049	16,290,015
Current liabilities other than provisions		28,827,662	36,232,915
Liabilities other than provisions		29,529,686	56,832,704
Equity and liabilities		157,338,227	155,056,332
Events after the balance sheet date	1		
Staff costs	2		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2022

	Contributed capital DKK	Reserve for development costs DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	19,340,000	2,540,981	63,665,607	0	85,546,588
Exchange rate adjustments	0	0	57,813	0	57,813
Other entries on equity	0	0	(336,219)	0	(336,219)
Transfer to reserves	0	130,035	(130,035)	0	0
Profit/loss for the year	0	0	18,561,859	7,450,000	26,011,859
Equity end of year	19,340,000	2,671,016	81,819,025	7,450,000	111,280,041

Notes to parent financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report

2 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	47,100,629	53,203,956
Pension costs	2,618,478	2,498,310
Other social security costs	355,454	371,502
Other staff costs	1,514,955	1,293,230
	51,589,516	57,366,998
Number of employees at balance sheet date	66	64

	Remuneration of Manage- ment 2022 DKK	Remuneration of Manage- ment 2021 DKK
Executive Board	9,597,156	17,421,012
Board of Directors	425,000	425,000
	10,022,156	17,846,012

3 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	0	7,330
Other interest income	1,685,750	908,139
	1,685,750	915,469

4 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	1,814,440	0
Change in deferred tax	5,257,185	1,539,143
	7,071,625	1,539,143

5 Proposed distribution of profit and loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	7,450,000	0
Retained earnings	18,561,859	5,823,244
	26,011,859	5,823,244

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired patents DKK	Acquired licences DKK	Goodwill DKK
Cost beginning of year	5,844,973	2,939,519	17,502,551	10,696,517	101,309,735
Transfers	608,302	0	0	0	0
Additions	92,225	0	0	114,985	0
Disposals	(555,006)	0	0	(657,750)	0
Cost end of year	5,990,494	2,939,519	17,502,551	10,153,752	101,309,735
Amortisation and impairment losses beginning of year	(3,402,807)	(110,232)	(12,251,786)	(5,967,192)	(36,841,907)
Amortisation for the year	(811,696)	(146,976)	(1,750,255)	(1,384,737)	(4,959,057)
Reversal regarding disposals	555,006	0	0	657,750	0
Amortisation and impairment losses end of year	(3,659,497)	(257,208)	(14,002,041)	(6,694,179)	(41,800,964)
Carrying amount end of year	2,330,997	2,682,311	3,500,510	3,459,573	59,508,771

	Development projects in progress DKK	Prepayments for intangible assets DKK
Cost beginning of year	815,502	0
Transfers	(608,302)	0
Additions	645,638	250,562
Disposals	0	0
Cost end of year	852,838	250,562
Amortisation and impairment losses beginning of year	0	0
Amortisation for the year	0	0
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	0	0
Carrying amount end of year	852,838	250,562

7 Development projects

Development projects relate to the development of new products. It is prior to the start of the projects prepared calculations which show that the projects are expected to lead to increased revenue and earnings in the company. The ongoing development projects are expected to be completed in 2023.

8 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	14,535,543	4,191,429	7,924,264	55,000
Additions	392,812	662,244	787,741	2,511
Disposals	0	(20,000)	(1,070,008)	(55,000)
Cost end of year	14,928,355	4,833,673	7,641,997	2,511
Depreciation and impairment losses beginning of year	(2,905,442)	(2,320,660)	(5,245,139)	0
Depreciation for the year	(444,836)	(495,404)	(1,172,525)	0
Reversal regarding disposals	0	20,000	1,028,008	0
Depreciation and impairment losses end of year	(3,350,278)	(2,796,064)	(5,389,656)	0
Carrying amount end of year	11,578,077	2,037,609	2,252,341	2,511
Recognised assets not owned by entity			991,084	

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	5,021,142
Cost end of year	5,021,142
Revaluations beginning of year	(3,584,820)
Exchange rate adjustments	57,813
Share of profit/loss for the year	1,007,884
Dividend	204,891
Investments with negative equity value depreciated over receivables	(1,666,329)
Investments with negative equity value transferred to provisions	77,228
Other adjustments	133,054
Revaluations end of year	(3,770,279)
Carrying amount end of year	1,250,863

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Contract work in progress

	2022 DKK	2021 DKK
Contract work in progress	50,288	0
Progress billings	(864,808)	0
Transferred to liabilities other than provisions	814,520	0
	0	0

11 Prepayments

Prepayments comprises accrued of costs.

12 Deferred tax

	2022 DKK	2021 DKK
Changes during the year		
Beginning of year	9,879,803	8,340,660
Recognised in the income statement	5,257,185	1,539,143
Recognised directly in equity	(74,314)	0
End of year	15,062,674	9,879,803

13 Provisions for investments in group enterprises

Provisions for investments in group enterprises consists subsidiaries with negative equity value as the Parent has a legal obligation to cover the liability

14 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK
Lease liabilities	302,643	573,062	702,024
	302,643	573,062	702,024

15 Related parties with controlling interest

Related parties with a controlling influence on Broen-Lab A/S:

LI Enterprises LLC, 850 New Burton Road, Suite 201, Dover19904 Delaware, USA

16 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The book value method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the book value method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

AlternaProduction: Production costs comprise expenses incurred to earn revenue for the financial year.

Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages

and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

All of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related

intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are depreciated on a straight-line basis over the expected useful life. The depreciation period is 5 year. For development projects protected by intellectual property rights, the maximum depreciation period the remaining term of the rights in question. Development projects are written down to recoverable amount if it is lower than the carrying amount.

Acquired intellectual property rights are measured at cost less accumulated amortization. Acquired licenses are depreciated on a straight-line basis over the expected useful life. The depreciation period is 3 years, however, a maximum the remaining term of the rights in question.

Acquired patents are measured at cost less accumulated amortization. Patents are amortized on a straight-line basis over the remaining patent period, and licenses are amortized on a straight-line basis the agreement period of 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	30 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs

incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised accordance with IFRS 15.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities

A leasing asset and a leasing obligation are recognized in the balance sheet in accordance with the provisions of IFRS 16 when the company in pursuant to a entered into leasing agreement regarding a specifically identifiable asset, the leasing asset shall be pledged available during the lease term and when the company acquires the right to virtually all the financial benefits from its use identified asset and the right to decide (control) over the use of the identified asset. Leasing obligations is measured on initial recognition at the present value of the future lease payments discounted by one alternative borrowing rate.

The leasing obligation is measured at amortized cost using the effective interest method. The lease obligation recalculated when there are changes in the underlying contractual cash flows from changes in an index or an interest rate.

The leasing asset is measured on initial recognition at cost, which corresponds to the value of the leasing obligation. Subsequently, the asset is measured at cost less accumulated amortization and impairment losses. The leasing asset is depreciated over the shorter of the leasing period and the useful life of the leasing asset. Depreciation is recognized on a straight - line basis in the income statement.

The leasing asset is adjusted for changes in the leasing obligation as a result of changes in the terms of the leasing agreement or changes in the cash flows of the contract in line with changes in an index or an interest rate. Leasing assets are amortized on a straight-line basis over the expected lease period, which amounts to:

Production plant and machinery 10 years

Other plants, operating equipment and fixtures and fittings 3-5 years

The company has chosen not to recognize low-value leasing assets and short-term leasing agreements in the balance sheet.

Instead, leasing payments relating to these leasing agreements are recognized on a straight-line basis in the income statement.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

















Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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  Lucas Aaron Beals Board memeber 2/21/2023 2:49 PM	  Henning Birk Nicolajs... Chairman of board a6ab2dce-ac94-4f3d-a5a8-7d762f26988d 2/21/2023 3:43 PM
  Steven Allen Kersten Deputy chairman of board 2/24/2023 3:48 AM	  Bo Damgaard Hansen Revisor PID:9208-2002-2-341322373899 2/24/2023 8:54 PM
  Marco Mosegaard Br... Revisor 3442b4fe-c0dc-4277-97e7-4635e8ba06ec 2/24/2023 8:58 AM	  Xin Zhuo Dirigent 0f60f949-6012-4cbf-9aeb-66155d13361d 2/25/2023 7:03 AM

Documents in the transaction

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