

BROEN VALVE TECHNOLOGIES

ANNUAL REPORT 2021



Approved by the company at the general meeting on *23/5 - 2022*
Chairman of the General Meeting

A handwritten signature in blue ink, likely belonging to the Chairman of the General Meeting, positioned below the text.

TABLE OF CONTENTS

	<u>Page</u>
Company information	3
Statement by the Executive and Supervisory Boards on the Annual Report	4
Independent auditors' Report	5
Highlights and financial ratios for the group	8
Management's review	9
Accounting Policies	12
Profit and loss account for 2021	16
Balance sheet at 31.12.2021	17
Statement of changes in equity	20
Cash Flow statement for the group for 2021	21
Notes to the annual report	22

COMPANY INFORMATION

Company

BROEN A/S

Skovvej 30

5610 Assens

Telephone: +45 64 71 20 95

Website: www.broen.com

Company registration no.: 71 17 25 11

Registered in: Assens

Supervisory Board

Wiebe Arnold Pelsma, Chairman

Arno Rudolf Monincx

Mogens Garde Laursen

Stefan Klaaborg, elected by the employees

Claus Lund, elected by the employees

Executive Board

Mogens Garde Laursen, CEO

Lene Schwartz, CFO

Company auditor

Deloitte

Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

DK-8000 Aarhus

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of BROEN A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2021.

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


Assens, May 23, 2022

Executive Board


Mogens Garde Laursen


Lene Schwartz

Supervisory Board


Wiebe Arnold Pelsma
Chairman


Arno Rudolf Moninx


Mogens Garde Laursen


Stefan Klaaborg


Claus Lund

INDEPENDENT AUDITORS' REPORTS

To the Shareholder of BROEN A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Broen A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the 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 Group or the Entity or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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.

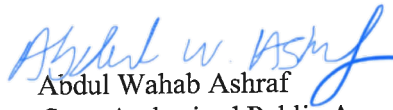
Aarhus, May 23, 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-no. 33 96 35 56



Henrik Vedel
State Authorised Public Accountant
Identification No (MNE) mne10052



Abdul Wahab Ashraf
State Authorised Public Accountant
Identification No (MNE) mne46664

HIGHLIGHTS AND FINANCIAL RATIOS FOR THE GROUP

	2021 T.DKK/ T.EUR	2020 T.DKK/ T.EUR	2019 T.DKK/ T.EUR	2018 T.DKK/ T.EUR	2017 T.DKK/ T.EUR
Five years' highlights					
Net turnover	594,995 80,003	557,386 74,902	611,273 81,825	599,101 80,238	605,145 81,277
Operating profit	69,391 9,330	58,986 7,927	62,598 8,379	58,899 7,888	98,704 13,257
Net financial costs	(1,885) (253)	(1,653) (222)	(5,088) (681)	(101) (14)	(6,647) (893)
Profit before tax	67,506 9,077	57,333 7,704	57,510 7,698	58,798 7,875	92,057 12,364
Net Profit of the year	66,534 8,946	46,009 6,183	42,392 5,675	45,351 6,074	73,596 9,885
Total assets	728,969 98,017	606,712 81,530	634,460 84,929	594,281 79,592	560,752 75,315
Investments in tangible fixed assets	56,090 7,542	45,603 6,128	48,838 6,537	35,972 4,818	36,517 4,905
Equity	402,623 54,137	357,050 47,980	363,912 48,713	328,251 43,963	300,038 40,298
Profit margin	11.3%	10.3%	9.4%	9.8%	15.2%
Asset turnover	0.8	0.9	1.0	1.0	1.1
Return on capital and reserves	18.6%	12.6%	12.9%	15.1%	27.1%
Solvency ratio	56.5%	58.8%	57.4%	55.2%	53.5%
Average number of employees	679	619	634	609	574

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

1 Profit margin (%) :

$$\frac{\text{Profit/loss before tax} * 100}{\text{Net turnover}}$$

2 Asset turnover :

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

3 Return on capital and reserves (%) :

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

4 Solvency ratio (%) :

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

MANAGEMENT'S REVIEW

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

Principal activities

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

The result of year 2021 and follow up from last year expected development

In 2021 group sales were mDKK 595 compared to mDKK 557 in 2020, which represents a positive growth of 6.8%. Group sales is negative affected by the currency development in RUB and PLN during 2021, excluding this the growth have been 9.3%. The sales development in 2021 has exceeded the expectations the management had before the year 2020 as 3-5% growth.

The ordinary consolidated operating profit was mDKK 69 compared to mDKK 59 in 2020. Overall profit before tax was thus mDKK 68 compared to mDKK 57 in 2020. The operating profit has exceeded the expectations the management had before the year 2020 as 3-5% above 2020 level.

The global pandemic COVID-19 has still influenced our year 2021, the currency rates has further decreased in RUB and PLN and has an impact on the annual report 2021. The revenue is still influenced by postponed projects, lower activity level in some countries and postpones deliveries due to shortage of raw materials and destocking among our distributors. BROEN has managed to uphold market shares concurrently with a continuous adjustment of cost levels. Even considering the impact from global pandemic COVID-19 and difficult market conditions, the result of the year has improved and is as expected.

Aalberts Surface Technologies Heat Sp.z.o.o has during the year acquired customer rights for 35mDKK from a sister company within Aalberts Group.

The market

Our Danish market has remain good and several European countries came back this year, both in Western and Eastern Europe, but unfortunately the PLN/DKK rate declined 3% during 2021. The China market developed slower than expected. The remaining market was flat or positive.

The Russian market has been good in 2021, even though there are still limited liquidity in the market and some postponed projects. The rouble rate has declined with 6% and had a major impact on the development in sales.

Products and product Development

Our Full flow valve continues a positive development in the market, and further investments have been implemented in capacity increase during the year. This product will contribute to further growth in 2022 and the years to come. The development of this product line will continue in 2022 for expansion of this product range and further investments in expansion of production capacity. Development of valves for bigger dimension for District Energy and Building Installation is in progress, and building of new production facility will start in 2022 and be finalized in 2023 together with investment in new production equipment for that new product line.

In the course of the year BROEN investments amounted to mDKK 56, primarily in Denmark and Poland.

It is important for the Group in both the short and long term that the right portfolio of products and production technologies is ensured and that existing products and production technologies are continuously developed. Significant indicators of these goals are initiated development projects, completed patented development projects, shorter period from development to product launch, as well as

the share of new products in revenue.

In 4th quarter 2021 production level was increased heavily to improve stock availability for the season 2022.

Organisation

In 2021 the group had an average number of staff members of 679 compared to last year 619.

Statement of the gender composition of management.

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

The company has set a target figure for the under-represented gender on the Board of Directors at 20% by the end of the financial year 2024. At present, the board consists of 0 women and 3 men, which means that the goal has not been met. In order to ensure diversity among the other levels of management, BROEN has set a policy to increase the proportion of the underrepresented gender in the other management.

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

In 2021, BROEN reassessed the target figure to 20% for the proportion of the under-represented gender in other management by the end of the financial year 2024.

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

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

In 2021 in all positions, the share of the under-represented gender has been 18,1% compared to 2020 with 17,5%.

Corporate Social Responsibility

The company has not prepared a local CSR policy, but observes and complies with the CSR stipulations, guidelines and statutory CSR statement is accounted for in the 2021 annual report of the ultimate parent company Aalberts N.V. - see Annual Report 2021 for Aalberts N.V. on the website www.aalberts.com/investors/results-and-presentations.

Data ethic

Currently the Company does not have a policy on data ethics. The Company has a policy covering Personal Data, which is continuously updated in relation to current GDPR legislation. The purpose of the personal data policy is to explain how the company collects and processes personal data. The Board of Directors have started formulating a Data Ethics Policy. The Policy is expected to be approved during 2022.

Environmental policy

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

Risks*Operating risks*

The Group is not predisposed to special risks in addition to ordinary risks within the industry, including business and financial risks. As a company working with international markets the Group is exposed to a certain financial risk. BROEN is monitoring the financial risk from the headquarter in Denmark in terms of interest, currency, liquidity and funding risk.

Currency risks

Currency risks is primarily based in trade across borders as most of our trade is done in DKK, EUR, USD, SEK as well as NOK.

Market risks

The management assesses that the Company is not affected by special market risks beyond the common risks in the industry. However, the activity of BROEN is dependent on domestic and global economies and development and the resulting impact on our customers' needs for transportation.

Capital resources

The Group's capital resources are still assessed to be fully adequate.

Outlook

Overall growth for 2022 expects to be more than 5% and on profit from ordinary activities will be above the 2021 level.

The Russian economy is expected to drop and have a negative influence on business and the market opportunities in Russia in 2022. In Europe, USA and China markets expect to improve further both within the Building Industry segment, the District heating and Natural Gas segment. The improved projects and activity level in the market combined with the marketing of the new products will be sufficient to create further growths. In 2022 shortage of raw material will have an impact in the supply chain and the production.

The group will focus on innovation and further investment in new products, strengthen the organisation and further increase sales efforts in key markets. Further investments in production facilities and in production capacity increase and automation is planned to support further growth in 2022 and coming years.

Subsequent events

By the end of February 2022 the conflict between Ukraine and Russia started, which has a significant impact on our Russian subsidiary and our business. The situation is very difficult for our employees in the company and in respect for our employees, BROEN continue to supports our business in Russia, and due to our business is not limited by the present sanctions and restrictions. BROEN follows the situation daily, and will adjust our business if needed to secure the company in Russia and will adjust to the development of future sanctions and restrictions.

Apart from this, no circumstances have occurred from the balance sheet date until today that upset the assessment of the annual report.

ACCOUNTING POLICIES

The Annual Report for 2021 is presented in DKK thousands.

Basis of preparation

The Annual Report of BROEN A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are the same compared to last year.

Consolidation policy

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

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised under the equity method.

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

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

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

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

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

Minority holdings

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

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

Leases

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

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

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

Translation policies

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

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

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

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

Corporation tax and deferred tax

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

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

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

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

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

PROFIT AND LOSS ACCOUNT**Net turnover**

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

Production costs

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

production facilities.

Distribution costs

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

Administrative costs

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

Financial income and expenses

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

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

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

Acquired customer rights

Acquired customer rights is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 10 years, which is based on the estimated useful lifetime.

Development projects, patents and licences

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

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

Tangible fixed assets

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

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

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

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

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

Impairment of fixed assets

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

Stocks

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

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

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

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Equity

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

Financial debts

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

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

CASH FLOW STATEMENT

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

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

Cash and cash equivalents

Cash comprises cash in hand and bank deposits

PROFIT AND LOSS ACCOUNT FOR 2021

	Note	<u>Group</u>		<u>Parent</u>	
		<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
Net turnover	1	594,995	557,386	306,529	281,841
Production costs	2,3	<u>(391,359)</u>	<u>(371,472)</u>	<u>(221,106)</u>	<u>(204,339)</u>
Gross profit		203,636	185,914	85,423	77,502
Distribution costs	2,3	<u>(53,646)</u>	<u>(49,719)</u>	<u>(32,297)</u>	<u>(31,899)</u>
Administrative costs	2,3,4	<u>(79,749)</u>	<u>(74,800)</u>	<u>(20,333)</u>	<u>(22,630)</u>
Profit from ordinary activities		70,241	61,395	32,793	22,973
Other operating expenses		<u>(850)</u>	<u>(2,409)</u>	<u>0</u>	<u>0</u>
Operating profit		69,391	58,986	32,793	22,973
Result after tax in affiliated undertakings	5	0	0	42,340	29,351
Financial income	6	5,057	10,441	3,183	7,405
Financial expenses	7	<u>(6,942)</u>	<u>(12,094)</u>	<u>(4,716)</u>	<u>(8,667)</u>
Profit before tax		67,506	57,333	73,600	51,062
Tax on profit of the year	8	<u>(933)</u>	<u>(11,368)</u>	<u>(7,066)</u>	<u>(5,053)</u>
Profit before minority interests		66,573	45,965	66,534	46,009
Shares of minority interests		<u>(39)</u>	<u>44</u>	<u>0</u>	<u>0</u>
NET PROFIT OF THE YEAR	9	<u>66,534</u>	<u>46,009</u>	<u>66,534</u>	<u>46,009</u>

BALANCE SHEET AT 31.12.2021**ASSETS**

	<u>Note</u>	<u>Group</u>		<u>Parent</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Goodwill	10	16,061	19,146	0	0
Acquired customer rights	10	33,179	0	0	0
Licenses	10	1,689	2,120	809	1,292
Development projects	10	6,834	10,550	6,457	9,858
Development projects in progress	10	<u>12,724</u>	<u>8,647</u>	<u>12,724</u>	<u>8,647</u>
Intangible fixed assets		<u>70,487</u>	<u>40,463</u>	<u>19,990</u>	<u>19,797</u>
Land and buildings	11	85,350	72,009	2,464	3,001
Plant and machinery	11	146,944	116,340	72,946	69,713
Other fixtures and fittings, tools and equipment	11	10,840	9,521	2,187	2,137
Tangible fixed assets in progress and prepayments for tangible assets	11	<u>40,810</u>	<u>47,756</u>	<u>17,000</u>	<u>5,012</u>
Tangible fixed assets		<u>283,944</u>	<u>245,626</u>	<u>94,597</u>	<u>79,863</u>
Capital participation in affiliated undertakings	12	0	0	355,877	328,433
Deposits	12	<u>76</u>	<u>171</u>	<u>76</u>	<u>171</u>
Financial fixed assets		<u>76</u>	<u>171</u>	<u>355,953</u>	<u>328,604</u>
FIXED ASSETS		<u>354,507</u>	<u>286,260</u>	<u>470,540</u>	<u>428,264</u>
Raw materials and consumables		74,116	56,980	14,466	10,400
Work in progress		42,868	34,509	8,365	3,674
Produced finished goods and commodities		<u>59,114</u>	<u>45,483</u>	<u>21,383</u>	<u>15,845</u>
Stocks		<u>176,098</u>	<u>136,972</u>	<u>44,214</u>	<u>29,919</u>

BALANCE SHEET AT 31.12.2021**ASSETS**

	<u>Note</u>	<u>Group</u>		<u>Parent</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Trade debtors		71,250	71,320	35,896	34,250
Receivables from affiliated undertakings		14,106	5,205	35,434	37,996
Deferred tax asset	14	15,980	0	0	0
Other receivables		8,938	6,792	4,645	4,169
Accruals and prepayments		<u>7,283</u>	<u>10,043</u>	<u>4,357</u>	<u>4,088</u>
Receivables		<u>117,557</u>	<u>93,360</u>	<u>80,332</u>	<u>80,503</u>
 Cash funds		 <u>80,807</u>	 <u>90,120</u>	 <u>579</u>	 <u>470</u>
 CURRENT ASSETS		 <u>374,462</u>	 <u>320,452</u>	 <u>125,125</u>	 <u>110,892</u>
 ASSETS		 <u><u>728,969</u></u>	 <u><u>606,712</u></u>	 <u><u>595,665</u></u>	 <u><u>539,156</u></u>

BALANCE SHEET AT 31.12.2021**LIABILITIES AND EQUITY**

	Note	Group		Parent	
		2021	2020	2021	2020
		DKK'000	DKK'000	DKK'000	DKK'000
Share capital	13	10,400	10,400	10,400	10,400
Reserve for currency translations		(43,852)	(52,840)	0	0
Reserve for net revaluation according to the equity value method		0	0	241,805	218,736
Reserve development projects		0	0	15,979	13,160
Retained profit		436,702	370,168	135,066	85,432
Proposed dividend for the year		0	30,000	0	30,000
Minority interests		(627)	(678)	0	0
EQUITY		402,623	357,050	403,250	357,728
Provisions for deferred tax	14	12,006	6,727	11,401	9,299
Provision for affiliated undertakings		0	0	1,745	1,870
PROVISIONS		12,006	6,727	13,146	11,169
Long term loan to affiliated undertakings		100,000	100,000	100,000	100,000
Long term debt	15	100,000	100,000	100,000	100,000
Suppliers of goods and services		64,078	48,429	26,026	26,099
Amount owed to affiliated undertakings		90,163	42,412	15,058	13,009
Other creditors		60,099	52,094	38,185	31,151
Short term debt		214,340	142,935	79,269	70,529
DEBT		314,340	242,935	179,269	170,259
LIABILITIES AND EQUITY		728,969	606,712	595,665	539,156

Change in working capital, note 16

Pledged assets and contingent liabilities, etc. note 17

Related parties, note 18

Subsequent events, note 19

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital	Reserve for currency translation	Retained earnings	Proposed dividend	Minority interests	Total
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Equity at 01.01.2021	10,400	(52,840)	370,168	30,000	(678)	357,050
Dividend paid				(30,000)		(30,000)
Exchange rate adjustment concerning affiliated companies		8,988			12	9,000
Net profit for the year			66,534		39	66,573
Proposed dividend for the year			(0)	0		0
Equity at 31.12.2021	10,400	(43,852)	436,702	0	(627)	402,623

PARENT COMPANY

	Share capital	Reserve under the equity method	Reserve development project	Retained earnings	Proposed dividend	Total
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Equity at 01.01.2021	10,400	218,736	13,160	85,432	30,000	357,728
Dividend paid					(30,000)	(30,000)
Exchange rate adjustment concerning affiliated companies		8,988				8,988
Reserve concerning development projects			2,819	(2,819)		0
Received dividend from affiliated companies		(28,259)		28,259		0
Net profit for the year		42,340		24,194		66,534
Proposed dividend for the year				(0)	0	0
Equity at 31.12.2021	10,400	241,805	15,979	135,066	0	403,250

CASH FLOW STATEMENT FOR THE GROUP FOR 2021

	<u>Note</u>	<u>2021 DKK'000</u>	<u>2020 DKK'000</u>
Operating profit		69,391	58,986
Depreciation		31,260	23,373
Changes in working capital	16	<u>26,076</u>	<u>4,006</u>
Cash flows from operating activities before financial income and expenses		126,727	86,365
Net interest, dividends and exchange rate gains		(1,885)	(1,653)
Net paid tax		<u>(8,433)</u>	<u>(11,274)</u>
Cash flow from operating activities		<u>116,409</u>	<u>73,438</u>
Purchase of intangible fixed assets		(39,675)	(4,562)
Purchase of tangible fixed assets		(56,090)	(45,603)
Sale of tangible fixed assets		138	970
Sale of intangible fixed assets		(95)	0
Purchase of financial fixed assets		<u>0</u>	<u>32</u>
Cash flows from investment activities		<u>(95,722)</u>	<u>(49,163)</u>
Dividend paid		<u>(30,000)</u>	<u>0</u>
Cash flow from financing activities		<u>(30,000)</u>	<u>0</u>
CHANGE IN CASH FUNDS		(9,313)	24,275
Cash funds at 01.01.2021		90,120	65,845
CASH FUNDS AT 31.12.2021		<u>80,807</u>	<u>90,120</u>
Cash funds comprise:			
Cash at bank and in hand		<u>80,807</u>	<u>90,120</u>
		80,807	90,120

NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
1. Net turnover				
Denmark	84,444	83,114	84,444	83,105
Europe	435,986	414,622	175,192	163,482
Others	<u>74,565</u>	<u>59,650</u>	<u>46,893</u>	<u>35,254</u>
	<u>594,995</u>	<u>557,386</u>	<u>306,529</u>	<u>281,841</u>

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

2. Employment costs

Salaries and wages	119,354	114,343	59,148	62,025
Pensions	16,835	15,339	8,518	8,412
Other social security costs	<u>7,668</u>	<u>5,977</u>	<u>639</u>	<u>531</u>
	<u>143,857</u>	<u>135,659</u>	<u>68,305</u>	<u>70,968</u>

Of this total fees comprise:

Supervisory Board	<u>20</u>	<u>20</u>	<u>20</u>	<u>30</u>
Executive Board	<u>4,682</u>	<u>4,761</u>	<u>4,682</u>	<u>4,761</u>
Number of employees (converted to full-time)	<u>679</u>	<u>619</u>	<u>119</u>	<u>116</u>

NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
3. Depreciation				
Depreciation is distributed as follows:				
Production costs	15,957	13,896	10,324	7,408
Distribution costs	1,728	109	21	75
Administrative costs	<u>13,439</u>	<u>10,026</u>	<u>505</u>	<u>914</u>
	<u>31,124</u>	<u>24,031</u>	<u>10,850</u>	<u>8,397</u>
Depreciation includes losses/(gains)				
from the sale of fixed assets	<u>(136)</u>	<u>658</u>	<u>0</u>	<u>38</u>
4. Auditors fee				
Audit fee Deloitte	911	973	379	406
Audit fee others	70	80	0	0
Fee for tax advice Deloitte	0	191	0	191
Fee for tax advice others	171	66	34	0
Fee for other services, other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,152</u>	<u>1,310</u>	<u>413</u>	<u>597</u>
5. Result after tax in affiliated undertakings				
Share of profit after tax			45,436	32,852
Share of losses after tax			(24)	(837)
Change in unrealized internal profit on stocks			13	421
Depreciation on goodwill			<u>(3,085)</u>	<u>(3,085)</u>
			<u>42,340</u>	<u>29,351</u>
6. Financial income				
Interest from affiliated undertakings	905	1,122	284	373
Currency deviations	2,529	8,155	2,876	7,031
Other interest	<u>1,623</u>	<u>1,164</u>	<u>23</u>	<u>1</u>
	<u>5,057</u>	<u>10,441</u>	<u>3,183</u>	<u>7,405</u>

NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
7. Financial expenses				
Interest owed to affiliated undertakings	2,599	2,949	1,152	1,156
Currency deviations	3,789	8,574	3,368	7,447
Other interest expenses and similar charges	<u>554</u>	<u>571</u>	<u>196</u>	<u>63</u>
	<u>6,942</u>	<u>12,094</u>	<u>4,716</u>	<u>8,666</u>
8. Tax on profit for the year				
Current tax	11,563	11,445	4,964	2,750
Change in deferred tax	(10,715)	1,658	2,102	2,285
Adjustment tax relating to prior year	<u>85</u>	<u>(1,735)</u>	<u>0</u>	<u>18</u>
	<u>933</u>	<u>11,368</u>	<u>7,066</u>	<u>5,053</u>
9. Distribution of profit				
Proposed distribution of profit				
Proposed dividend for the year			0	30,000
Reserve for net revaluation according to the equity value method			42,340	29,351
Retained profit			<u>24,194</u>	<u>(13,342)</u>
			<u>66,534</u>	<u>46,009</u>

NOTES TO THE ANNUAL REPORT GROUP

	Goodwill	Acquired customer rights	Licenses projects	Development ment in progress	Develop- projects
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
10. Intangible fixed assets					
Cost at 01.01.2021	68,264	0	23,538	27,954	8,647
Exchange rate adjustments	(54)	0	61	6	0
Additions	0	34,925	423	250	4,077
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost at 31.12.2021	<u>68,210</u>	<u>34,925</u>	<u>24,022</u>	<u>28,210</u>	<u>12,724</u>
Depreciation at 01.01.2021	(49,117)	0	(21,418)	(17,404)	0
Exchange rate adjustments	54	0	(51)	(3)	0
Depreciation	(3,086)	(1,746)	(864)	(3,969)	0
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation at 31.12.2021	<u>(52,149)</u>	<u>(1,746)</u>	<u>(22,333)</u>	<u>(21,376)</u>	<u>0</u>
Book value at 31.12.2021	<u>16,061</u>	<u>33,179</u>	<u>1,689</u>	<u>6,834</u>	<u>12,724</u>
Book value at 31.12.2020	<u>19,146</u>	<u>0</u>	<u>2,120</u>	<u>10,550</u>	<u>8,647</u>
Depreciated over years	<u>10-20</u>	<u>10</u>	<u>3-5</u>	<u>5</u>	<u>-</u>

Development projects relate to the development of products within the existing business. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The products is expected to be sold in the present market to the existing and potential new customers. Prior to the initiation of the projects, the Company research on return on investments on these products.

NOTES TO THE ANNUAL REPORT
PARENT COMPANY

	Goodwill	Licenses	Development projects	Development projects in progress
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
10. Intangible fixed assets				
Cost at 01.01.2021	1,138	18,469	26,030	8,647
Additions	0	84	250	4,077
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost at 31.12.2021	<u>1,138</u>	<u>18,553</u>	<u>26,280</u>	<u>12,724</u>
Depreciation at 01.01.2021	(1,138)	(17,177)	(16,172)	0
Disposal	0	0	0	0
Depreciation	<u>0</u>	<u>(567)</u>	<u>(3,651)</u>	<u>0</u>
Depreciation at 31.12.2021	<u>(1,138)</u>	<u>(17,744)</u>	<u>(19,823)</u>	<u>0</u>
Book value at 31.12.2021	<u>0</u>	<u>809</u>	<u>6,457</u>	<u>12,724</u>
Book value at 31.12.2020	<u>0</u>	<u>1,292</u>	<u>9,858</u>	<u>8,647</u>
Depreciated over years	<u>10</u>	<u>3-5</u>	<u>5</u>	<u>0</u>

Development projects relate to the development of products within the existing business. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The products is expected to be sold in the present market to the existing and potential new customers. Prior to the initiation of the projects, the Company research on return on investments on these products.

NOTES TO THE ANNUAL REPORT GROUP

	Land and Buildings DKK'000	Plant and Machinery DKK'000	Other Fixtures DKK'000	Prepayments for and tangible fixed assets in progress DKK'000
11. Tangible fixed assets				
Cost at 01.01.2021	144,207	230,741	41,973	47,756
Exchange rate adjustments	4,100	2,168	601	0
Additions	15,645	43,437	3,954	0
Disposals	<u>0</u>	<u>(229)</u>	<u>(1,917)</u>	<u>(6,946)</u>
Cost at 31.12.2021	<u>163,952</u>	<u>276,117</u>	<u>44,611</u>	<u>40,810</u>
Depreciation at 01.01.2021	(72,198)	(114,401)	(32,452)	0
Exchange rate adjustments	(1,057)	(1,489)	(497)	0
Depreciation	(5,347)	(13,512)	(2,737)	0
Depreciation concerning disposals of the year	<u>0</u>	<u>229</u>	<u>1,915</u>	<u>0</u>
Depreciation at 31.12.2021	<u>(78,602)</u>	<u>(129,173)</u>	<u>(33,771)</u>	<u>0</u>
Book value at 31.12.2021	<u>85,350</u>	<u>146,944</u>	<u>10,840</u>	<u>40,810</u>
Book value at 31.12.2020	<u>72,009</u>	<u>116,340</u>	<u>9,521</u>	<u>47,756</u>
Depreciated over years	<u>20-40</u>	<u>10-15</u>	<u>3-5</u>	<u>0</u>
Hereof included financially leased assets	<u>0</u>	<u>0</u>	<u>352</u>	<u>0</u>

NOTES TO THE ANNUAL REPORT
PARENT COMPANY

	Land and Buildings DKK'000	Plant and Machinery DKK'000	Other Fixtures DKK'000	Prepayments for and tangible fixed assets in progress DKK'000
11. Tangible fixed assets				
Cost at 01.01.2021	48,085	124,800	17,533	5,012
Additions	0	8,542	836	11,988
Disposals	<u>0</u>	<u>0</u>	<u>(251)</u>	<u>0</u>
Cost at 31.12.2021	<u>48,085</u>	<u>133,342</u>	<u>18,118</u>	<u>17,000</u>
Depreciation at 01.01.2021	(45,084)	(55,087)	(15,396)	0
Disposals	0	0	251	0
Depreciation	<u>(537)</u>	<u>(5,309)</u>	<u>(786)</u>	<u>0</u>
Depreciation at 31.12.2021	<u>(45,621)</u>	<u>(60,396)</u>	<u>(15,931)</u>	<u>0</u>
Book value at 31.12.2021	<u>2,464</u>	<u>72,946</u>	<u>2,187</u>	<u>17,000</u>
Book value at 31.12.2020	<u>3,001</u>	<u>69,713</u>	<u>2,137</u>	<u>5,012</u>
Depreciated over years	<u>20-25</u>	<u>10-15</u>	<u>3-5</u>	<u>-</u>
Hereof included financially leased assets	<u>0</u>	<u>0</u>	<u>352</u>	<u>0</u>

**NOTES TO THE ANNUAL REPORT
GROUP**

	Deposits DKK'000
12. Financial fixed assets	
Cost at 01.01.2021	171
Exchange rate adjustments	0
Additions	0
Disposals	<u>(95)</u>
Cost at 31.12.2021	<u>76</u>
 Book value at 31.12.2021	 <u>76</u>
 Book value at 31.12.2020	 <u>171</u>

NOTES TO THE ANNUAL REPORT

PARENT COMPANY

	Capital participation in affiliated undertakings DKK'000	Deposits DKK'000
12. Financial fixed assets		
Cost at 01.01.2021	107,825	171
Additions	0	0
Disposals	(492)	(95)
Cost at 31.12.2021	107,333	76
Revaluations at 01.01.2021	222,188	0
Direct equity movement	0	0
Exchange rate adjustment	11,714	0
Profit for the year of capital participation	46,019	0
Changes in intercompany profit	(718)	0
Depreciation on goodwill	(3,051)	0
Dividends for parent company	(26,520)	0
Revaluations at 31.12.2021	249,632	0
Amortization at 01.01.2021	(3,452)	0
Exchange rate adjustment	35	0
Profit for the year of capital participation	118	0
Changes in intercompany profit	7	0
Depreciation on goodwill	(34)	0
Disposals	492	0
Amortization at 31.12.2021	(2,834)	0
Provision for affiliated undertakings 31.12.2021	2,396	0
Book value at 31.12.2021	356,527	76
Book value at 31.12.2020	328,431	171
Hereof measured as goodwill	16,061	

NOTES TO THE ANNUAL REPORT

12. Financial fixed assets, continued

	<u>----- Domicile</u>	<u>Share capital</u> <u>DKK'000</u>	<u>Ownership</u> <u>DKK'000</u>
BROEN Poland Sp.z.o.o	Dzierzoniow, Poland	12,875	100%
- Aalberts Surface Technologies Heat Sp.z o.o.	Dzierzoniow, Poland	4,204	100%
BROEN LTD	Moscow, Russia	1,083	100%
BROEN SEI srl,	Bucharest, Rumania	2	75%
BROEN Valves Beijing Co. Ltd	Beijing, China	1,670	100%
BROEN AB,	Gothenburg, Sweden	80	100%

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
13. Share capital The share capital of the company, T.DKK 10,400, consists of shares of DKK 1,000 or multiples thereof	<u>10,400</u>	<u>10,400</u>
Balance 01.01.2021	10,400	10,400
Addition	<u>0</u>	<u>0</u>
Balance 31.12.2021	<u>10,400</u>	<u>10,400</u>

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
14. Deferred tax asset / Provisions for deferred tax				
Provisions for deferred tax				
Intangible fixed assets	4,541	4,355	4,398	4,355
Tangible fixed assets	(3,744)	6,912	7,495	5,993
Financial fixed assets	(29)	88	0	0
Stocks	(1,051)	(1,507)	1,263	507
Receivables	(461)	(462)	(2)	(15)
Other creditors	(1,903)	(1,329)	(426)	(211)
Intercompany profit on stocks	<u>(1,327)</u>	<u>(1,330)</u>	<u>(1,327)</u>	<u>(1,330)</u>
	<u>(3,974)</u>	<u>6,727</u>	<u>11,401</u>	<u>9,299</u>

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

NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Deferred tax at 01.01.2021	6,727	4,715	9,299	7,014
Change in deferred tax in income statement	(10,715)	1,658	2,102	2,285
Change in deferred tax in Equity currency translations	14	354	0	0
Adjustment of deferred tax in previous years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>(3,974)</u>	<u>6,727</u>	<u>11,401</u>	<u>9,299</u>
Deferred tax asset	(15,980)	0	0	0
Provision for deferred tax	<u>12,006</u>	<u>6,727</u>	<u>11,401</u>	<u>9,299</u>
	<u>(3,974)</u>	<u>6,727</u>	<u>11,401</u>	<u>9,299</u>

Deferred tax assets relate to unused tax deductions in the form of time differences. Based on budgets, management has assessed that there will be future taxable income in which unused tax deductions can be utilized.

15. Long term debt

Payment due

After 5 years	0	0	0	0
Between 1 and 5 years	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

<u>2021</u>	<u>2020</u>
<u>DKK'000</u>	<u>DKK'000</u>

NOTES FOR CASHFLOW STATEMENT

16. Change in working capital

Change in stocks	(39,126)	44,589
Change in receivables	(8,217)	13,094
Change in suppliers of goods and services, etc.	68,190	(21,334)
Currency regulations fixed assets/loans	3,853	(20,434)
Currency regulations New working capital	<u>1,376</u>	<u>(11,909)</u>
	<u>26,076</u>	<u>4,006</u>

NOTES TO THE ANNUAL REPORT

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
17. Pledged assets and contingent liabilities, etc.				
Pledged assets				
Owner's mortgage deeds held by the company	<u>24,483</u>	<u>24,483</u>	<u>24,483</u>	<u>24,483</u>
Leasing commitments				
Leasing commitments, others				
Between 1 and 5 years	3,235	2,117	2,489	1,651
Within 1 year	<u>2,466</u>	<u>2,858</u>	<u>2,007</u>	<u>2,511</u>
	<u>5,701</u>	<u>4,975</u>	<u>4,496</u>	<u>4,162</u>
Rental commitments				
After 5 years	565	551	0	0
Between 1 and 5 years	501	678	0	0
Within 1 year	<u>2,142</u>	<u>1,933</u>	<u>244</u>	<u>238</u>
	<u>3,208</u>	<u>3,162</u>	<u>244</u>	<u>238</u>
Suretyship :				
The Company has not provided a suretyship in 2021.				
Other commitments				
Submitted guarantees for work	<u>9,221</u>	<u>4,856</u>	<u>9,221</u>	<u>4,856</u>

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

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

NOTES TO THE ANNUAL REPORT

18. Related parties

BROEN A/S related parties is as followed:

Controlling influence:

Aalberts Scandinavia A/S, Skovvej 30, 5610 Assens

Other related parties

Other related parties include the company's Board of Directors, Executive Board, subsidiaries, and a number of affiliates in the Aalberts Industries NV Group.

Transactions

There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 2.

Consolidated financial statement

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

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

19. Subsequent events

By the end of February 2022 the conflict between Ukraine and Russia started, which has a significant impact on our Russian subsidiary and our business. The situation is very difficult for our employees in the company and in respect for our employees, BROEN continue to supports our business in Russia, and due to our business is not limited by the present sanctions and restrictions. BROEN follows the situation daily, and will adjust our business if needed to secure the company in Russia and will adjust to the development of future sanctions and restrictions.

Apart from this, no circumstances have occurred from the balance sheet date until today that upset the assessment of the annual report.

Our brand is our promise

BROEN
VALVE TECHNOLOGIES

BROEN VALVE TECHNOLOGIES

BROEN er international markedsleder i ventilt teknologi og vi er i dag repræsenteret på 3 kontinenter med høj aktivitet i Rusland, Europa, Kina og USA.

I over 70 år har BROEN været en førende leverandør med udvikling og produktion af driftssikker og intelligent ventilt teknologi til regulering af vand, luft og gas. BROEN leverer komplette løsninger inden for VVS-installationer og er førende leverandør af fjernvarmeventiler og ventiler til naturgas.

Med vores store erfaring og ekspertise omkring ventilt teknologi skaber vi i tæt dialog med vores kunder og partnere over hele verden værdi og troværdighed og tilbyder pålidelige og sikre ventiler med fuld sikkerhed.

BROEN gruppen – en del af den hollandske Aalberts N.V. – har hovedkvarter i Assens.

Læs mere her: www.broen.dk

Salgs- og produktionsenheder ●

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

Salgselskaber og kontorer ○

BROEN Assens (DK)
BROEN Helsinki (FI)
BROEN SEI, Bukarest (RO)
BROEN Beijing (CN)
BROEN Moskva (RU)
BROEN Clorius, Shanghai (CN)



For yderligere information,
scan denne QR-kode eller besøg
www.broen.dk