

Washtec A/S

Guldalderen 10
2640 Hedehusene
CVR No. 16574317

Annual report 2021

The Annual General Meeting adopted the
annual report on 21.04.2022

Thomas Munch Andersen
Chairman of the General Meeting

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Entity details

Entity

Washtec A/S

Guldalderen 10

2640 Hedehusene

Business Registration No.: 16574317

Registered office: Høje-taastrup

Financial year: 01.01.2021 - 31.12.2021

Phone number: +4570101533

URL: www.washtec.dk

E-mail: info@washtec.dk

Board of Directors

Thomas Munch Andersen

Stephan Weber

Morten Dale

Executive Board

Morten Dale

Bank

Danske Bank

Holmens Kanal 2

1090 København K

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Milnersvej 43

3400 Hillerød

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Washtec A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Hedehusene, 21.04.2022

Executive Board

Morten Dale

Board of Directors

Thomas Munch Andersen

Stephan Weber

Morten Dale

Independent auditor's report

To the shareholders of Washtec A/S

Opinion

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

We have audited the Financial Statements of Washtec A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 financial statements" section of this auditor's report. We are independent of the Entity 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.

Statement on Management's Commentary

Management is responsible for Management's Commentary.

Our opinion on the financial statements does not cover Management's Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Commentary.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hillerød, 21.04.2022

PricewaterhouseCoopers

CVR No. 33771231

Carsten Blicher

State Authorised Public Accountant

Identification No (MNE) mne16560

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Gross profit/loss	42,018	41,949	46,355	44,754	52,775
Operating profit/loss	3,347	5,145	5,111	5,615	8,544
Net financials	185	(9)	101	1,434	(50)
Profit/loss for the year	4,221	5,546	5,383	5,808	6,574
Total assets	49,469	56,291	49,262	44,372	54,975
Investments in property, plant and equipment	2,918	3,768	11,131	1,654	3,172
Equity	19,891	19,670	18,124	16,741	14,992
Average number of employees	46	43	48	48	56
Ratios					
Return on equity (%)	21.34	29.35	30.88	36.61	40.46
Equity ratio (%)	40.21	34.94	36.79	37.73	27.27
Return on assets (%)	9.76	9.18	13.67	12.65	15.54

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

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

Total assets

Return on assets (%):

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

Total assets

Primary activities

WashTec A/S markets and sells car wash systems on the Danish market. WashTec A/S is a subsidiary of WashTec Cleaning Technology GmbH, Germany.

The activities in Denmark comprise sale and maintenance service of automatic wash systems for cars, buses and surveillance for unattended car washing facilities. In relation to these activities, the Company also markets and sells spare parts, cleaning products, car wash installation services, water recovery systems, etc.

With this product programme WashTec A/S is the largest total supplier on the Danish market, and consequently the market leader.

Development in activities and finances

The income statement of the Company for 2021 shows a profit of DKK 4.221 thousand, and at 31.12.2021 the balance sheet of the Company shows equity of DKK 19.891 thousand.

The Norwegian subsidiary (WashTec Bilvask AS) is owned 100% by WashTec A/S. Management considers the overall performance for the year satisfactory.

Profit/loss for the year in relation to expected developments

The Company expects a gross profit for 2022 slightly above the level of 2021.

Uncertainty relating to recognition and measurement

Recognition and measurement in the financial statements have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at 31.12.2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

Outlook

The company expects a gross profit for 2022 above the level of 2021.

Environmental performance

Washtec meets the highest standards, not only of the product and service quality, but also in environmental protection. In our operations, we always aim for maximum efficiency in the use of materials and resources.

Research and development activities

Research and development activities are performed by the parent company. There is no research and development activities by the company in Denmark. The focus of the research and development work in the parent company regards innovation and ongoing development of the products and production processes. The main focus is on optimizing washing and drying processes, enhancing ease of use and improving product availability and efficiency.

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.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		42,017,583	41,948,813
Staff costs	2	(34,567,185)	(32,367,415)
Depreciation, amortisation and impairment losses	3	(4,102,953)	(4,436,238)
Operating profit/loss		3,347,445	5,145,160
Income from investments in group enterprises		1,482,456	1,514,470
Other financial income	4	270,586	210,173
Other financial expenses	5	(85,791)	(218,693)
Profit/loss before tax		5,014,696	6,651,110
Tax on profit/loss for the year	6	(793,782)	(1,105,331)
Profit/loss for the year	7	4,220,914	5,545,779

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Land and buildings		1,417,318	1,331,738
Other fixtures and fittings, tools and equipment		7,933,741	9,339,786
Property, plant and equipment in progress		135,034	438,617
Property, plant and equipment	8	9,486,093	11,110,141
Investments in group enterprises		5,198,179	5,198,179
Other receivables		157,691	898,797
Financial assets	9	5,355,870	6,096,976
Fixed assets		14,841,963	17,207,117
Manufactured goods and goods for resale		5,376,671	4,921,441
Inventories		5,376,671	4,921,441
Trade receivables		21,123,303	29,603,107
Receivables from group enterprises		629,517	0
Deferred tax	10	1,891,438	1,915,351
Other receivables		34	40
Prepayments	11	634,881	487,658
Receivables		24,279,173	32,006,156
Cash		4,971,182	2,156,569
Current assets		34,627,026	39,084,166
Assets		49,468,989	56,291,283

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	12	4,001,000	4,001,000
Retained earnings		11,890,010	11,669,096
Proposed dividend		4,000,000	4,000,000
Equity		19,891,010	19,670,096
Other provisions	13	1,698,643	1,830,809
Provisions		1,698,643	1,830,809
Lease liabilities		1,950,710	2,693,248
Non-current liabilities other than provisions	14	1,950,710	2,693,248
Current portion of non-current liabilities other than provisions	14	1,954,053	1,941,668
Prepayments received from customers		399,565	358,000
Trade payables		6,342,866	3,972,996
Payables to group enterprises		88,712	660,951
Tax payable		91,862	282,305
Other payables		9,581,598	16,750,588
Deferred income	15	7,469,970	8,130,622
Current liabilities other than provisions		25,928,626	32,097,130
Liabilities other than provisions		27,879,336	34,790,378
Equity and liabilities		49,468,989	56,291,283
Events after the balance sheet date	1		
Contingent liabilities	16		
Group relations	17		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	4,001,000	11,669,096	4,000,000	19,670,096
Ordinary dividend paid	0	0	(4,000,000)	(4,000,000)
Profit/loss for the year	0	220,914	4,000,000	4,220,914
Equity end of year	4,001,000	11,890,010	4,000,000	19,891,010

Notes

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

	2021	2020
	DKK	DKK
Wages and salaries	31,603,613	29,750,089
Pension costs	2,753,311	2,432,334
Other staff costs	210,261	184,992
	34,567,185	32,367,415
Average number of full-time employees	46	45

Remuneration to the Executive Board has not been disclosed in the accordance with section 98 B(3) of the Danish Financial Statements Act. No remuneration has been paid to the Board of Directors.

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Depreciation of property, plant and equipment	4,102,953	4,436,238
	4,102,953	4,436,238

Depreciation of right of use assets 2,067,271 DKK is included in "Depreciation of property, plant and equipment".
Loss from sale of right of use assets ? DKK is included in "Profit/loss from sale of intangible assets and property, plant and equipment".

4 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	270,418	209,554
Exchange rate adjustments	168	619
	270,586	210,173

5 Other financial expenses

	2021	2020
	DKK	DKK
Exchange rate adjustments	44,330	31,947
Other financial expenses	41,461	186,746
	85,791	218,693

Finance lease interest 12,385 DKK is included in "other financial expenses" above".

6 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	769,862	1,060,305
Change in deferred tax	23,913	81,716
Adjustment concerning previous years	7	(36,690)
	793,782	1,105,331

7 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	4,000,000	4,000,000
Retained earnings	220,914	1,545,779
	4,220,914	5,545,779

8 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	10,278,328	23,874,095	438,617
Additions	349,696	2,432,792	135,034
Disposals	0	(838,381)	(438,617)
Cost end of year	10,628,024	25,468,506	135,034
Depreciation and impairment losses beginning of year	(8,946,590)	(14,534,309)	0
Depreciation for the year	(264,116)	(3,838,837)	0
Reversal regarding disposals	0	838,381	0
Depreciation and impairment losses end of year	(9,210,706)	(17,534,765)	0
Carrying amount end of year	1,417,318	7,933,741	135,034
Recognised assets not owned by entity	0	3,893,860	0

Right of use assets of the following amounts are included in other fixtures and fittings, tools and equipment above. Right of use assets: DKK

Cost beginning of year: 7,359,066

Additions: 1,334,566

Disposals: (838,381)

Cost end of year: 7,855,251

Depreciation and impairment losses beginning of year: (2,732,501)

Depreciation for the year: (2,067,271)

Reversal regarding disposals: 838,381

Depreciation and impairment losses end of year: (3,961,391)

9 Financial assets

	Investments in group enterprises DKK	Other receivables DKK
Cost beginning of year	5,198,179	898,797
Additions	0	157,691
Disposals	0	(898,797)
Cost end of year	5,198,179	157,691
Carrying amount end of year	5,198,179	157,691

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
WashTec Bilvask AS	Norway	AS	100	25,555,951	4,245,763

10 Deferred tax

	2021	2020
	DKK	DKK
Property, plant and equipment	722,793	706,144
Financial assets	2,400	1,838
Inventories	89,663	101,492
Other deductible temporary differences	1,076,582	1,105,877
Deferred tax	1,891,438	1,915,351

Changes during the year	2021
	DKK
Beginning of year	1,915,351
Recognised in the income statement	(23,913)
End of year	1,891,438

11 Prepayments

Prepayments comprise expenses relating to the financial year 2021.

12 Share capital

	Number	Par value	Nominal
		DKK	value
			DKK
Share capital	4,001	1000	4,001,000
	4,001		4,001,000

No shares carry special rights.

There have been no changes in the share capital during the last five years.

13 Other provisions

Other provisions comprise provisions for warranties on installed machinery.

14 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Lease liabilities	1,954,053	1,941,668	1,950,710
	1,954,053	1,941,668	1,950,710

Short-term leases and low value leases are recognised as other expenses in the income statement, and amounts to 0 DKK in 2021.

15 Deferred income

Deferred income comprises non-recognised revenue from service contracts.

16 Contingent liabilities

In Denmark, operating leases have been entered into on operating equipment with remaining periods of maximum 48 months. The obligation amounts to DKK 1.357 thousand.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and highest group:

WashTec AG, Augsburg, Germany

The Group Annual Report of WashTec AG may be obtained at the following address:
www.washtec.de – Investor Relations – Publikationen – Geschäftsberichte

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).

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

The Financial Statement for Washtec A/S and affiliated subsidiaries are included in the consolidated financial statements for Washtec AG, Augsburg, Germany.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign branches that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of the foreign branches' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, costs of raw materials and consumables and other external expenses. With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the financial statements.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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.

Balance sheet

Property, plant and equipment

Land and buildings as well as 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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 at cost. Where exceeds the recoverable amount, write-down is made to this lower value.

Receivables

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

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.

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

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.

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.

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.

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.

Leases

A lease asset (right-of-use asset) and a similar lease liability are recognised for all leases for which the Entity is a lessee. However, this policy does not apply to short-term leases (i.e. leases with a lease term ending within 12 months) and contracts to lease assets of low value. For such leases, lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease liabilities

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Entity's incremental borrowing rate shall be used.

Lease payments included in the measurement of the lease liability comprise the following payments:

- Fixed payments less any lease incentives provided by the lessor to the lessee.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate are recognised in the income statement as other external expenses in the period in which the event or the circumstance triggering the payments in question takes place.

On subsequent measurement, lease liabilities are adjusted for accrued interest and repayments made, calculated by the effective interest rate method.

Lease liabilities are remeasured and the corresponding lease assets are similarly adjusted when:

- There is a change in the lease term, e.g. as a result of a change in the assessment of whether an option to extend or to purchase will be exercised. Remeasurement takes place by discounting the revised lease payments using a discount rate revised at the time of changing the lease.
- There is a change in lease payments resulting from a change in an index or a rate, or in the amounts expected to be payable under a residual value guarantee. Remeasurement takes place by discounting the revised lease payments using the original discount rate. However, a revised discount rate is used if the change reflects a change in the floating interest rate.
- There is a lease modification that is not accounted for as a separate lease. Remeasurement takes place by discounting the revised lease payments using a revised discount rate.

If the remeasurement results in the reduction of a lease liability exceeding the carrying amount of the corresponding lease asset, the excess amount is recognised in the income statement.

Lease assets (right of use assets)

On initial recognition, lease assets are measured at the amount of the initial measurement of the lease liabilities, any lease payments made before the commencement date less any lease incentives received, and any initial direct costs incurred by the lessee.

Lease assets are depreciated over the lower of the lease term and the useful life of the underlying assets. If the lease transfers the ownership of the lease assets by the end of the lease term or if the exercise of a purchase option is expected, the lease assets are depreciated over their useful life. Depreciation begins at the commencement date.

Lease assets are written down to the lower of recoverable amount and carrying amount.

Lease assets are adjusted upon remeasurement of the lease liabilities; see above in the lease liability section.

Lease assets are recognised as fixed assets within the asset item in which the underlying assets of the lease would be recognised if the Entity owned them.

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 receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The Company is included in the consolidated financial statements and thereby the cash flow statement of the Ultimate Parent, WashTec AG, Augsburg, Germany.