

G W Sprinkler A/S

Kastanievej 15, DK-5620 Glamsbjerg

Company reg. no. 31 79 65 12

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 15 March 2021.

Henrik Juul Hansen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2020	
Income statement	7
Statement of financial position	8
Statement of changes in equity	10
Notes	11
Accounting policies	14

Management's report

The board of directors and the managing director have today presented the annual report of G W Sprinkler A/S for the financial year 1 January to 31 December 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Glamsbjerg, 10 February 2021

Managing Director

Richard Markus Alber

Board of directors

Wang Yidan

Xu Haijun

Qiu Zhiheng

Independent auditor's report

To the shareholder of G W Sprinkler A/S

Opinion

We have audited the annual accounts of G W Sprinkler A/S for the financial year 1 January to 31 December 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 10 February 2021

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov

State Authorised Public Accountant
mne29456

Company information

The company

G W Sprinkler A/S
Kastanievej 15
DK-5620 Glamsbjerg

Company reg. no. 31 79 65 12
Financial year: 1 January - 31 December

Board of directors

Wang Yidan
Xu Haijun
Qiu Zhiheng

Managing Director

Richard Markus Alber

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Parent company

Waysmos Denmark Holding ApS

Management commentary

The principal activities of the company

G W Sprinkler A/S produces and sells sprinkler equipment used in the installation of fire fighting systems for onshore and offshore and marine purposes. The majority of the equipment is exported.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 3.507.495 against DKK 3.144.737 last year. The management consider the results satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	8.560.663	8.545.668
Distribution costs	-1.744.618	-1.752.128
Administration costs	-2.355.191	-2.554.709
Operating profit	4.460.854	4.238.831
Other financial income	25.885	0
2 Other financial costs	-107.338	-109.369
Financing, net	-81.453	-109.369
Pre-tax net profit or loss	4.379.401	4.129.462
3 Tax on ordinary results	-871.906	-984.725
Net profit or loss for the year	3.507.495	3.144.737
Proposed appropriation of net profit:		
Transferred to retained earnings	3.507.495	3.144.737
Total allocations and transfers	3.507.495	3.144.737

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
4 Property	1.443.355	1.587.330
5 Plant and machinery	188.298	312.613
Total property, plant, and equipment	<u>1.631.653</u>	<u>1.899.943</u>
Total non-current assets	<u>1.631.653</u>	<u>1.899.943</u>
Current assets		
Raw materials and consumables	1.742.533	2.838.151
Work in progress	1.293.045	1.135.741
Manufactured goods and trade goods	<u>2.228.788</u>	<u>1.552.761</u>
Total inventories	<u>5.264.366</u>	<u>5.526.653</u>
Trade debtors	2.088.052	2.511.843
Income tax receivables	15.593	800.000
Other receivables	605.894	318.420
Accrued income and deferred expenses	<u>0</u>	<u>164.303</u>
Total receivables	<u>2.709.539</u>	<u>3.794.566</u>
Available funds	<u>14.744.894</u>	<u>9.630.951</u>
Total current assets	<u>22.718.799</u>	<u>18.952.170</u>
Total assets	<u>24.350.452</u>	<u>20.852.113</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Contributed capital	9.700.000	9.700.000
Results brought forward	8.841.676	5.334.181
Total equity	18.541.676	15.034.181
Provisions		
Provisions for deferred tax	0	112.501
Total provisions	0	112.501
Liabilities other than provisions		
Payables to group enterprises	1.200.000	1.200.000
Total long term liabilities other than provisions	1.200.000	1.200.000
Current portion of long term payables	300.000	300.000
Prepayments received from customers	206.776	0
Trade creditors	765.969	939.501
Payables to group enterprises	246.571	0
Corporate tax	0	1.046.571
Other debts	3.089.460	2.219.359
Total short term liabilities other than provisions	4.608.776	4.505.431
Total liabilities other than provisions	5.808.776	5.705.431
Total equity and liabilities	24.350.452	20.852.113

- 1 Staff matters
- 6 Contingencies
- 7 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	9.700.000	2.189.444	11.889.444
Retained earnings for the year	0	3.144.737	3.144.737
Equity 1 January 2020	9.700.000	5.334.181	15.034.181
Retained earnings for the year	0	3.507.495	3.507.495
	9.700.000	8.841.676	18.541.676

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff matters		
Salaries and wages	5.040.158	5.910.680
Pension costs	571.640	597.093
Other costs for social security	281.389	258.894
Other staff costs	694.539	690.536
	<u>6.587.726</u>	<u>7.457.203</u>
Average number of employees	<u>15</u>	<u>18</u>
2. Other financial costs		
Other financial costs	<u>107.338</u>	<u>109.369</u>
	<u>107.338</u>	<u>109.369</u>
3. Tax on ordinary results		
Tax on net profit or loss for the year	984.407	1.046.571
Adjustment of deferred tax for the year	-112.501	0
Adjustment of tax for previous years	<u>0</u>	<u>-61.846</u>
	<u>871.906</u>	<u>984.725</u>
4. Property		
Cost 1 January 2020	<u>5.277.594</u>	<u>5.277.594</u>
Cost 31 December 2020	<u>5.277.594</u>	<u>5.277.594</u>
Depreciation and writedown 1 January 2020	-3.690.263	-3.546.288
Amortisation and depreciation for the year	<u>-143.976</u>	<u>-143.976</u>
Depreciation and writedown 31 December 2020	<u>-3.834.239</u>	<u>-3.690.264</u>
Carrying amount, 31 December 2020	<u>1.443.355</u>	<u>1.587.330</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
5. Plant and machinery		
Cost 1 January 2020	6.466.054	6.394.869
Additions during the year	0	71.185
Disposals during the year	<u>-45.000</u>	<u>0</u>
Cost 31 December 2020	<u>6.421.054</u>	<u>6.466.054</u>
Depreciation and writedown 1 January 2020	-6.153.441	-6.023.926
Amortisation and depreciation for the year	-124.315	-129.515
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>45.000</u>	<u>0</u>
Depreciation and writedown 31 December 2020	<u>-6.232.756</u>	<u>-6.153.441</u>
Carrying amount, 31 December 2020	<u>188.298</u>	<u>312.613</u>

6. Contingencies

Contingent liabilities

	<u>DKK in thousands</u>
Leasing liabilities	<u>262</u>
Contingent liabilities in total	<u>262</u>

Joint taxation

Waysmos Denmark Holding ApS, company reg. no 38774247 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Notes

All amounts in DKK.

7. Related parties

Controlling interest

Waysmos Denmark Holding ApS

Majority shareholder

Accounting policies

The annual report for G W Sprinkler A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

Income statement

Gross profit

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. Direct and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Furthermore, provisions for losses on construction contracts are recognised in case of onerous contracts.

Investment property costs comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating account are recognised in the statement of financial position as a balance with lessees.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	15-40 years	20 %
Plant and machinery	3-15 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Accounting policies

Inventories

Inventories are measured at the lower of cost based on standard cost and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, G W Sprinkler A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.