

Welpaint A/S

C/O Welcon A/S
Vejevej 270
7323 Give
CVR no. 43 91 26 31

Annual report for 2023

(1st Financial year)

Adopted at the annual general
meeting on 27 June 2024

Thomas Toft
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Welpaint A/S for the financial year 2 March - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 2 March - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Give, 27 June 2024

Executive board

Søren Høffer
CEO

Supervisory board

Carsten Risvig Pedersen
chairman

Søren Høffer

Roy Trøen Nedal

Johnny Hauggaard Skov

Thomas Toft

Independent auditor's report

To the shareholder of Welpaint A/S

Opinion

We have audited the financial statements of Welpaint A/S for the financial year 2 March - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 2 March - 31 December 2023 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 the 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 company'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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 review and, in doing so, consider whether management's review 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 review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that management's review 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 of management's review.

Copenhagen, 27 June 2024

Grant Thornton
Godkendt Revisionspartnerselskab
CVR no. 34 20 99 36

Kim Kjellberg
statsautoriseret revisor
mne29452

Company details

The company

Welpaint A/S
C/O Welcon A/S
Vejlevej 270
7323 Give

CVR no.: 43 91 26 31

Reporting period: 2 March - 31 December 2023

Incorporated: 2 March 2023

Financial year: 1st financial year

Domicile: Give

Supervisory board

Carsten Risvig Pedersen, chairman
Søren Høffer
Roy Trøen Nedal
Johnny Hauggaard Skov
Thomas Toft

Executive board

Søren Høffer, CEO

Auditors

Grant Thornton
Godkendt Revisionspartnerselskab
Stockholmegade 45
2100 København Ø

Consolidated financial statements

The company is reflected in the group report of the ultimate parent company Muehlhan Holding GmbH.

The group report of Muehlhan Holding GmbH can be obtained at the following address:

Schlinckstrasse 3
21107 Hamburg
Deutschland

Financial highlights

Seen over a 1-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2023</u> TEUR
Key figures	
Profit/loss before net financials	431
Net financials	60
Profit/loss for the year	380
Balance sheet	
Balance sheet total	9,033
Investment in property, plant and equipment	2,073
Equity	5,135
Financial ratios	
Return on assets	9.5%
Solvency ratio	56.8%
Current ratio	191.5%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Management's review

Business review

The company's purpose is to carry out surface treatment of metal parts for use in the production of renewable energy plants and, at the discretion of the board, related business.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any significant uncertainty.

Unusual matters

The company's financial position at 31 December 2023 and the results of its operations for the financial year ended 31 December 2023 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of TEUR 380, and the balance sheet at 31 December 2023 shows equity of TEUR 5,135.

The result is in line with expectations. Management considers the result as satisfactory.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Expected development of the company, including specific prerequisites and uncertainties

The financial performance for 2024 is expected to be in line with or better than 2023 depending especially on a key customer's ability to increase volumes.

Research and development activities in or for the company

The company is not significantly dependent on research, but in having close relations with handpicked partners, the company continuously creates innovative global solutions which will result in improved business reach.

Statutory corporate social responsibility report

As part of the Muehlhan Group the company is subject to and follows the implemented policies in "Code of Conduct", "Compliance Moral and Honest Conduct" and "Policy Muehlhan Group" which describes in detail the group's handling of corporate social responsibility, including human rights, environment, climate, social and working conditions, as well as anti-corruption and bribery. Via the Muehlhan Group's Integrated Management System and management evaluations / audits, according to ISO certification, continuous follow up of goals already set is controlled as well as setting up new ones.

Accounting policies

The annual report of Welpaint A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2023 is presented in TEUR.

As 2023 is the company's first reporting period, no comparatives have been presented.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised at the costs incurred insofar as they are likely to be recovered.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and costs

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Accounting policies

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Land and Buildings	20-40 years	0 %
Plant and machinery	3-8 years	0-50 %
Other fixtures and fittings, tools and equipment	3-8 years	0 %

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Accounting policies

Impairment of fixed assets

The carrying amount of items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Income tax and deferred tax

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Accounting policies

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Current ratio	$\frac{\text{Current assets total} \times 100}{\text{Short-term liabilities}}$

Income statement 2 March - 31 December

	<u>Note</u>	<u>2023</u> TEUR
Gross profit		3,527
Staff costs	1	<u>-2,786</u>
Profit/loss before amortisation/depreciation and impairment losses		741
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	<u>-310</u>
Profit/loss before net financials		431
Financial income	3	62
Financial costs	4	<u>-2</u>
Profit/loss before tax		491
Tax on profit/loss for the year	5	<u>-111</u>
Profit/loss for the year		<u><u>380</u></u>
 Recommended appropriation of profit/loss		
Retained earnings		<u>380</u>
		<u><u>380</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> TEUR
Assets		
Land and buildings	6	3
Plant and machinery	6	1,758
Other fixtures and fittings, tools and equipment	6	<u>3</u>
Tangible assets		<u>1,764</u>
Total non-current assets		<u>1,764</u>
Raw materials and consumables		<u>607</u>
Stocks		<u>607</u>
Trade receivables		4,304
Contract work in progress		42
Receivables from group enterprises		73
Other receivables		1,317
Prepayments	7	<u>490</u>
Receivables		<u>6,226</u>
Cash at bank and in hand		<u>436</u>
Total current assets		<u>7,269</u>
Total assets		<u><u>9,033</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> TEUR
Equity and liabilities		
Share capital		54
Share premium account		4,701
Retained earnings		<u>380</u>
Equity		<u>5,135</u>
Provision for deferred tax	8	48
Other provisions		<u>54</u>
Total provisions		<u>102</u>
Prepayments received from customers		2
Trade payables		1,525
Payables to group enterprises		1,852
Corporation tax		63
Other payables		<u>354</u>
Total current liabilities		<u>3,796</u>
Total liabilities		<u>3,796</u>
Total equity and liabilities		<u><u>9,033</u></u>
Contingent liabilities	9	
Related parties and ownership structure	10	

Statement of changes in equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 2 March 2023	54	4,701	0	4,755
Net profit/loss for the year	0	0	380	380
Equity at 31 December 2023	54	4,701	380	5,135

Notes

	<u>2023</u>
	TEUR
1 Staff costs	
Wages and salaries	2,545
Pensions	76
Other social security costs	165
	<u>2,786</u>
	<u><u>2,786</u></u>
Number of fulltime employees on average	<u>33</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.	
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	
Depreciation tangible assets	310
	<u>310</u>
	<u><u>310</u></u>
3 Financial income	
Interest received from group enterprise	52
Other financial income	10
	<u>62</u>
	<u><u>62</u></u>
4 Financial costs	
Other financial costs	2
	<u>2</u>
	<u><u>2</u></u>

Notes

	2023 TEUR
5 Tax on profit/loss for the year	
Current tax for the year	63
Deferred tax for the year	48
	<u>111</u>

6 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 2 March 2023	0	0	0
Additions for the year	3	2,068	3
Cost at 31 December 2023	<u>3</u>	<u>2,068</u>	<u>3</u>
Depreciation for the year	0	310	0
Impairment losses and depreciation at 31 December 2023	<u>0</u>	<u>310</u>	<u>0</u>
Carrying amount at 31 December 2023	<u><u>3</u></u>	<u><u>1,758</u></u>	<u><u>3</u></u>

7 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions.

Notes

	2023
	TEUR
8 Provision for deferred tax	
Provision for deferred tax at 2 March 2023	-141
Deferred tax recognised in income statement	189
Provision for deferred tax at 31 December 2023	48
Property, plant and equipment	1,420,538
Trade receivables	-14,759
Tax loss carry-forward	-1,405,731
	48

9 Contingent liabilities

The company is jointly taxed with its parent company, Muehlhan A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment.

10 Related parties and ownership structure

Controlling interest

The company's parent company, Muehlhan A/S, has controlling influence.

Transactions

According to the Danish financial statements act § 98c, 7, it is stated that during the year, the company has been trading with related parties. All transactions are completed under normal market conditions.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Muehlhan A/S, Navervej 10, Snoghøj, 7000 Fredericia, Denmark.
Welcon Group A/S, Vejlevej 270, 7323 Give, Denmark.

Consolidated financial statements

The company is reflected in the group report of the ultimate parent company Muehlhan Holding GmbH.

Notes

10 Related parties and ownership structure (continued)

The group report of Muehlhan Holding GmbH can be obtained at the following address:

Schlinckstrasse 3
21107 Hamburg
Deutschland