

Wagner Spraytech Scandinavia A/S

Helgeshøj Alle 28

2630 Taastrup

CVR No. 50750019

Annual Report

1 February 2018 - 31 January 2019

42. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 1 March 2019

Roland Frotscher
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Wagner Spraytech Scandinavia A/S for the financial year 1 February 2018 - 31 January 2019.

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 assets, liabilities and financial position of the Company at 31 January 2019 and of the results of the Company's operations for the financial year 1 February 2018 - 31 January 2019.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

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

Taastrup, 1 March 2019

Executive Board

Roland Frotscher
Manager

Supervisory Board

Roland Frotscher
Manager

Guido Bergman

Bruno Wilhelm Johannes Niemeyer

Management's Review

The Company's principal activities

The Company's principal activities consist in providing sales and marketing support regarding coating and painting systems.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 February 2018 - 31 January 2019 shows a result of DKK 873.386 and the Balance Sheet at 31 January 2019 a balance sheet total of DKK 4.484.592 and an equity of DKK 2.774.401.

Accounting Policies

Reporting Class

The Annual Report of Wagner Spraytech Scandinavia A/S for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external costs include costs for distribution, sales, administration, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0%
Leasehold improvements	5 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding accounts payable and transactions in foreign currencies.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Financial assets

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accounting Policies

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2018/19 DKK	2017/18 DKK
Gross profit		5.940.185	3.643.473
Employee benefits expense	1	-5.058.266	-3.541.953
Depreciation, amortisation expense and impairment losses of equipment recognised in profit or loss		-20.925	-13.945
Profit from ordinary operating activities		860.994	87.575
Other finance income		24.304	2.689
Other finance expenses		-11.912	-10.226
Profit from ordinary activities before tax		873.386	80.038
Tax expense on ordinary activities		0	0
Profit		873.386	80.038
 Proposed distribution of results			
Retained earnings		873.386	80.038
Distribution of profit		873.386	80.038

Wagner Spraytech Scandinavia A/S

Balance Sheet as of 31 January

	Note	2019 DKK	2018 DKK
Assets			
Fixtures, fittings, tools and equipment		28.190	45.258
Leasehold improvements		0	3.855
Property, plant and equipment		28.190	49.113
Deposits, investments		191.077	186.152
Investments		191.077	186.152
Fixed assets		219.267	235.265
Short-term receivables from group enterprises		1.161.788	541.383
Other short-term receivables		340.090	142.237
Deferred income		275.976	142.476
Receivables		1.777.854	826.096
Cash and cash equivalents		2.487.471	1.998.282
Current assets		4.265.325	2.824.378
Assets		4.484.592	3.059.643

Balance Sheet as of 31 January

	Note	2019 DKK	2018 DKK
Liabilities and equity			
Contributed capital		501.000	501.000
Retained earnings		2.273.401	1.400.016
Equity		2.774.401	1.901.016
Trade payables		353.344	226.061
Payables to group enterprises		0	9.436
Other payables		1.356.847	923.130
Short-term liabilities other than provisions		1.710.191	1.158.627
Liabilities other than provisions within the business		1.710.191	1.158.627
Liabilities and equity		4.484.592	3.059.643
Contingent liabilities	2		
Related parties	3		

Notes

	2018/19	2017/18
1. Employee benefits expense		
Wages and salaries	4.906.049	3.484.680
Post-employment benefit expense	99.904	19.498
Social security contributions	52.313	37.775
	<u>5.058.266</u>	<u>3.541.953</u>
Average number of employees	<u>9</u>	<u>7</u>

2. Contingent liabilities

The company is liable for rental agreements and lease commitments for DKK 1.025.520. Payable within one year DKK 804.520. Payable within 1-5 year DKK 221.000.

The company is jointly taxed with other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

3. Related parties

The Company is included in the group annual report of Wagner International AG, Switzerland.