

WAGNER SPRAYTECH SCANDINAVIA A/S

Viborgvej 100, A,

8600 Silkeborg

CVR No. 50750019

Annual Report 2022/23

46. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 27 March 2023

Michael Müller
Chairman

Contents

Management's Statement3

Independent Auditors' Report4

Management's Review6

Accounting Policies7

Income Statement11

Balance Sheet12

Statement of changes in Equity14

Notes15

Management's Statement

Today, Management has considered and adopted the Annual Report of WAGNER SPRAYTECH SCANDINAVIA A/S for the financial year 1 February 2022 - 31 January 2023.

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 2023 and of the results of the Company's operations for the financial year 1 February 2022 - 31 January 2023.

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

Management recommends to the company in general meeting that the financial statements for 2023 are not to be audited. Management considers the criteria for not auditing the financial statements to be met.

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

Silkeborg, 27 March 2023

Executive Board

Niels Ole Larsen
Manager

Supervisory Board

Michael Müller
Member

Bruno Wilhelm Johannes
Niemeyer
Member

Christian Hermann Glaser
Member

Independent Auditors' Report

To the shareholders of WAGNER SPRAYTECH SCANDINAVIA A/S

Opinion

We have audited the financial statements of WAGNER SPRAYTECH SCANDINAVIA A/S for the financial year 1 February 2022 - 31 January 2023, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are 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 January 2023 and of the results of its operations for the financial year 1 February 2022 - 31 January 2023 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditors' responsibility 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statement 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.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

Independent Auditors' Report

- * 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements 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 internal control which we identify during our audit.

Statement on Management's Review

Management is responsible for the 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 the 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 the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Roskilde, 27 March 2023

Simon Daniel Elvemand
State Authorised Public Accountant
mne45890

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 the financial situation

The Company's Income Statement of the financial year 1 February 2022 - 31 January 2023 shows a result of DKK 584.754 and the Balance Sheet at 31 January 2023 a balance sheet total of DKK 3.644.603 and an equity of DKK 2.641.978.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Recognition and measurement uncertainties

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

Unusual matters

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

Accounting Policies

Reporting Class

The annual report of WAGNER SPRAYTECH SCANDINAVIA A/S for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

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 principle.

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 amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 financial statement, 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 operating income, costs for raw materials and consumables and other external expenses.

Revenue

Income from delivery of services is recognised on a straight-line basis in net sales, 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 expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized 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%
Lease asset	4 years	0%

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the advance-payment of tax scheme.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

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 data 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.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Deposits

Deposits are measured at cost.

Receivables

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

Impairment of accounts receivables past due is established on individual assessment of receivables.

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.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Accounting Policies

Dividends

Proposed dividend for the year are recognised as a separate item under equity. Proposed dividends are recognised as a liability when approved by the Annual General Meeting.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the 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 crystallize as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Lease commitments

Lease commitments are measured at the present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the individual leases.

Payables

Payables are measured at amortized cost, which usually corresponds to the nominal value.

Contingent assets and liabilities

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

Income Statement

	Note	2022/23 DKK	2021/22 DKK
Gross profit		4.290.632	5.391.642
Employee benefits expense	1	-3.199.758	-4.365.372
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-450.225	-369.804
Profit from ordinary operating activities		640.649	656.466
Finance income		562	6.228
Finance expences		-56.457	-81.159
Profit from ordinary activities before tax		584.754	581.535
Profit		584.754	581.535
Proposed distribution of results			
Proposed extraordinary dividend recognised in equity		3.750.000	0
Retained earnings		-3.165.246	581.535
Distribution of profit		584.754	581.535

WAGNER SPRAYTECH SCANDINAVIA A/S

Balance Sheet as of 31 January

	Note	2023 DKK	2022 DKK
Assets			
Fixtures, fittings, tools and equipment	2	643.461	743.351
Property, plant and equipment		643.461	743.351
Deposits, investments		22.000	22.000
Investments		22.000	22.000
Fixed assets		665.461	765.351
Short-term trade receivables		0	3.695
Short-term receivables from group enterprises		402.688	0
Other short-term receivables		266.574	230.637
Deferred income		176.000	154.883
Receivables		845.262	389.215
Cash and cash equivalents		2.133.880	6.575.156
Current assets		2.979.142	6.964.371
Assets		3.644.603	7.729.722

Balance Sheet as of 31 January

	Note	2023 DKK	2022 DKK
Liabilities and equity			
Contributed capital		501.000	501.000
Retained earnings		2.140.978	5.306.224
Equity		2.641.978	5.807.224
Lease commitments		316.765	372.648
Long-term liabilities other than provisions	3	316.765	372.648
Short-term part of long-term liabilities other than provisions		325.790	355.805
Trade payables		222.628	291.339
Payables to group enterprises		0	443.439
Other payables		137.442	459.267
Short-term liabilities other than provisions		685.860	1.549.850
Liabilities other than provisions within the business		1.002.625	1.922.498
Liabilities and equity		3.644.603	7.729.722
Contingent liabilities	4		
Statement of good management concerning foundation	5		
Related parties	6		

WAGNER SPRAYTECH SCANDINAVIA A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 February 2022	501.000	5.306.224	0	5.807.224
Profit (loss)	0	-3.165.246	3.750.000	584.754
Extraordinary dividend paid	0	0	-3.750.000	-3.750.000
Equity 31 January 2023	501.000	2.140.978	0	2.641.978

Notes

	2022/23	2021/22
1. Employee benefits expense		
Wages and salaries	2.980.352	4.116.560
Post-employment benefit expense	175.798	184.146
Social security contributions	43.608	64.666
	3.199.758	4.365.372
Average number of employees	5	8
2. Property, plant and equipment		
Cost at the beginning of the year	1.570.604	2.083.882
Addition during the year, incl. improvements	350.337	460.662
Disposal during the year	0	-973.940
Cost at the end of the year	1.920.941	1.570.604
Depreciation and amortisation at the beginning of the year	-827.253	-1.373.188
Amortisation for the year	-450.227	-428.006
Reversal of impairment losses and amortisation of disposed assets	0	973.941
Impairment losses and amortisation at the end of the year	-1.277.480	-827.253
Carrying amount at the end of the year	643.461	743.351

Property, plant and equipment include financial leasing assets with a total carrying amount of DKK 639.971

3. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Lease commitments	316.765	325.790	0
	316.765	325.790	0

Notes

4. Contingent liabilities

The company is liable for rental agreements for DKK 46.213

As a management company, the company is jointly taxed with other enterprises in the group, and are jointly and severally liable with other jointly taxed companies for payment of corporation tax, withholding tax on dividends, interest and royalties. The total obligation amounts to DKK 0 per 31st January 2023.

5. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

6. Related parties

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