

G W Sprinkler A/S

Kastanievej 15, DK-5620 Glamsbjerg

Company reg. no. 31 79 65 12

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 23 May 2022.

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 %.

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Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of G W Sprinkler A/S for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and 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.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Glamsbjerg, 22 April 2022

Managing Director

Richard Markus Alber

Board of directors

Wang Yidan

Yu Bohong

Xu Xiaodan

Independent auditor's report

To the shareholder of G W Sprinkler A/S

Opinion

We have audited the financial statements of G W Sprinkler A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies,, for the Company. 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 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.

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' 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.

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:

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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 22 April 2022

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
	Domicile: Denmark
	Financial year: 1 January - 31 December
Board of directors	Wang Yidan Yu Bohong Xu Xiaodan
Managing Director	Richard Markus Alber
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Parent company	Waysmos Denmark Holding ApS

Management's review

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 6.078.549 against DKK 3.507.495 last year. The management consider the results satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	13.144.828	8.560.663
Distribution costs	-2.077.108	-1.744.618
Administration expenses	-2.942.818	-2.355.191
Operating profit	8.124.902	4.460.854
Other financial income	0	25.885
2 Other financial expenses	-178.223	-107.338
Financing, net	-178.223	-81.453
Pre-tax net profit or loss	7.946.679	4.379.401
Tax on net profit or loss for the year	-1.868.130	-871.906
Net profit or loss for the year	6.078.549	3.507.495
Proposed appropriation of net profit:		
Transferred to retained earnings	6.078.549	3.507.495
Total allocations and transfers	6.078.549	3.507.495

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Assets		
Non-current assets		
3 Property	1.299.379	1.443.355
4 Plant and machinery	40.689	188.298
Total property, plant, and equipment	<u>1.340.068</u>	<u>1.631.653</u>
Total non-current assets	<u>1.340.068</u>	<u>1.631.653</u>
Current assets		
Raw materials and consumables	2.241.352	1.742.533
Work in progress	1.182.709	1.293.045
Manufactured goods and goods for resale	<u>1.874.685</u>	<u>2.228.788</u>
Total inventories	<u>5.298.746</u>	<u>5.264.366</u>
Trade receivables	2.934.684	2.088.052
Receivables from subsidiaries	315.593	0
Income tax receivables	0	15.593
Other receivables	<u>1.448.566</u>	<u>605.894</u>
Total receivables	<u>4.698.843</u>	<u>2.709.539</u>
Cash and cash equivalents	<u>20.326.024</u>	<u>14.744.894</u>
Total current assets	<u>30.323.613</u>	<u>22.718.799</u>
Total assets	<u>31.663.681</u>	<u>24.350.452</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
Contributed capital	9.700.000	9.700.000
Retained earnings	14.920.225	8.841.676
Total equity	24.620.225	18.541.676
 Long term liabilities other than provisions		
Payables to subsidiaries	0	1.200.000
Total long term liabilities other than provisions	0	1.200.000
 Current portion of long term liabilities	0	300.000
Prepayments received from customers	1.547.735	206.776
Trade payables	1.089.414	765.969
Payables to subsidiaries	0	246.571
Income tax payable to subsidiaries	1.868.130	0
Other payables	2.538.177	3.089.460
Total short term liabilities other than provisions	7.043.456	4.608.776
 Total liabilities other than provisions	7.043.456	5.808.776
 Total equity and liabilities	31.663.681	24.350.452
 1 Employee matters		
5 Contingencies		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2020	9.700.000	5.334.181	15.034.181
Retained earnings for the year	<u>0</u>	<u>3.507.495</u>	<u>3.507.495</u>
Equity 1 January 2021	9.700.000	8.841.676	18.541.676
Retained earnings for the year	<u>0</u>	<u>6.078.549</u>	<u>6.078.549</u>
	<u>9.700.000</u>	<u>14.920.225</u>	<u>24.620.225</u>

Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
1. Employee matters		
Salaries and wages	5.888.850	5.040.158
Pension costs	569.461	571.640
Other costs for social security	332.413	281.389
Other staff costs	512.946	694.539
	<u>7.303.670</u>	<u>6.587.726</u>
Average number of employees	<u>15</u>	<u>15</u>
2. Other financial expenses		
Other financial costs	<u>178.223</u>	<u>107.338</u>
	<u>178.223</u>	<u>107.338</u>
3. Property		
Cost 1 January 2021	<u>5.277.594</u>	<u>5.277.594</u>
Cost 31 December 2021	<u>5.277.594</u>	<u>5.277.594</u>
Depreciation and writedown 1 January 2021	-3.834.239	-3.690.263
Amortisation and depreciation for the year	<u>-143.976</u>	<u>-143.976</u>
Depreciation and writedown 31 December 2021	<u>-3.978.215</u>	<u>-3.834.239</u>
Carrying amount, 31 December 2021	<u>1.299.379</u>	<u>1.443.355</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
4. Plant and machinery		
Cost 1 January 2021	6.421.054	6.466.054
Disposals during the year	<u>0</u>	<u>-45.000</u>
Cost 31 December 2021	<u>6.421.054</u>	<u>6.421.054</u>
Depreciation and writedown 1 January 2021	-6.232.756	-6.153.441
Amortisation and depreciation for the year	-147.609	-124.315
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>0</u>	<u>45.000</u>
Depreciation and writedown 31 December 2021	<u>-6.380.365</u>	<u>-6.232.756</u>
Carrying amount, 31 December 2021	<u>40.689</u>	<u>188.298</u>
5. Contingencies		
Contingent liabilities		DKK in thousands
Lease liabilities		<u>171</u>
Total contingent liabilities		<u>171</u>

Joint taxation

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

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

The total tax payable under the joint taxation scheme totals DKK 62.168.

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 withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for G W Sprinkler A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting 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

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration expenses

Administration expenses comprise expenses incurred during the year concerning management and administration, including expenses concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Cost of sales comprises costs concerning 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 on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

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	30 years	20 %
Plant and machinery	5-10 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.

Leases

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

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.

Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on 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.

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.

Accounting policies

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.