

Wuerth Georgia LLC

Separate Financial Statements

and Independent Auditor's Review Report

for the year ended 31 December 2023

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of Wuerth Georgia LLC (the "Company") as at 31 December 2023 and the results of its operations, changes in equity and cash flows for the year ended 31 December 2023, in compliance with International Financial Reporting Standards for SME ("IFRS for SME").

In preparing the separate financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS for SME are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS for SME;

- Maintaining statutory accounting records in compliance with IFRS for SME;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud and other irregularities.

Separate financial statements of the Company for the year ended 31 December 2020 were approved by the management on 31 January 2024.

On behalf of the Management:

Director

Nugzar Meladze



31 January 2024

Finance Director

Nestan Amirejibi



INDEPENDENT AUDITOR'S REVIEW REPORT
on the separate financial statements
of Wuerth Georgia LLC
for the year 2023

To the shareholders and management of Wuerth Georgia LLC

COMPANY OVERVIEW

Company's name: Wuerth Georgia LLC.

Postal address: Budapeshti str. #8, Tbilisi, Georgia.

Registered on 10.09.1997 the state registration number 211346603.

INDEPENDENT AUDITOR

Independent auditor's name: Rödl & Partner Audit LLC.

Postal address: Rustaveli avenue 24, 0108 Tbilisi, Georgia.

Entry in the State Register of Legal Entities dated October 21, 2010, the state registration number 404876096.

INDEPENDENT AUDITOR'S REVIEW REPORT

We have reviewed the accompanying separate financial statements of Wuerth Georgia LLC (hereinafter referred to as the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion.

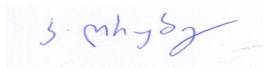
Management has informed us that full IFRS principles (IFRS 16) are used in accounting and reporting of lease contracts (for which the Company is a lessee), instead to apply principles set by IFRS for SME.

Based on our review, except for the effects of the applied lease accounting method, described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying separate financial statements are not presented fairly, in all material respects, in accordance with the

International Financial Reporting Standard for SME.

Rödl & Partner Audit LLC

Kakhaber Grubelashvili



Auditor

Tbilisi, January 31, 2024

FINANCIAL STATEMENTS

For 2023

Wuerth Georgia LLC

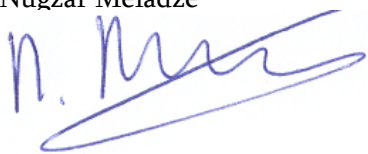
STATEMENT OF COMPREHENSIVE INCOME AND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 (In Georgian Lari)

	Year ended 31 December 2023	Year ended 31 December 2022	Note number
Sales revenue	-8.540.975,75	-7.545.356,88	
Credit notes to customers	63.139,42	26.624,03	
Total Revenue	-8.477.836,33	-7.518.732,85	8
Costs of goods sold	3.707.637,29	3.393.028,58	9
Gross profit	-4.770.199,04	-4.125.704,27	
Salaries	2.554.164,64	2.321.070,09	
Depreciation on PPE	123.694,73	66.892,22	6
Amortization on intangible assets	17.042,40	19.652,89	7
Depreciation on Right-of-use assets	400.822,44	385.814,17	14
Rental expenses			
Other administrative expenses	499.851,62	539.450,93	12
Exchange profit/loss	-47.212,02	154.745,76	
Interest expenses	38.863,18	26.674,03	
Interest income	-36.016,42	-26.071,14	
Other income	-84.150,12	-56.597,10	
Other expenses	205.738,27	208.604,69	
Profit/Loss before income tax	-1.097.400,32	-485.467,73	
Income tax	0	0	
Total comprehensive income/loss	-1.097.400,32	-485.467,73	

On behalf of the Management:

Director

Nugzar Meladze



31 January 2024

Finance Director

Nestan Amirejibi



Statement of Financial Position

As at 31 December 2023

(in Georgian Lari)

	As at 31 December 2023	As at 31 December 2022	Note number
Non-current assets			
PPE	790.490,72	475.237,66	6
Intangible assets	75.245,61	92.288,01	7
Right-of-use assets	401.000,62	724.036,20	14
Total non-current assets	1.266.736,95	1.291.561,87	
Current assets			
Inventories	1.685.990,47	1.362.787,48	9
Trade receivables	279.624,52	269.397,14	10
Advance payments to suppliers	2.262,99	20.158,20	
Tax demand			15
Receivables from NL-Wuerth Finance	2.336.545,99	1.864.893,65	
Other assets	1.463,43	19.202,43	
Cash and cash equivalents	698.454,05	657.622,28	5
Total current assets	5.004.341,45	4.194.061,18	
Total assets	6.271.078,40	5.485.623,05	
Equity			
Subscribed capital	-201.101,00	-201.101,00	
Capital reserve	-14.845,55	-14.845,55	
Retained earnings	-3.403.358,96	-4.429.606,03	
Profit for the year	-1.097.400,32	-485.467,73	
Distributed dividends		1.511.714,80	
Total Equity	-4.716.705,83	-3.619.305,51	13
Non-current liabilities		0,00	
Current liabilities			
Lease liabilities	-416.713,36	-724.036,20	14
Liabilities to NL-Wuerth Finance	-303.423,41	-434.128,13	
Trade payables	-708.106,50	-422.486,63	11
Salary payables	-77.860,32	-131.705,61	
Tax liabilities	-38.278,59	-80.509,35	15
Other liabilities	-9.990,39	-45.851,62	
Provisions		-27.600,00	

Total current liabilities	-1.554.372,57	-1.866.317,54
Total liabilities	-1.554.372,57	-1.866.317,54
Total equity and liabilities	-6.271.078,40	-5.485.623,05

On behalf of the Management:

Director

Nugzar Meladze



31 January 2024

Finance Director

Nestan Amirejibi



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023 (In Georgian Lari)

	Charter Capital	Retained Earnings	Capital reserve	Total Shareholders' Equity
Balance as at 31 December 2021	201.101	4.429.606	14.846	4.645.553
Capital contributions				0
Total comprehensive income/loss for the year		485.468		485468
Dividends		-1.511.715		-1511715
Balance as at 31 December 2022	201.101	3.403.359	14.846	3.619.306
Capital contributions				0
Total comprehensive income/loss for the year		1.097.400		1097400
Dividends				0
Balance as at 31 December 2023	201.101	4.500.759	14.846	4.716.706

On behalf of the Management:

Director

Nugzar Meladze



31 January 2024

Finance Director

Nestan Amirejibi



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023 (In Georgian Lari)

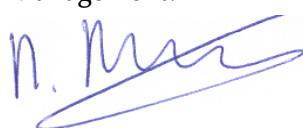
	Year ended 31 December	Year ended 31 December
	2023	2022
PROFIT BEFORE TAXATION / LOSS	1.097.400,32	485.467,73
CASH FLOWS FROM OPERATING ACTIVITIES	(758.358)	256.311
(Increase) / Decrease in Trade Receivables	-10.227	-47.035
(Increase) / Decrease in Inventories	-323.202,99	-227.688,77
(Increase) / Decrease in Other Assets	17.739,00	-19.202,43
(Increase) / Decrease in Advance payments	17.895,21	7.583,34
(Increase) / Decrease in Right-of-use leased assets	323.035,58	-361.736,57
Increase / (Decrease) in Trade payables	285.619,87	-46.725,78
Increase / (Decrease) in Salary Payables	-53.845,29	69.393,39
Increase / (Decrease) in Current Tax Assets/Liabilities	-42.230,76	47.507,29
Increase / (Decrease) in Receivables from NL-Wuerth Finance	-471.652,34	-50.142,51
Increase / (Decrease) in Liabilities to NL-Wuerth Finance	-130.704,72	434.128,13
Increase / (Decrease) in Lease Payable	-307.322,84	376.777,72
Increase / (Decrease) in Other liabilities	-35.861,23	45.851,62
Increase / (Decrease) in Other Provisions	-27.600,00	27.600,00
CASH FLOWS FROM INVESTING ACTIVITIES	(298.211)	(246.705)
Increase/Decrease in PPE	-315.253,06	-266.357,50
Increase/Decrease in Intangible Assets	17.042,40	19.652,89
CASH FLOWS FROM FINANCING ACTIVITIES	0	-1.511.715
Increase/Decrease in Borrowings		
Increase (Decrease) in Interest Payable		
Paid dividends	0,00	-1.511.714,80
NET CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	657.622,28	1.674.263,26
CASH AND CASH EQUIVALENTS AT END OF PERIOD	698.454,05	657.622,28

On behalf of the Management:

Director

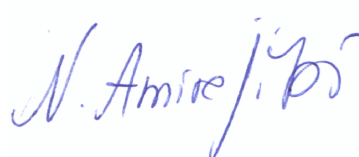
Nugzar Meladze

31 January 2024



Finance Director

Nestan Amirejibi



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023 (In Georgian Lari)

1. Reporting entity

A) Georgian business environment

The Company's operations are primarily located in Georgia. Consequently, the Company is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

The financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

B) Organization and operations

Wuerth Georgia (hereinafter the Company) is a Limited Liability Company, established on September 10, 1997 in Georgia. The company's registered office is: Budapeshti str. #8, Tbilisi, Georgia, Tax ID: 211346603.

The Company is wholly owned by Wuerth International JSC (350.4.000.006-1; Switzerland)

The company's principal activities are import, purchase and sale of goods, destined for metal processing enterprises, the construction, installation, machine building and automotive industries, as well as the timber and furniture production.

2. Basis of accounting

A) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (“IFRS for SME”).

B) Functional and presentation currency

The national currency of Georgia is the Georgian Lari (“GEL”), which is the Company’s functional currency and the currency in which these financial statements are presented. All financial information presented in GEL.

3. Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Respectively, the financial statements do not include any adjustments related to the recorded asset amounts that would have been necessary if the Company either had been unable to continue as a going concern or had disposed of assets outside the normal course of business

4. Foreign currency translation

(a) Presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). Financial statements are presented in Georgian Lari, which is the Company’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates (set by National Bank of Georgia) prevailing at the dates of the transactions.

Receivables, Payables and cash held with Bank in foreign currency is revaluated at the end of reporting period using the closing rate of exchange set by NBG.

Gains or losses on translation are recognized in profit or loss.

At 31 December 2022 and 2021 the closing exchange rates were:

	Official rate of the National Bank of Georgia	
	USD	EUR
Exchange rate as at 31.12.22	2.7020	2.8844
Exchange rate as at 31.12.23	2.6894	2.9753

5. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash in banks:

	31.12.2023	31.12.2022
Cash on hand	4040.42	5,847.86
Cash in banks	694,413.63	651,774.42
Total cash	698,454.05	657,622.28

6. PPE

Property, plant and equipment are stated at historical cost, accumulated depreciation subtracted and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on PPE is charged so as to allocate the cost of assets, their residual value subtracted over their estimated useful lives, using the straight-line method. The estimated useful lives are:

- Office equipment 1 – 10 years
- Furniture and other assets 3 – 10 years
- Vehicles 5 – 15 years

Property, plant and equipment for the year ended 31 December, 2023 and 2022 can be presented as follows:

	Carrying value at the beginning of the year	Additions	Depreciation	Carrying value at the end of the year
Property, plant, equipment 2023	475237,66	470280,88	153797,65	790490,72
Office equipment				
Furniture and other assets	73885,51	55797,20	30102,92	99579,79
Vehicles	401352,15	414483,68	123694,73	690910,93

	Carrying value at the beginning of the year	Additions	Depreciation	Carrying value at the end of the year
Property, plant, equipment 2022	208880,16	356764	90406,80	475237,66
Office equipment				
Furniture and other assets	55451,24	41948,81	23514,54	73885,51
Vehicles	153428,92	314815,45	66892,22	401352,15

7. Intangible assets

Intangible assets are carried at historical cost, accumulated amortization and any accumulated impairment losses subtracted. Amortization is calculated using diminishing balance method to allocate the cost of intangible assets over their estimated useful lives. The amortization rate for intangible assets is 15%.

Intangible assets for the year ended 31 December, 2023 and 2022 can be presented as follows:

	Carrying value at the beginning of the year	Additions	Amortization	Carrying value at the end of the year
Intangible assets 2023	92288		19652,89	75245,61
Licenses	92176,10		17025,60	75150,50
Other intangible assets	111,91		16,80	95,11

	Carrying value at the beginning of the year	Additions	Amortization	Carrying value at the end of the year
Intangible assets 2022	111940,9	0	19652,89	92288
Licenses	111809,31		19633,21	92176,10
Other intangible assets	131,59		19,68	111,91

8. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity.

9. Inventories

Inventories are stated at the lower of cost and estimated selling price, minus costs to sell. Cost is determined using the weighted average cost method. At each reporting date, inventories are assessed for impairment, whether their costs are recoverable. Devaluation of inventories is made based on sufficiency, which is calculated for each inventory item according to the following formula:

$$\text{Sufficiency} = \text{Stock of an item} / \text{Sales in the last 12 months}$$

If sufficiency in years is greater than 1 year, the entire inventory of an item is devalued as follows:

Sufficiency in years	< 1	1-2	2-3	3-4	4-5	>5
Devaluation in %	0	15	30	50	70	90

Devaluation of inventories is recognized in profit and loss.

10. Trade receivables

The sale of goods is mainly based on normal credit terms and no interest is accrued on the trade receivables. The carrying value of trade and other receivables approximates the fair value due to the short-term nature of these instruments.

At the end of each reporting period, the amounts of trade receivables are analyzed to determine whether there is any objective evidence that those amounts are not recoverable. In the presence of such evidence, an impairment loss is recognized immediately in profit or loss. The Company has a policy of assessing overdue receivables, according to their aging structure:

Overdue up to 90 days – 3%

Overdue 90 - 119 days – 10%

Overdue 120 - 179 days – 20%

Overdue 180 - 359 days – 30%
Overdue more than 359 days – 97.91%

11. Trade payables

The trade payables are accrued when the counterparty performs its obligations under the contract. The trade payables are mainly based on normal credit terms and no interests are accrued on them.

12. Other administrative expenses

	2023	2022
Losses and income from receivables	14 599,29	9 338,29
Mobility and travel expenses	22 860,88	26 306,57
Service and maintenance expenses	69 264,72	55 198,01
Samples and advertising expenses	7 727,85	8 023,73
Packaging and delivery costs	13 399,24	10 057,74
Energy costs	143 682,89	163 738,51
Insurances	39 403,97	30 643,37
Phone, fax, internet expenses	18 654,62	15 781,51
Expenses for litigation and consulting fees	73 812,99	93 501,86
Other	96 445,17	126 861,34
Total other administrative expenses	499 851,62	539 450,93

13. Capital and reserves

Charter capital

Charter capital (subscribed capital) represents the nominal amount of capital in the founding documentation of the Company. The charter capital was determined to be GEL 201,101.00.

Dividends

There were no dividends distributed in 2023.

14. Leases

The Company leases warehouse and office spaces.

Information about leases for which the Company is a lessee is presented below:

	Balance at 1 January 2023	Additions	Depreciation	Balance at 31 December 2023
Right-of-use assets	724036,20	47683,94	370719,52	401000,62

	Balance at 1 January 2022	Additions	Depreciation	Balance at 31 December 2022
Right-of-use assets	362299,63	724036,20	362299,63	724036,20

	Balance at 1 January 2023	Balance at 31 December 2022
Lease liabilities	416 713,36	724 036,20

Interests expenses in 2023	38863,18
Depreciations in 2023	370719,52

15. Taxation

Income tax

The income tax charge/credit comprises current tax and deferred tax and is recognized in profit and loss for the year. Current tax is the amount expected to be paid to, or recovered from the taxation authorities in respect of taxable objects. Current income taxes are imposed on the expenses non-related to economic activities and other taxable objects, as requested by the Tax Code of Georgia. Deferred tax liabilities are the amounts of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences and the carryforward of unused tax losses. According to the effective Income Tax rules, the concept of the tax loss is abolished and the taxation of the profit became linked to the profit distribution among the shareholders. Base on the effective corporate income tax regulation, the Company has no deferred tax assets /liabilities for the current year.

Value added tax

Output value added tax related to sales is payable to the state treasury on the delivery of goods. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. VAT is levied on the imports of goods with standard rate of 18%.

The net amount of value added tax recoverable from, or payable to the tax authority, is included as VAT asset or liability in the statement of financial position.

16. Financial Instruments Risks

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Market price risk

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash at bank

- Trade payables
- Receivables from NL-Wuerth Finance

Credit risk

Credit risk is the risk if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Company is mainly exposed to credit risk from credit sales.

Given risk is periodically assessed and considered in accrual of provision for doubtful debts. The management believes that the Company has no material risk of losses over already formed provision for reduction of cost of accounts receivable.

Credit risk also arises from cash and cash equivalents.

Market price risk

Market price risk consists from interest rate risk and foreign exchange risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b) Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency.

The Company is predominantly exposed to currency risk on purchases made from major suppliers based in the Euro zone.

17. Related Party Disclosures

The Company has the following related parties:

WURTH International AG	Shareholder
Wurth Finance	Jointly controlled entity
WURTH AWKG	Jointly controlled entity
WURTH GULF LLC/ARE	Jointly controlled entity
WURTH-MKT	Jointly controlled entity
WURTH Industrie	Jointly controlled entity

WURTH Service	Jointly controlled entity
WURTH D.O.O. BEOGRAD SERBIA	Jointly controlled entity
WURTH IT GmbH	Jointly controlled entity
WURTH GROUP	Jointly controlled entity
WURTH International AG	Jointly controlled entity
WURTH FOREIGN SWISS COMPANY	Jointly controlled entity
WURTHPHOENIX S r l	Jointly controlled entity
WURTH LOGISTIC	Jointly controlled entity
WURTH MANAGEMENT AG (3804)	Jointly controlled entity
WURTH KG Larisa	Jointly controlled entity
WURTH MARBET-1767	Jointly controlled entity
Modyf-WURTH	Jointly controlled entity
WURTH IT GmbH (prod)	Jointly controlled entity
WOW! Wurth Online World	Jointly controlled entity
WURTH(China) Holding Co., Ltd.	Jointly controlled entity
Nugzar Meladze	General Manager

Balances and Transactions with Related Parties

The Company has the following balances and carried out following transactions with related parties:

Name	Trade payables balance at 31.12.2022	Purchase of goods in 2023	Trade payables balance at 31.12.2023
WURTH International AG	0	0	0
WURTH AWKG	367 737,30	3 362 437,32	580 091,96
WURTH GULF LLC/ARE	0,00	0,00	0,00
WURTH-MKT	0,04	23 062,72	0,04
WURTH Industrie	0,00	0,00	0,00
WURTH Service	570,25	56 148,38	30,91
WURTH D.O.O. BEOGRAD SERBIA	0,00	0,00	0,00
WURTH IT GmbH	-0,14	81 036,17	12 420,48
WURTH GROUP	0,00	0,00	0,00
WURTH International AG	0,00	0,00	0,00
WURTH FOREIGN SWISS COMPANY	0,00	0,00	0,00
WURTHPHOENIX S r l	0,00	12 340,46	0,00

WURTH LOGISTIC	0,00	0,00	0,00
WURTH MANAGEMENT AG (3804)	0,00	0,00	0,00
WURTH KG Larisa	0,01	0,00	0,01
WURTH MARBET-1767	0,00	0,00	0,00
Modyf-WURTH	0,00	0,00	0,00
WURTH IT GmbH (prod)	10 023,29	3 607,63	14 207,06
WOW! Wurth Online World	-3 692,03	0,00	0,00
WURTH(China) Holding Co., Ltd.	0,00	2 745,24	208,24

Related party	Transactions	Receivables at 31.12.2022	Receivables at 31.12.2023
NL-Wuerth Finance	Financial services	1864893,65	2336545,99

Related party	Transactions	2022	2023
Nugzar Meladze	Salary	467 208,30	488 724,47

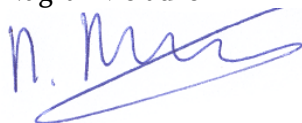
18. Events after the Reporting Period

There were no events after the reporting period.

On behalf of the Management:

Director

Nugzar Meladze



31 January 2024

Finance Director

Nestan Amirejibi

