

# **JELD-WEN ApS**

DANMARKSVEJ 9, 9670 LØGSTØR

## **ANNUAL REPORT**

1 JANUARY - 31 DECEMBER 2018

CVR NO. 10 27 68 02

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 11<sup>th</sup> July 2019

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Simon David Whittaker

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**COMPANY DETAILS**

<b>Company</b>	JELD-WEN ApS Danmarksvej 9 9670 Løgstør
	Telephone: +45 7013 0530 Telefax: +45 7013 0531 Website: <a href="http://www.jeld-wen.biz">www.jeld-wen.biz</a>
	CVR no.: 10 27 68 02
	Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Peter Willis Maxwell, Chairman John Raymond Linker Laura Ware Doerre
<b>Board of Executives</b>	Simon David Whittaker
<b>Auditor</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Plantanvej 4 7400 Herning

**MANAGEMENT'S STATEMENT**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JELD-WEN ApS for the financial year 1 January 2018 - 31 December 2018.

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 financial position at 31 December 2018 of the Company and of the results of the Company's operations for 2018.

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

Løgstør, 11<sup>th</sup> July 2019

Executive Board

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Simon David Whittaker

Board of Directors

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Peter Willis Maxwell  
Chairman

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John Raymond Linker

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Laura Ware Doerre

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JELD-WEN ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of JELD-WEN ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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.

Based on the work we have performed, in our view, 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 in Management's Review.

### 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 judgement and maintain professional scepticism throughout the audit. We also:

- 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.

Aarhus, 11<sup>th</sup> July 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Michael Nielsson  
State Authorised Public Accountant  
mne15151

Hans Jørgen Andersen  
State Authorised Public Accountant  
mne30211

## FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Operating profit/loss	-2.077	-1.276	-4.952	-3.173	-4.037
Financial income and expenses, net	521	1.304.306	-129.681	242.428	185.565
Profit/loss for the year	-3.869	1.303.091	-139.179	247.232	188.855
<b>Balance sheet</b>					
Balance sheet total	4.618.054	5.537.763	3.794.011	4.321.262	4.069.807
Investments in Tangible fixed assets	0	0	0	345	1.303
Equity	3.021.667	3.025.536	1.722.445	1.815.033	1.705.518
<b>Average number of full-time employees</b>					
	5	6	11	18	27
<b>Ratios</b>					
Solvency ratio	65,4	54,6	45,4	42,0	41,9
Return on equity	Neg.	54,9	Neg.	14,0	22,1

*The ratios stated in the list of key figures and ratios have been calculated as follows:*

*Solvency ratio:*

$$\frac{\text{Equity ex minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

*Return on equity:*

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

## MANAGEMENT REVIEW

### Principal activities

JELD-WEN ApS' activities is holding activities as previous years.

The JELD-WEN ApS Group is Europe's leading manufacturer of internal and external door solutions. The JELD-WEN ApS Group develops, manufactures and markets a wide range of high-quality doors and supplementary products.

The headquarters of JELD-WEN ApS Group is located in Solihull, UK.

### Development in activities and financial position

#### Change in accounting principles

Investments in subsidiaries are measured at cost in the JELD-WEN ApS annual accounts. The cost price method also means that dividends received from investments in subsidiaries are recognized in the JELD-WEN ApS income statement. Previously, these investments were measured according to the equity method. The change of policy results in a negative effect on the JELD-WEN ApS profit in 2018 at DKK 244.217k and a positive impact in 2017 with DKK 929.714k. Equity at December 31, 2018 is improved by DKK 1.185.186k and a positive impact per December 31, 2017 with DKK 1.553.803k. The assets have been improved with DKK 1.185.186k per December 31, 2018 and DKK 1.485.590k per December 31, 2017.

### Results

JELD-WEN ApS has no significant revenue and has not received any dividend this year.

The Board of Directors considers the result to be satisfactory.

The profit for 2017 includes a gain of DKK 1.324m following an internal transfer of subsidiaries within the Group.

### Total equity

At the end of 2018 the total equity amounts to DKK 3.022m against DKK 3.026m at the end of 2017. The equity ratio has increased from 54.6% to 65.4% at the end of 2018.

### Financial risks

As a larger, international company with operations and investments in several countries, the JELD-WEN ApS Group is exposed to financial risks. The Group's exchange rate, interest rate, cash flow and credit risks are monitored and managed centrally in the Group.

The Board of Directors approves the exchange rate and interest rate policy. In the policy, the statement of the Group's risks is defined, just as limits have been set for open risks. Furthermore, the policy defines the financial instruments which are approved for use in connection with the hedging of commercial risks. No speculation is allowed. The Group's commercial exchange rate, interest rate and cash flow and hedging positions are regularly reported to the Board of Directors.

### Exchange rate risks

It is the Group's policy to hedge in advance a substantial part of the forecasted foreign exchange risks arising principally from the purchase of goods and services denominated in non-functional currency within a 12 month horizon in the normal course of business (transaction risks). When stating the open exchange rate risks the volatility of the currencies is taken into consideration. The continuous exchange rate risks of the Group are primarily hedged through the matching of payments in the same currency and through the use of forward contracts.



**Interest rate risks**

The Group is primarily financed by intra-group loans and the overall hedging of interest rate risks is thus made in cooperation with the Parent Company.

**Cash flow**

Funding and management of continuous cash flow are handled centrally in the Group and in collaboration with the Parent Company.

**Profit/loss for the year compared to future expectations**

Loss for the year amounted to DKK 3.869k against profit DKK 1.303.091k in 2017.

**Future expectations**

Holding activity with minor revenue and no dividend expected.

Our expectation for 2019 is to be in line with result for 2018.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		<b>2018</b>	<b>2017</b>
		<b>DKK '000</b>	<b>DKK '000</b>
<b>OPERATING LOSS</b> .....		<b>-2.077</b>	<b>-1.276</b>
Staff costs	1	-3.573	-4.091
Depreciations and amortisation .....	2	-83	-235
<b>EARNINGS BEFORE INTEREST AND TAX ...</b>		<b>-5.733</b>	<b>-5.602</b>
Result of investments in group enterprises	3	0	1.364.030
Financial income .....	4	67.374	28.744
Financial expenses .....	5	-66.853	-88.468
<b>LOSS/PROFIT BEFORE TAX</b> .....		<b>-5.212</b>	<b>1.298.704</b>
Tax on loss/profit for the year .....	6	1.343	4.387
<b>LOSS/PROFIT FOR THE YEAR</b> .....	7	<b>-3.869</b>	<b>1.303.091</b>

## BALANCE SHEET AT 31 DECEMBER

		2018 DKK '000	2017 DKK '000
<b>ASSETS</b>			
Intangible fixed assets acquired .....		0	0
<b>Intangible fixed assets</b> .....	8	<b>0</b>	<b>0</b>
Other plant, machinery, tools and equipment .....		263	346
<b>Tangible fixed assets</b> .....	9	<b>263</b>	<b>346</b>
Investments in group enterprises .....	10	2.492.739	2.492.739
Receivables from group enterprises .....	11	1.653.762	2.087.888
<b>Fixed asset investments</b> .....		<b>4.146.501</b>	<b>4.580.627</b>
<b>FIXED ASSETS</b> .....		<b>4.146.764</b>	<b>4.580.973</b>
Receivables from group enterprises .....		341.997	171.835
Deferred tax .....	12	2.926	2.588
Other receivables .....		106	367
Corporation tax receivable .....		4.239	8.924
Prepayments and accrued income .....		372	3.729
<b>Receivables</b> .....		<b>349.640</b>	<b>187.443</b>
<b>Cash and cash equivalents</b> .....		<b>121.650</b>	<b>769.347</b>
<b>CURRENT ASSETS</b> .....		<b>471.290</b>	<b>956.790</b>
<b>ASSETS</b> .....		<b>4.618.054</b>	<b>5.537.763</b>

## BALANCE SHEET AT 31 DECEMBER

		2018	2017
		DKK '000	DKK '000
<b>EQUITY AND LIABILITIES</b>			
Share capital .....	13	67.213	67.213
Retained profit .....		2.954.454	2.958.323
<b>EQUITY .....</b>		<b>3.021.667</b>	<b>3.025.536</b>
Payables to group enterprises .....		1.280.967	1.738.147
<b>Long-term liabilities .....</b>	<b>14</b>	<b>1.280.967</b>	<b>1.738.147</b>
Trade payables .....		399	1.797
Payables to group enterprises .....		306.193	763.548
Other liabilities .....		8.828	8.735
<b>Current liabilities.....</b>		<b>315.420</b>	<b>774.080</b>
<b>LIABILITIES .....</b>		<b>1.596.387</b>	<b>2.512.227</b>
<b>EQUITY AND LIABILITIES .....</b>		<b>4.618.054</b>	<b>5.537.763</b>
Contingencies etc.	15		
Charges and securities	16		
Related parties	17		

## EQUITY

	Share capital DKK '000	Retained profit DKK '000	Total DKK '000
Equity at 1 January 2017 .....	67.213	1.133.857	1.201.070
Change in accounting policies .....	0	521.375	521.375
<b>Adjusted equity at 1 January 2017 .....</b>	<b>67.213</b>	<b>1.655.232</b>	<b>1.722.445</b>
Proposed distribution of profit .....	0	1.303.091	1.303.091
<b>Equity at 31 December 2017 .....</b>	<b>67.213</b>	<b>2.958.323</b>	<b>3.025.536</b>
Equity at 1 January 2018 .....	67.213	2.958.323	3.025.536
Proposed distribution of profit .....	0	-3.869	-3.869
<b>Equity at 31 December 2018 .....</b>	<b>67.213</b>	<b>2.954.454</b>	<b>3.021.667</b>

## Note

	2018 DKK '000	2017 DKK '000	
<b>Staff costs</b>			1
Average number of employees			
Parent company: 5 (2017: 6)			
Wages and salaries .....	3.227	3.721	
Pensions .....	346	370	
	<b>3.573</b>	<b>4.091</b>	
No remuneration has been paid to the executive board or board of directors in 2017 and 2018.			
<b>Depreciation and amortisation</b>			2
<b>Intangible Fixed Assets:</b>			
Amortisation for the year .....	0	111	
<b>Tangible Fixed Assets:</b>			
Depreciation for the year .....	83	124	
	<b>83</b>	<b>235</b>	

## Note

	2018 DKK '000	2017 DKK '000	
<b>Result of investments in group enterprises</b>			<b>3</b>
Dividend .....	0	40.000	
Gain from sale of investments.....	0	1.324.030	
	<b>0</b>	<b>1.364.030</b>	
<b>Financial income</b>			<b>4</b>
Group enterprises .....	67.374	28.735	
Other interest income .....	0	9	
	<b>67.374</b>	<b>28.744</b>	
<b>Financial expenses</b>			<b>5</b>
Group enterprises .....	53.427	72.226	
Other interest expenses.....	13.426	16.242	
	<b>66.853</b>	<b>88.468</b>	
<b>Tax on loss/profit for the year</b>			<b>6</b>
Calculated tax on taxable income of the year .....	1.002	5.150	
Adjustment of tax for previous years.....	3	-808	
Adjustment of deferred tax.....	338	45	
	<b>1.343</b>	<b>4.387</b>	
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			<b>7</b>
Accumulated profit .....	-3.869	1.303.091	
	<b>-3.869</b>	<b>1.303.091</b>	

Note

	2018 DKK '000	2017 DKK '000	
<b>Intangible fixed assets</b>			<b>8</b>
<b>Intangible fixed assets acquired</b>			
Cost at 1 January.....	876	876	
Disposals .....	-322	0	
<b>Cost at 31 December</b>	<b>554</b>	<b>876</b>	
Amortisation at 1 January.....	876	765	
Amortisation for the year .....	0	111	
Reversal of amortisations regarding disposals.....	-322	0	
<b>Depreciation at 31 December</b>	<b>554</b>	<b>876</b>	
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>	
<b>Tangible fixed assets</b>			<b>9</b>
<b>Other plant, machinery, tools and equipment</b>			
Cost at 1 January.....	34.431	52.486	
Disposals .....	-1.743	-18.453	
Additions.....	0	398	
<b>Cost at 31 December</b>	<b>32.688</b>	<b>34.431</b>	
Depreciation and impairment losses at 1 January.....	34.085	52.414	
Reversal of depreciations of assets disposed.....	-1.743	-18.453	
Depreciation for the year .....	83	124	
<b>Depreciation and write-down at 31 December</b>	<b>32.425</b>	<b>34.085</b>	
<b>Carrying amount at 31 December</b>	<b>263</b>	<b>346</b>	



Note

	2018 DKK '000	2017 DKK '000	
<b>Fixed asset investments</b>			10
<b>Investments in Group enterprises</b>			
Cost at 1 January .....	2.492.739	2.531.278	
Disposals .....	0	-2.418.385	
Additions.....	0	2.379.846	
<b>Cost at 31 December</b>	<b>2.492.739</b>	<b>2.492.739</b>	
Revaluation at 1 January .....	0	-521.375	
Change in accounting policies .....	0	521.375	
<b>Revaluation at 31 December</b>	<b>0</b>	<b>0</b>	
<b>Carrying amount at 31 December</b>	<b>2.492.739</b>	<b>2.492.739</b>	

## Note 10 continued...

## Investments in subsidiaries

Company name	Company form	Registered in	Ownership share %	Equity	Result
JELD-WEN EUROPE Ltd	Ltd	Sheffield, UK	100%	3.284.903k*	-11.227k*
- JELD-WEN UK Limited	Ltd	Sheffield, UK	100%	987.149k*	316.710k*
- JELD-WEN UK Pension Trustee	Ltd	Sheffield, UK	100%	0k*	0k*
- JELD-WEN Hong Kong Limited	PLC	Hong Kong, HK	100%	n/a	n/a
- Domoferm Service GmbH	GmbH	Gänserndorf, AT	100%	n/a	n/a
- Domoferm GmbH & Co, KG	GmbH & Co KG	Gänserndorf, AT	100%	n/a	n/a
- HSE Spol s.r.o.	s.r.o.	Humpolec, CZ	100%	n/a	n/a
- Domoferm Export, GmbH	GmbH	Gänserndorf, AT	100%	n/a	n/a
- Domoferm Tschechia s.r.o.	s.r.o.	Praha, CZ	100%	n/a	n/a
- Domoferm Polska Sp. Z.o.o	Sp. Z.o.o	Lesznowola, PL	100%	n/a	n/a
- Domoferm Sp. Z.o.o	Sp. Z.o.o	Lesznowola, PL	100%	n/a	n/a
- Domoferm Hungaria Kft.	Kft	Budapest, HU	100%	n/a	n/a
- Domoferm d.o.o.	d.o.o.	Zagreb-Lučko, HR	100%	n/a	n/a
- Domoferm OOO	OOO	Moscow, RU	99%	n/a	n/a
- Staalcozijin Nederland B.V.	B.V	Winterswijk, NL	100%	n/a	n/a
- Drumetall GmbH	GmbH	Gänserndorf, AU	100%	n/a	n/a
- JELD-WEN Danmark A/S	A/S	Løgstør, DK	100%	127.684k	1.035k
- JELD-WEN Österreich GmbH, Spital am Pyhrn	GmbH	Spital am Pyhrn, AU	100%	n/a	n/a
- JELD-WEN Türen GmbH	GmbH	Spital am Pyhrn, AU	100%	n/a	n/a
- JELD-WEN Eesti AS	AS	Rakvere, EE	100%	n/a	n/a
- JELD-WEN Norge AS	AS	Oslo, NO	100%	9.624k*	4.660k*
- JELD-WEN Sverige AB	AB	Åstorp, SE	100%	16.540k*	23.903k*
- Dooria AS	AS	Oslo, NO	100%	19.340k*	5k*
- Dooria Norge AS	AS	Oslo, NO	100%	21.510k*	-979k*
- Vännäs Dörr AB	AB	Vännäs, SE	100%	12.421k*	78k*
- Dooria Gagnef AB	AB	Gagnef, SE	100%	8.080k*	1.504k*
- Dooria AB	AB	Kungsäter, SE	100%	8.728k*	5k*
- Dooria Kungsäter AB	AB	Kungsäter, SE	100%	7.745k*	1.258k*
- Fastighet Varberg Österby 18:1 AB	AB	Åstorp, SE	100%	251k*	216k*
- JELD-WEN Magyarország Kft,	Kft	Lenti, HU	100%	n/a	n/a
- JELD-WEN Latvija SIA	SIA	Aizkraukle, LV	100%	12.219k*	3.338k*
- JELD-WEN France SAS	SAS	Eauze, FR	100%	111.787k*	9.352k*
- JELD-WEN Schweiz AG,	AG	Bremgarten, CH	100%	34.739k*	14.094k*
- ZARGAG Zargen + Türen AG,	AG	Bremgarten, CH	100%	31.392k*	3.868k*
- JELD-WEN Deutschland Holding GmbH	GmbH	Oettingen, DE	89%	n/a	n/a
- JELD-WEN Deutschland Verwaltungs-GmbH	GmbH	Oettingen, DE	100%	n/a	n/a
- JELD-WEN Deutschland GmbH & Co. KG	GmbH	Oettingen, DE	100%	n/a	n/a
- BOS GmbH	GmbH	Ostfildern, DE	100%	n/a	n/a
- BBE Domoferm GmbH	GmbH	Brilon, DE	100%	n/a	n/a
- JELD-WEN Suomi OY	OY	Vääksy, FI	100%	474.954k*	16.637k*
- Mattiovi OY	OY	Laitila, FI	100%	n/a	n/a
- JELD-WEN Russia LLC	LLC	St. Petersburg, RU	100%	n/a	n/a

\* means latest annual report is from 2017.

n/a means no annual report are available and therefore the result and equity are not presented.

	2018	2017	
	DKK '000	DKK '000	
<b>Receivables from group enterprises</b>			<b>11</b>
Receivables at 1 January .....	2.087.888	736.753	
Disposals .....	-471.043	-279.840	
Additions.....	57.304	1.638.340	
Currency adjustment .....	-20.387	-7.365	
	<b>1.653.762</b>	<b>2.087.888</b>	
<b>Deferred tax</b>			<b>12</b>
Deferred tax (assets):			
Tangible assets .....	435	581	
Debt .....	1.070	740	
Other .....	1.421	1.267	
	<b>2.926</b>	<b>2.588</b>	
Deferred tax comprises deferred tax of debt, intangible and tangible fixed assets.			
<b>Share capital</b>			<b>13</b>
Specification of the share capital:			
Shares, 6.721.307 stk. a nom. DKK 10.....	67.213	67.213	
	<b>67.213</b>	<b>67.213</b>	
<b>Long-term liabilities</b>			<b>14</b>
	1/1 2018	31/12 2018	Repayment
	Total	Total	Debt
	liabilities	liabilities	outstanding
			After 5
			years
Payables to group enterprises....	1.738.147	1.280.967	0
	<b>1.738.147</b>	<b>1.280.967</b>	0
			1.146.799
			<b>1.146.799</b>

## **Contingencies etc.** 15

### **Contingent liabilities**

The company is jointly and severally liable with the jointly registered group enterprises for the total VAT payable. As at 31.12.2018 the VAT payable was DKK 8.267k.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable by the Group amounts to DKK 2.556k. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## **Charges and securities** 16

The company participate in a joint European credit facility of maximum DKK 112.010k. as security the company has issued a floating charge of DKK 175.500k.

JELD-WEN ApS has issued a floating charge of DKK 10.000k.

## **Related parties** 17

Related parties with a controlling influence on JELD-WEN ApS:

JELD-WEN Holding Inc., 2645 Silver Crescent Drive, Charlotte, NC 28273, USA

JELD-WEN European Holdings, LLC., 2645 Silver Crescent Drive, Charlotte, NC 28273, USA

### **Other related parties having performed transactions with the company**

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the abovementioned group of persons has material interests.

### **Transactions with related parties**

The company only states transactions with related parties that have not been made on market terms. There are no transactions that have not been made on market terms.

### **Group reporting**

Group Report for JELD-WEN Holding Inc. can be obtained at the following address:

<http://investors.jeld-wen.com/investor-relations/annual-reports-and-proxies-landing>

## ACCOUNTING POLICIES

The annual report of JELD-WEN ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, middle enterprise.

### Change in accounting policies

As consequence of change in JELD-WEN Group structure, the JELD-WEN ApS accounting policies have been changed in the following areas:

Investments in subsidiaries are measured at cost in the JELD-WEN ApS annual accounts. The cost price method also means that dividends received from investments in subsidiaries are recognized in the JELD-WEN ApS income statement. Previously, these investments were measured according to the equity method. The change of policy results in a negative effect on the JELD-WEN ApS profit in 2018 at DKK 244.217k and a positive impact in 2017 with DKK 929.714k. Equity at December 31, 2018 is improved by DKK 1.185.186k and a positive impact per December 31, 2017 with DKK 1.553.803k. The assets have been improved with DKK 1.185.186k per December 31, 2018 and DKK 1.485.590k per December 31, 2017.

Apart from the above-mentioned areas, the financial statements have been prepared in accordance with the same accounting policies as last year.

Comparative figures have been adjusted in the main and key figures, as well as in the balance sheet, income statement and notes.

### Consolidated

With reference to section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements, however, the financial statements of the company are included in the consolidated financial statements of JELD-WEN Holding Inc., 2645 Silver Crescent Drive, Charlotte, NC 28273, USA.

### Recognition and measurement in general

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

Liabilities are recognized in the balance sheet when the company, as a result of a prior event, has a legal or constructive obligation and when it is probable that future economic benefits will flow out from the company, and the value of the liabilities can be reliably measured.

On initial recognition assets and liabilities are measured at cost. The measurement subsequent to the initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses arising before the time of presentation of the annual report and which are confirming or invalidating affairs and conditions existing at the balance sheet date are considered at the recognition and measurement.

In the income statement the income is recognized when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognized in the income statement as financial income or financial costs.

## INCOME STATEMENT

### Operating loss

The items revenue and administrative expenses have been aggregated into one item in the income statement called Operating loss in accordance with sections 32 of the Danish Financial Statements Act.

### Revenue

Income from the rendering of services is recognized as revenue as the services are rendered.

## ACCOUNTING POLICIES

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

### Administrative expenses

Administrative expenses recognize costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises and office expenses etc.

### Depreciation and amortization

This comprises depreciation and amortization of other plant, machinery, tools, equipment and intangible assets.

### Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realized and unrealized gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortization of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognized in the income statement by the amounts that relate to the financial year.

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration.

### Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in the income statement by the portion that may be attributed to the profit for the year, and is recognized directly in the equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

### Intangible fixed assets

Other intangible assets are measured at the lower of cost less accumulated amortization or the recoverable amount. Patents are amortized over the residual patent term and licenses are amortized over the term of the agreement, however, not more than 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

### Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Other plants, fixtures and equipment.....	3 - 7 years

## ACCOUNTING POLICIES

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognized in the income statement as other operating income or other operating expenses.

### Fixed asset investments

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of indication of impairment, an impairment test must be conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

### Receivables

Receivables are measured at amortized cost, which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

### Accruals, assets

Accruals recognized as assets include costs incurred relating to the subsequent financial year.

### Securities and investments

Securities and investments, recognized as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price. Non-quoted securities are measured at sales value based on computed net present value.

### Other provisions for liabilities

Other provisions for liabilities include bonus, restructuring and deferred tax etc.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognized in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realizable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallize as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognized in the income statement, except from items recognized directly in equity.

### Liabilities

Financial liabilities are recognized at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortized cost equal to the capitalized value when using the effective interest, the difference between the proceeds and the nominal value being recognized in the income statement over the term of loan.

Other liabilities are measured at amortized cost equal to nominal value.

Other liabilities, which include debt to suppliers, subsidiaries and associates and other debt are measured at amortized cost, which usually corresponds to the nominal value.

## ACCOUNTING POLICIES

Accruals recognized as liabilities include payments received regarding income in subsequent years.

The capitalized residual lease liability on finance lease contracts is also recognized as financial liabilities.

### **Accruals, liabilities**

Accruals recognized as liabilities include payments received regarding income in subsequent years.

### **Foreign currency translation**

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the relevant rate on the transaction date and the relevant rate on the payment date are recognized in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

## CASHFLOW

With reference to section 86 of the Danish Financial Statements Act. 4, the preparation of cash flow statement is omitted. The company has omitted to prepare a cash flow statement as it is included in the cash flow statement in the consolidated financial statements of JELD-WEN Holding Inc.