

List of Signatures

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 **2022 - DOVISTA Annual Report_Final.pdf**

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DOVISTA A/S

Bygholm Søpark 21D, 8700 Horsens

CVR no. 21 14 75 83

Annual report

for the year 1 January - 31 December 2022

Approved at the Company's annual general meeting on 13 April 2023

Chair of the meeting:

TEODORA ANDRA GRØNK



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DOVISTA A/S for the financial year 1 January - 31 December 2022.

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

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 6 March 2023
Executive Board:

.....
Allan Lindhard Jørgensen

.....
Anders Aakær Jensen

Board of Directors:

.....
Lars Aagaard Nielsen
Chair

.....
Søren Drewsen

.....
Søren Nielsen

.....
Lise Skaarup Mortensen

.....
Mads Kann-Rasmussen

.....
Eva Marie Susanne Larsson

.....
Lene Ramsdahl Hartung

.....
Jan Madsen

.....
Nette Bech Hjortshøj



Independent auditor's report

To the shareholders of DOVISTA A/S

Opinion

We have audited the financial statements of DOVISTA A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the 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.



Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the 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 provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 6 March 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Torben Bender
State Authorised Public Accountant
mne21332



Steen Skorstengaard
State Authorised Public Accountant
mne19709



Management's review

Company details

Name	DOVISTA A/S
Address, Postal code, City	Bygholm Søpark 21D, 8700 Horsens
CVR no.	21 14 75 83
Established	1 July 1998
Registered office	Horsens
Financial year	1 January - 31 December
Website	www.dovista.dk
Telephone	+45 96 74 67 00
Board of Directors	Lars Aagaard Nielsen, Chair Søren Drewsen Søren Nielsen Lise Skaarup Mortensen Mads Kann-Rasmussen Eva Marie Susanne Larsson Lene Ramsdahl Hartung Jan Madsen Nette Bech Hjortshøj
Executive Board	Allan Lindhard Jørgensen Anders Aakær Jensen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Financial highlights

DKKm	2022	2021	2020	2019	2018
Key figures					
Revenue	2,954.0	2,367.0	2,139.2	1,748.0	984.9
Profit before interest and tax (EBIT)	-287.1	-169.9	-126.1	-188.0	-179.2
Investment in tangible fixed assets (net)	4.9	1.9	3.8	6.2	18.8
Net financials	13.9	-48.2	-39.7	20.4	-33.7
Profit/loss before tax	150.2	-139.2	-0.7	1.4	-18.4
Profit/loss for the year	206.2	-106.8	31.5	40.6	20.9
Total assets					
Equity	4,492.2	4,544.8	1,967.2	1,799.1	1,746.2
	1,955.6	422.2	526.7	563.4	544.6
Financial ratios					
Equity ratio	43.5%	9.3%	26.8%	31.3%	31.2%
EBIT-margin	-9.7%	-7.2%	-5.9%	-10.8%	-18.2%
Return on invested capital	-6.3%	-5.2%	-6.7%	-10.6%	-10.0%
Average number of full-time employees					
	299	294	348	206	203



Management's review

Business review

DOVISTA A/S is a 100% owned subsidiary of VKR Holding A/S and the main activity is to produce, market and sell vertical windows and exterior doors.

Financial review

The income statement for 2022 shows a profit of DKK 206,243 thousand against a loss of DKK 106,821 last year, and the balance sheet at 31 December 2022 shows equity of DKK 1,955,634 thousand.

In the annual report for 2021, Management expected a profit for 2022 at the same level as in 2021. Financial year 2022 met these expectations, and the realised results are considered satisfactory and in line with the expectations expressed in the annual report for 2021.

Knowledge resources

The Company is continuously considering the need for attracting, developing and maintaining employees with relevant competence levels.

Risk factors

The Company's most significant risk is its ability to continue being a leading supplier of vertical windows and doors for the markets on which the Company is represented. Moreover, the Company is affected by the state of the construction industry. The Company's currency and raw material risks are handled based on policies adopted by the Board of Directors.

The Company has no significant risks regarding individual customers or cooperative partners beyond what is considered usual for the industry and common customer/supplier relationships.

Impact on the external environment

The Company is constantly working on reducing any environmental impact from the Company's operations, and further development of the products is an ongoing process for purposes of improving the thermal properties, increasing the lifetime even further and minimising maintenance costs.

Also in 2022, the Company worked on employee safety and related questions regarding the working environment.

Corporate social responsibility and target figure for diversity

For more information on corporate social responsibility pursuant to section 99a of the Danish Financial Statements Act, please see the consolidated financial statements of VKR Holding A/S, CVR no. 30 83 04 15, which include a statutory report on corporate social responsibility for the entire VKR Group.

The Company supports gender equality and diversity, which has resulted in a goal on diversity on the Board of Directors and on other levels of management. Information is disclosed in accordance with section 99b of the Danish Financial Statements Act.

At the end of 2022, the Board had two female members and four male members appointed by the general meeting. This corresponds to 33% of female board members appointed by the general meeting and the Company has thus fulfilled its target as the target was to have two female board members in 2025 at the latest.

For other levels of management, female members of DOVISTA A/S' management account for 20%, which is in line with last year's level and current target figure. To support the Company's policy and target for the share of female members on other levels of management, the Company focuses on including female candidates in their recruitment process.



Management's review

Data ethics

For information on the Company's policy for data ethics pursuant to section 99d of the Danish Financial Statements Act, please see the consolidated financial statements of VKR Holding A/S. The consolidated financial statements of VKR Holding A/S for 2022, CVR no. 30 83 04 15, are published at the company's webpage.

Outlook

Management expects that the increased inflation level and the level of interest will affect demand negatively in 2023. On the other hand, increased demand for energy-reducing solutions will compensate for a potential negative development in revenue.

Total revenue in DOVISTA A/S is assessed to reach approximately the same level as in 2022, and profit for the year is also expected to be in line with 2022.

Management's expectations are based on stable currency rates and continued hedging of the most important currencies and raw materials.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
3	Revenue	2,953,979	2,366,964
	Change in inventories of finished goods and work in progress	6,678	17,405
	Costs of raw materials and consumables	-2,047,207	-1,633,384
	Other external expenses	-913,718	-658,557
	Gross profit	-268	92,428
4	Employee costs	-245,414	-221,242
	Depreciation, amortisation and impairment losses	-41,386	-41,083
	Profit/loss before net financials	-287,068	-169,897
	Profit/loss from investments in subsidiaries	410,458	73,374
	Profit/loss from investments in participating interests	12,853	5,491
5	Financial income	71,266	24,715
6	Financial expenses	-57,338	-72,882
	Profit/loss before tax	150,171	-139,199
	Tax	56,072	32,378
	Profit/loss for the year	206,243	-106,821



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	20,884	49,187
	Development projects in progress and prepayments for intangible assets	655	0
		<u>21,539</u>	<u>49,187</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	9,003	12,770
	Prepayments for property, plant and equipment	4,585	3,498
		<u>13,588</u>	<u>16,268</u>
9	Investments		
	Investments in subsidiaries	2,642,042	2,948,618
	Receivables from capital interests	852,236	833,126
	Investments in participating interests	63,304	53,429
	Other receivables	1,809	1,809
		<u>3,559,391</u>	<u>3,836,982</u>
	Total fixed assets	<u>3,594,518</u>	<u>3,902,437</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	13,447	13,650
	Work in progress	516	298
	Finished goods and goods for resale	114,462	105,581
		<u>128,425</u>	<u>119,529</u>
	Receivables		
	Trade receivables	359,168	371,134
	Receivables from affiliated companies	333,590	82,604
12	Deferred tax assets	33,929	0
	Corporation tax receivable	0	21,131
	Other receivables	26,103	30,290
10	Prepayments	14,285	10,828
		<u>767,075</u>	<u>515,987</u>
	Cash	<u>2,139</u>	<u>6,857</u>
	Total non-fixed assets	<u>897,639</u>	<u>642,373</u>
	TOTAL ASSETS	<u>4,492,157</u>	<u>4,544,810</u>



Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
		55,000	-73,474	2,188	438,458	422,172
20	Equity at 1 January 2022	0	0	0	206,243	206,243
	Transfer, see "Appropriation of profit/loss"	0	70,471	0	0	70,471
	Exchange rate adjustments	0	0	0	-199,939	-199,939
	Other value adjustments of equity	0	0	28,243	0	28,243
	Adjustment of hedging instruments at fair value	0	0	0	28,444	28,444
	Tax on equity transactions	0	0	0	1,400,000	1,400,000
	Contribution from group	0	0	0	0	0
	Equity at 31 December 2022	55,000	-3,003	30,431	1,873,206	1,955,634



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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DOVISTA A/S for 2022 is presented in accordance with the provisions of the Danish Financial Statements Act applying for class C (large) companies.

The Company is included in the consolidated financial statements for VKR Holding A/S, Hørsholm, CVR no. 30 83 04 15. Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act, the Company presents no cash flow statement. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of VKR Holding A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

External business combinations

Recently acquired enterprises are recognised in the financial statements from the date of acquisition. Enterprises sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired enterprises. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Company actually obtains control of the acquiree.

Acquisitions of enterprises are accounted for by using the purchase method, if controlling influence is achieved upon acquisition. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired enterprise and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments regarding the acquisition of a foreign enterprise with a functional currency different from the presentation currency used in the financial statements are accounted for as assets and liabilities belonging to the foreign enterprise and are, on initial recognition, translated into the foreign enterprise's functional currency using the exchange rate at the transaction date.

The consideration paid for an enterprise consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Transactions costs incurred as part of the acquisition are recognised in the income statement as incurred.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

If determination of the consideration transferred or measurement of the identifiable assets, liabilities or contingent liabilities is uncertain at the date of acquisition, initial recognition is made at provisional fair values. Adjustments to the provisional amounts (including change of goodwill) may be made retrospectively for up to 12 months following the date of acquisition and comparative figures are restated.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between the fair value of the selling price less transaction costs and the carrying amount of net assets.

If put options are issued as part of the consideration transferred regarding a business combination, the put options received by the minority interests are considered redeemed at the acquisition date. The minority interest is removed, and a liability is recognised at fair value at initial measurement. The fair value is calculated as the present value of the exercise price of the option. The subsequent measurement is carried at amortised cost with ongoing recognition of interest expenses in the income statement and revaluation of goodwill.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which companies controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedges of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedges of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and costs and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the costs incurred is recognised only in so far as it is probable that such costs will be recoverable from the counterparty.

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 recognised in revenue.

Other operating income and operating expenses

Other operating income and costs comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include costs relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses comprise the year's expenses relating to the Company's core activities, including distribution costs and costs relating to sale, advertising, administration, premises, bad debts losses, operating leases, etc.

Employee costs

Employee costs include wages and salaries and pension to the Company's employees, as well as other social security contributions, etc.

Amortisation/depreciation

Amortisation and depreciation is provided on a straight line basis over the expected useful life.

The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Acquired patents	3-5 years
Goodwill	5-15 years
Land and buildings	30-40 years
Plant and machinery	5-10 years
Other fixtures and fitting, tools and equipment	3-5 years



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation is calculated taking into account any residual value after useful life and impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Profit/loss from investments in subsidiaries and participating interests

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profit/loss according to the equity method.

The proportionate share of the results after tax of participating interests is recognised in the income statements after elimination of the proportionate share of intra-group profit/loss.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Financial items include interest income and expenses, financing costs of finance leases, realised and unrealised gains and losses on securities, debt and transactions in foreign currencies, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company is jointly taxed with other group entities in the VKR Holding Group. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by VKR Holding A/S as the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise costs, salaries and amortisation directly and indirectly attributable to the Company's development activities. Development projects that are clearly defined, identifiable and with evidenced future utilisation are recognised as intangible assets if there is sufficient assurance that future earnings will be generated. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on sale of intangible assets are recognised in the income statement as "Other operating income" or "Other operating expenses", respectively.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of assets manufactured by the company comprises the acquisition cost, costs directly related to the acquisition, engineering hours, including indirect production costs and borrowing costs.

Gains and losses on sale or disposals of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and participating interests

Investments in subsidiaries and participating interests are measured according to the equity method. The Company considers the equity method a consolidation method.

On initial recognition, investments in subsidiaries and participating interests are measured at cost corresponding to the fair value of the purchase consideration excluding costs of acquisition. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Company's accounting policies eliminated for unrealised intra-group profits/losses.

Identified increases in value and goodwill, if any, compared to the underlying company's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is reduced from the carrying amount.

Investments in subsidiaries and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and participating interests is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are recognised at cost in accordance with the FIFO method. If the net realisable value is lower than cost, inventories are written down to this lower value. The cost price for goods for resale and raw materials and consumables comprises the purchase price plus delivery costs. The cost price for manufactured goods and work in progress comprises direct and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows.

Prepayments

Prepayments relate to goods and services not yet received and expenses incurred for goods and services, which will not be used until the subsequent financial year.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the VKR Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from affiliated companies".

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and participating interests compared to cost after tax. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised as a negative amount.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and participating interests in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and when the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging is no longer effective. The reserve does not represent a company law commitment and may therefore be negative.



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Notes to the financial statements

1 Accounting policies (continued)

Provisions

Other provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, pension obligations, etc.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Restructuring provisions comprise severance pay to employees, losses incurred due to the termination of contracts, etc. following Management's decision to restructure the Company. Restructuring provisions are recognised when it has been decided to restructure the Company and the restructuring process has been initiated.

Income taxes

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

Deferred tax is measured by the balance sheet liability method of all temporary differences between the accounting and taxable value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation. That will be either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of tax rules and at rates in the respective countries at the balance sheet date when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement except for items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received relating to income in subsequent financial years.



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Notes to the financial statements

1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
EBIT-margin	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{EBIT} \times 100}{\text{Average invested capital}}$

Invested capital:

Intangible assets + property, plant and equipment + other receivables + working capital



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Notes to the financial statements

2 Special items

Special items include significant amounts of non-recurring items which, in the management's opinion, are not part of the Company's primary operations. As mentioned in the management's review, the year's profit is affected by a number of factors, which differ from what management considers as part of the primary operations.

Special items for the year are specified below. The specification discloses where the items are recognized in the income statement.

DKK'000	2022	2021
Income		
Tax	-2,714	-13,227
	<u>-2,714</u>	<u>-13,227</u>
Expenses		
Other external costs	4,878	144,560
Profit/loss from investments in subsidiaries	6,229	153,859
	<u>11,107</u>	<u>298,419</u>
Special items are recognised in the below items of the financial statements		
Included in the income statement under the accounts specified above	8,393	285,192
Net profit on special items	<u>8,393</u>	<u>285,192</u>

3 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company. The reason is that competitors can derive significant information about market shares and development in the business. It is considered to cause significant damage to the company if competitors can obtain this information, which is otherwise not public available.

DKK'000	2022	2021
4 Employee costs		
Wages/salaries	226,207	203,389
Pensions	16,263	15,395
Other social security costs	2,944	2,458
	<u>245,414</u>	<u>221,242</u>
	<u>2022</u>	<u>2021</u>
Average number of full-time employees	299	294
	<u>2022</u>	<u>2021</u>
Remuneration to members of Management:		
Executive Board	14,240	14,448
Board of Directors	4,349	3,297
	<u>18,589</u>	<u>17,745</u>
5 Financial income		
Included interest income from affiliated companies	41,573	19,526
Other financial income	29,693	5,189
	<u>71,266</u>	<u>24,715</u>



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Notes to the financial statements

DKK'000	2022	2021	
6 Financial expenses			
Included interest expenses from affiliated companies	37,584	56,777	
Other financial expenses	19,754	16,105	
	57,338	72,882	
7 Intangible assets			
	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
DKK'000			
Cost at 1 January 2022	169,243	0	169,243
Exchange rate and other adjustments	0	0	0
Acquisition of enterprises	5,542	655	6,197
Additions	0	0	0
Disposals	0	0	0
Transferred	234	0	234
Cost at 31 December 2022	175,019	655	175,674
Impairment losses and amortisation at 1 January 2022	120,056	0	120,056
Exchange rate and other adjustments	0	0	0
Impairment losses	0	0	0
Amortisation	34,079	0	34,079
Reversal of prior year impairment losses	0	0	0
Disposals	0	0	0
Transferred	0	0	0
Impairment losses and amortisation at 31 December 2022	154,135	0	154,135
Carrying amount at 31 December 2022	20,884	655	21,539



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Notes to the financial statements

8 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment	Total
Cost at 1 January 2022	99,221	3,498	102,719
Exchange rate and other adjustments	0	0	0
Acquisition of enterprises	0	0	0
Additions	3,189	1,672	4,861
Disposals	0	0	0
Transferred	351	-585	-234
Cost at 31 December 2022	102,761	4,585	107,346
Impairment losses and depreciation at 1 January 2022	86,451	0	86,451
Exchange rate and other adjustments	0	0	0
Impairment losses	0	0	0
Depreciation	7,307	0	7,307
Disposals	0	0	0
Transferred	0	0	0
Impairment losses and depreciation at 31 December 2022	93,758	0	93,758
Carrying amount at 31 December 2022	9,003	4,585	13,588
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	0

9 Investments

DKK'000	Investments in subsidiaries	Receivables from capital interests	Investments in participating interests	Other receivables	Total
Cost at 1 January 2022	3,535,260	849,591	57,139	1,809	4,443,799
Exchange rate and other adjustments	0	0	0	0	0
Acquisition of enterprises	0	0	0	0	0
Additions	98,908	23,252	0	0	122,160
Disposals	0	0	0	0	0
Cost at 31 December 2022	3,634,168	872,843	57,139	1,809	4,565,959
Value adjustments at 1 January 2022	-586,642	-16,465	-3,710	0	-606,817
Exchange rate and other adjustments	70,471	-4,142	0	0	66,329
Dividends received	-715,536	0	-2,978	0	-718,514
Profit/loss for the year	410,458	0	12,853	0	423,311
Changes in equity	-170,877	0	0	0	-170,877
Value adjustments	0	0	0	0	0
Disposals	0	0	0	0	0
Value adjustments at 31 December 2022	-992,126	-20,607	6,165	0	-1,006,568
Carrying amount at 31 December 2022	2,642,042	852,236	63,304	1,809	3,559,391



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Notes to the financial statements

9 Investments (continued)

Name	Domicile
Subsidiaries	
DENMARK	
O.H. Industri A/S	Denmark
Krone Holding Aps - 80%	Denmark
Krone Vinduer A/S - 78%	Denmark
SCANDINAVIA	
DOVISTA Norge AS	Norway
Lian Vinduer AS	Norway
Natre Vinduer AS	Norway
DOVISTA Sverige AB	Sweden
Mockfjärds Fönster AB	Sweden
Svenska Fönster AB	Sweden
VELFAC AB	Sweden
REST OF EUROPE	
Kurikka Timber OY - 50%	Finland
DOVISTA IRL Ltd.	Ireland
VELFAC Ireland Ltd.	Ireland
UAB "DOVISTA"	Lithuania
Dobroplast Bis Sp. z o.o.	Poland
Dobroplast Bis Sp. z o.o. sp.k. w likwidacji	Poland
Dobroplast Fabryka Okien Sp. z o.o.	Poland
DOVISTA Polska Sp. z o.o.	Poland
DOVISTA Windows AG	Switzerland
EgoKiefer AG	Switzerland
Slovaktual s.r.o.	Slovakia
DOVISTA UK Ltd.	United Kingdom
BEW Bauelemente Werratal GmbH	Germany
Fensterdepot 24 Handelsgesellschaft mbH	Germany
fenster-webshop.de GmbH	Germany
Finestra GmbH	Germany
Porsche GmbH Fenster und Türen	Germany
Reform Fenster & Türen Vertrieb GmbH	Germany
Schneeberger Bauelemente Potthoff GmbH	Germany
VELFAC GmbH (under liquidation)	Germany
webcom Management Holding GmbH	Germany
WERU Fenster und Türen GmbH	Germany
WERU GmbH	Germany
WERU Objekt GmbH	Germany
Wertbau GmbH	Germany
WERU Nederland B.V.	The Netherlands
REST OF THE WORLD	
Dovista (Guangzhou) Windows and Doors Technology Co. Ltd.	China

Information in the company overview is provided pursuant to section 97a, (3) of the Danish Financial Statements Act. The companies are 100% owned by DOVISTA A/S unless otherwise stated after the company name.



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Notes to the financial statements

10 Prepayments

Prepayments comprise prepaid costs regarding rent, insurance premiums, marketing and subscriptions.

11 Share capital

31 December 2022, the share capital comprises 55,000 shares of DKK 1,000 each. The share capital has not been changed during the past five years.

DKK'000	2022	2021
12 Deferred tax		
Deferred tax at 1 January	12,085	24,078
Exchange rate adjustments	0	0
Deferred tax adjustments for the year recognised in the income statement	-59,260	-11,999
Prior year adjustment	4,664	6
Tax on equity transactions	8,582	0
Deferred tax at 31 December	-33,929	12,085
 Analysis of the deferred tax		
Deferred tax assets	-33,929	0
Deferred tax liabilities	0	12,085
	-33,929	12,085

31 December 2022, the Company has recognised tax assets of DKKm 33.9. The tax assets represent tax loss carryforwards of DKKm 36.4 and unused tax credits from timing differences of DKKm -2.5. Based on budgets until 2023, Management has considered that future taxable income will be available for utilisation of the tax assets.

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	27,941	27,941	0	0
	27,941	27,941	0	0

14 Other provisions

The provisions mainly relate to warranty provisions, and DKKm 85.6 is expected to fall due within one to ten years after the end of the financial year (2021: DKKm 31.8).



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15 Derivative financial instruments

The Company uses hedging instruments such as forward exchange contracts and currency swaps to hedge recognised and non-recognised transactions.

Recognition of transactions

Hedging of recognised transactions mainly comprises receivables and liabilities.

Expected future transactions

Hedging is made regarding expected foreign exchange risks related to goods purchased and sale of goods within the next year and for commodity price risks within 1-2 years. Moreover, foreign exchange risks are hedged on an ad hoc basis for individual financial transactions.

16 Disclosure of fair values

The Company has the following assets and liabilities measured at fair value:

DKK'000	Derivative financial instruments
Fair value at year end	46,994
Unrealised changes in fair value for the year, recognised in the income statement	7,980
Unrealised changes in fair value for the year, recognised in the hedging reserves	39,014

The fair value of the derivative financial instruments (level 2 in the fair value hierarchy) is based on recognised valuation methods on the basis of observable market information.

The valuation method is unchanged from 2021.

17 Contingent liabilities and other contractual obligations

Contractual obligations

The Company has entered into lease agreements with total contractual cash flows of DKK 36,671 thousands, that falls due withing 4 years.

The company has issued guaranties towards customers at an amount of DKK 553 thousands.

Contractual obligations against affiliated companies

The Company is jointly taxed with other Danish companies in the VKR Group. The Company has unlimited joint and several liabilities with the other jointly Danish taxed companies for company taxes, interest thereon etc. and for Danish tax withheld at source for dividend, interest and royalties within the joint taxation group.



Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties

Related party transactions

Transactions between the Company and its related parties are settled on an arm's length basis. Pursuant to section 98c of the Danish Financial Statements Act, the Company has chosen to disclose transactions not conducted on an arm's length basis. The Company has not had any of this type of transactions during the year.

Significant influence and information about consolidated financial statements.

VKR Holding A/S ultimately exercise a controlling interest in the Company. The ultimate parent company, VKR Holding A/S, Breettevej 18, 2970 Hørsholm, prepares the consolidated financial statements for the VKR group in which the Company is included as a subsidiary. The consolidated financial statements can be found at www.vkr-holding.com.

19 Fee to the auditors appointed by the Company in general meeting

Pursuant to section 96 (3) of the Danish Financial Statements Act, the fee to auditors is disclosed only in the consolidated financial statements of the parent company, VKR Holding A/S.

DKK'000	2022	2021
20 Appropriation of profit/loss		
Recommended appropriation of profit/loss	206,243	-106,821
Retained earnings/accumulated loss	206,243	-106,821

