

Gåsdal Bygningsindustri A/S

Bækgårdsvej 38, 6900 Skjern

CVR no. 46 91 15 12

Annual report

for the year 1 January - 31 December 2023

Approved at the Company's annual general meeting on 15 May 2024

Chair of the meeting:

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Teodora Anda Grosu

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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 Gåsdal Bygningsindustri A/S for the financial year 1 January - 31 December 2023.

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

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

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

Skjern, 15 May 2024
Executive Board:

.....
Finn Olesen
CEO

Board of Directors:

.....
Søren Busk
Chair

.....
Claus Huus Skov
Christensen
Vice Chair

.....
Malene Hjort

.....
Claus Jakobsen

.....
Finn Westergaard
Christiansen

Independent auditor's report

To the shareholders of Gåsdal Bygningsindustri A/S

Opinion

We have audited the financial statements of Gåsdal Bygningsindustri A/S for the financial year 1 January - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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, 15 May 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Henrik Carstensen
State Authorised Public Accountant
mne47765

Management's review

Company details

Name	Gåsdal Bygningsindustri A/S
Address, Postal code, City	Bækgårdsvej 38, 6900 Skjern
CVR no.	46 91 15 12
Established	12 September 1973
Registered office	Ringkøbing-Skjern
Financial year	1 January - 31 December
Board of Directors	Søren Busk, Chair Claus Huus Skov Christensen, Vice Chair Malene Hjort Claus Jakobsen Finn Westergaard Christiansen
Executive Board	Finn Olesen, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKKm	2023	2022	2021	2020	2019
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Key figures

Revenue	716.8	765.7	623.9	546.8	497.7
Profit before interest and tax (EBIT)	25.3	18.8	12.5	18.2	14.3
Investments in tangible assets (net)	83.8	37.8	17.6	20.8	29.3
Net financials	-18.3	-1.7	-3.3	0.2	-0.6
Profit before tax	7.0	17.1	9.2	18.4	13.7
Profit for the year	5.6	13.5	7.1	14.3	10.8

Total assets	421.2	330.6	218.8	146.5	130.1
Equity	71.2	65.6	52.1	59.3	55.8

Financial ratios

Equity ratio	16.9%	19.8%	23.8%	40.5%	42.9%
EBIT-Margin	3.5%	2.5%	2.0%	3.3%	2.9%
Return on invested capital	6.7%	6.8%	6.9%	13.2%	10.8%

Average number of full-time employees	262	272	278	262	240
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Management's review

Business review

Gåsdal Bygningsindustri A/S is a 100% owned subsidiary of VELUX A/S and the main activity is to produce VELUX products.

Financial review

The income statement for 2023 shows a profit of DKK 5,624 thousand against a profit of DKK 13,515 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 71,248 thousand.

In the annual report for 2022, Management expected a profit for 2023 at the same level as in 2022. The financial year 2023 end below the expectations expressed in the annual report for 2022, but the realised results are considered satisfactory in the light of the macroeconomic turbulence during 2023, which has led to significant increased financing costs.

Knowledge resources

The Company regularly reviews the need to attract, develop and retain employees with an appropriate level of competence.

Financial risks

The Company's main risk concerns the ability of continuing as a leading supplier of windows for the markets where the Company is represented. The Company is also affected by the construction business cyclical conditions.

The Company's currency risks are handled according to the currency policy approved by the Board.

The Company does not have any significant risks regarding individual customers or collaborators beyond what is usual for the industry as well as common customer/supplier relationship.

Impact on the external environment

The Company is continuously working to reduce a possible environmental impact of its operations, just like the VELUX products are constantly developed to improve the thermal characteristics, further increase longevity and minimize maintenance costs.

In 2023, the Company has also focused on employee security and related safety issues.

Corporate social responsibility and diversity goals

For information about the Company's corporate social responsibility (CSR), pursuant to section 99a of the Danish Financial Statements Act, please refer to the consolidated financial statements of VKR Holding A/ S, company reg. no. (CVR) 30 83 04 15, that includes a CSR report for the entire VKR Group.

Management's review

Report on the gender composition of Management

The Company acknowledge the value of equality and diversity, which has resulted in a target of diversity for the Board of Directors and at other management levels. Information is provided pursuant to section 99b of the Danish Financial Statements Act.

Overview

	2023
<i>Supreme governing body</i>	
Total number of members	3
Underrepresented gender in %	33
<i>Other levels of management</i>	
Total number of members	11
Underrepresented gender in %	9
Target figure in %	35
Year in which the target figure is expected to be met	2030

Supreme governing body

In 2023, our Board of Directors included 1 assembly selected woman and 2 assembly selected men, which is considered to be an adequate gender distribution by the Danish Business Authority.

Other levels of management

In 2023, 1 woman and 10 men occupied management positions (9%/ 91%), which is not considered to be an equal gender distribution by the Danish Business Authority (percentage closest to 40/60%). Efforts were made to recruit diverse candidates, including women, for management positions. Despite these initiatives, there were limited applications or suitable candidates from the underrepresented gender for the available management positions. The ambition is to increase the number of women in management positions by 2030. For the Company the target for share of women in management positions are 35%, reflecting the overrepresentation of men working in the production environment. Management positions include personnel with staff responsibilities that are directly reporting to the Executive Board and in the organizational level below.

In 2023 we have continued to reinforce gender diversity in talent programs, built a structure for Employee Resource Groups, implemented a Hiring manager guide to reduce bias when recruiting, and all white collar people managers in the Company have complete an unconscious bias training. In 2024, to mention a few of the planned activities, we will pilot and scale-up Employee Resources program, build a reinforcement mechanism into the recruitment process to increase diversity in candidate pools and roll-out Unconscious Bias training for all employees.

Data ethics

For information about the Company's policy for data ethics, cf. section 99d of the Danish Financial Statements Act, please refer to the consolidated financial statements of VKR Holding A/S. The consolidated financial statements 2023 for VKR Holding A/S, CVR no. 30 83 04 15, are published on the company's website.

Outlook

Management forecasts a profit for 2024 at the same level as in 2023.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
2	Revenue	716,804	765,666
	Cost of goods	-542,807	-600,430
	Change in inventories of finished goods and work in progress	29,382	36,175
	Work performed for own account and capitalised	10,988	2,337
	Other operating income	25,557	16,753
3	Other external expenses	-68,661	-56,532
	Gross profit	171,263	163,969
4	Employee costs	-131,945	-132,395
	Depreciation, amortisation and impairment losses	-13,988	-12,760
	Profit before net financials	25,330	18,814
	Financial income	294	618
5	Financial expenses	-18,628	-2,355
	Profit before tax	6,996	17,077
	Tax	-1,372	-3,562
	Profit for the year	5,624	13,515

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Software	0	0
		0	0
8	Property, plant and equipment		
	Plant and machinery	67,785	78,841
	Other fixtures and fittings, tools and equipment	586	1,712
	Prepayments and assets under construction	101,649	21,534
		170,020	102,087
	Total fixed assets	170,020	102,087
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	173,918	175,667
	Work in progress	59,472	45,122
	Prepayments for goods	5,672	4,615
		239,062	225,404
	Receivables		
	Receivables from affiliated companies	6,841	2,100
	Other receivables	3,485	469
9	Prepayments	1,763	566
		12,089	3,135
	Total non-fixed assets	251,151	228,539
	TOTAL ASSETS	421,171	330,626

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	6,500	6,500
	Retained earnings	64,748	59,124
	Total equity	<u>71,248</u>	<u>65,624</u>
	Provisions		
11	Deferred tax liabilities	8,660	7,568
	Total provisions	<u>8,660</u>	<u>7,568</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	78,024	69,038
	Payables to affiliated companies	239,810	166,784
	Other current liabilities	23,429	21,612
		<u>341,263</u>	<u>257,434</u>
	Total liabilities other than provisions	<u>341,263</u>	<u>257,434</u>
	TOTAL EQUITY AND LIABILITIES	<u>421,171</u>	<u>330,626</u>

- 1 Accounting policies
- 6 Appropriation of profit
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2023	6,500	59,124	65,624
6	Transfer, see "Appropriation of profit"	0	5,624	5,624
	Equity at 31 December 2023	6,500	64,748	71,248

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Gåsdal Bygningsindustri A/S for 2023 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.

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).

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.

Income statement

Revenue

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

Income from the sale of 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).

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

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.

Cost of goods

Cost of goods includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Software	3-5 years

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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

Property, plant and equipment

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

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.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Receivables

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

Receivables are measured at amortised cost.

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 to 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 "Payables to affiliated companies".

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

The Company has chosen IAS 39 as interpretation for 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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

Financial statements 1 January - 31 December

Notes to the financial statements

2 Segment information

The Company has not disclosed the breakdown of revenue as there is only one geographical and one business segment.

3 Fee to the auditors appointed 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	2023	2022
4 Employee costs		
Wages/salaries	117,411	118,993
Pensions	10,703	9,563
Other social security costs	3,831	3,839
	131,945	132,395
 Average number of full-time employees	 262	 272

Employee costs comprise remuneration of Management and fee to the Board of Directors of DDKt 2,122 (2022: DKKt 2,004).

5 Financial expenses

Included interest expenses from affiliated companies	18,018	1,060
Other financial expenses	610	1,295
	18,628	2,355

6 Appropriation of profit

Recommended appropriation of profit		
Retained earnings	5,624	13,515
	5,624	13,515

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	<u>Software</u>
Cost at 1 January 2023	344
Cost at 31 December 2023	344
Impairment losses and amortisation at 1 January 2023	344
Impairment losses and amortisation at 31 December 2023	344
Carrying amount at 31 December 2023	0

8 Property, plant and equipment

DKK'000	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Prepayments and assets under construction</u>	<u>Total</u>
Cost at 1 January 2023	224,178	11,258	21,534	256,970
Additions	2,703	80	81,066	83,849
Disposals	-30,233	-490	0	-30,723
Transferred	951	0	-951	0
Cost at 31 December 2023	<u>197,599</u>	<u>10,848</u>	<u>101,649</u>	<u>310,096</u>
Impairment losses and depreciation at 1 January 2023	145,337	9,546	0	154,883
Depreciation	13,000	988	0	13,988
Disposals	0	0	0	0
Reversal of accumulated depreciation and impairment of assets disposed	<u>-28,523</u>	<u>-272</u>	<u>0</u>	<u>-28,795</u>
Impairment losses and depreciation at 31 December 2023	<u>129,814</u>	<u>10,262</u>	<u>0</u>	<u>140,076</u>
Carrying amount at 31 December 2023	<u>67,785</u>	<u>586</u>	<u>101,649</u>	<u>170,020</u>

9 Prepayments

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

10 Share capital

31 December 2023, the share capital comprises 6,500 shares of DKK 1,000 each. The share capital has not been changed during the past five years.

DKK'000	<u>2023</u>	<u>2022</u>
11 Deferred tax		
Deferred tax at 1 January	7,568	5,468
Deferred tax adjustments for the year recognised in the income statement	<u>1,092</u>	<u>2,100</u>
Deferred tax at 31 December	<u>8,660</u>	<u>7,568</u>

Financial statements 1 January - 31 December

Notes to the financial statements

12 Contingent liabilities and other contractual obligations

Contractual obligations

The Company has entered into rent and lease agreements with total contractual cash flows of DKKm 6.2, that falls due within 5 years (2022: DKKm 48.5).

Contractual obligations against affiliated companies

The rental agreements for premises include the obligation of DKKm 0 to affiliated companies (2022: DKKm 44.1).

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.

13 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, Breeltevej 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 <https://vkr-holding.com/vkr/annual-report/?lang=en>.