



WindowMaster International A/S

Skelstedet 13
2950 Vedbæk
Central business registration
No 13827532

Annual report 2022

The Annual General Meeting adopted the annual
report on 27.04.2023

Chairman of the General Meeting

Nina Ringen

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Entity details

Entity

WindowMaster International A/S
Skelstedet 13
2950 Vedbæk

Central Business Registrations No (CVR): 13827532
Registered in: Rudersdal
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Lars Fournais, Chairman
Michael Gaarmann, Vice Chairman
Mette Søs Lassen
Leif Jensen
Erik Koch Boyter

Directors

Erik Koch Boyter, CEO
Steen Overgaard Sørensen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Statement by Management on annual report

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The Board of Directors and the Executive Board have today considered and approved the annual report of WindowMaster International A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and the result of its operations and cash flows for the financial year 01.01.2022-31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vedbæk, 02.03.2023

Executive Board:

Erik Koch Boyter
CEO

Steen Overgaard Sørensen
CFO

Board of Directors:

Lars Fournais
Chairman

Michael Gaarmann
Vice Chairman

Mette Søs Lassen

Leif Jensen

Erik Koch Boyter

Independent auditor's report

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To the shareholders of WindowMaster International A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of WindowMaster International A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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 consolidated financial statements and the parent financial statements section of this auditor's report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements:

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report, continued

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Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report, continued

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Statement on the management commentary:

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 02.03.2023

Deloitte Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Claus Jorch Andersen
State Authorised Public
Accountant
mne33712

Management commentary

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Financial highlights					
Key figures					
Net sales	241,428	211,403	189,454	201,583	196,739
Gross profit	103,551	88,005	79,064	83,348	79,845
EBITDA	16,722	9,672	12,002	14,542	14,028
Operating profit/loss	5,310	645	3,098	4,987	4,843
Net financials	-4,265	-1,752	-2,326	-2,822	-2,465
Profit/loss for the year	201	-1,947	-1	408	1,436
Total assets	121,565	124,795	78,229	90,756	89,479
Investment in property, plant & equipment	1,836	2,228	596	1,622	3,621
Equity	34,404	34,091	33,997	11,668	11,043
Ratios					
Return on equity	0.6%	-5.1%	0.0%	3.6%	14.0%
Equity ratio	28.3%	27.3%	43.5%	12.9%	12.3%
Equity ratio (net cash)	29.0%	28.4%	44.5%	13.1%	12.8%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity %	Profit/loss of the year X 100 / Avg. equity	The entity's return on capital invested in the entity by the owners.
Equity ratio %	Equity X 100 / Total assets	The financial strength of the entity.
Equity ratio % (net cash)	Equity X 100 / Total assets (cash and bank loans netted)	The financial strength of the entity.

WINDOWMASTER IN BRIEF

WindowMaster International A/S is an international and market-leading cleantech company delivering sustainable indoor climate solutions based on nature's forces.

Today, the company is the world's leading niche producer of natural ventilation. These solutions automate and control roof and façade openings with intelligence for a safe and healthy indoor climate in coordination with building management systems.

The company also addresses safety in buildings through its patented heat and smoke ventilation solutions. When tested and approved, these solutions can assist in the secure egress of building occupants by naturally venting the heat and smoke in case of fire.

Today, the company employs cleantech specialists throughout Denmark, Germany, Norway, Great Britain, Ireland, Switzerland, and the USA, as well as a wide network of certified partners around the world. Based on extensive expertise built up since 1990, WindowMaster helps the construction industry meet its green obligations and achieve their architectural and technical ambitions.

The global group functions are located at company headquarters north of Copenhagen in Vedbæk, Denmark. The global supply chain function is based in Herford, Germany which services all sales subsidiaries and partners around the world.

The production and logistics facilities have been ISO 9001 certified since year 2000.

History

WindowMaster was originally founded in 1990 as part of the VELUX Group but changed ownership in a management buy-in in 2015 with the mission to provide green ventilation solutions to the construction industry and optimize indoor climate. WindowMaster was transferred to a private investor and is now an owner-led company and was successfully listed on Nasdaq First North Growth Market on October 27th, 2020.

Vision & Mission

Our vision statement captures WindowMaster's aspiration: To provide people with the best & safest indoor climate in the world in the most intelligent & sustainable way possible driven by our mission: To create well-designed natural & smoke ventilation products and solutions that improve the indoor climate for the benefit of people, productivity, and the environment. With climate change at the top of the agenda all over the world, pressure has increased on governments and corporations to consider their carbon Footprint and sustainability approach in their daily business. Therefore, sustainability has gone from being a value-add to a value generator and is now a performance indicator for companies in line with financial performance, risk management, etc.

We have developed a strong and scalable platform to meet the needs of the industry now and in future. We focus on commercial clients with the key segments being office buildings, healthcare, culture, educational institutions, sports facilities, and shopping centers. Our vision is the underlying set of principles and guidelines upon which WindowMaster was founded and sets the fundamental baseline for all of our actions to ensure that we keep expanding our mission of "Fresh air. Fresh people."

Solutions

WindowMaster offers solutions that ensure optimal regulation of the indoor climate in buildings based on continuous monitoring of CO2 levels, humidity and temperature that can help increase efficiency and comfort of building users.

Management commentary, continued

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Natural ventilation

Natural ventilation solutions are activated based on the temperature level, humidity level, and CO2 level in a given room. In short, the system regulates a building's indoor climate by exploiting the natural forces created by temperature differences between the interior and the exterior environment, thermal displacement within the building, and winds around the building.

Mixed mode ventilation

Mixed mode ventilation is a combination of natural and mechanical ventilation. In this setup, balanced use of natural and mechanical ventilation occurs so that mechanical ventilation takes over when required by external conditions or when needed in specific areas of the building. In this context, WindowMaster supplies a natural ventilation solution that can be integrated with any mechanical ventilation product or building management system.

Heat and smoke ventilation

Heat and smoke ventilation removes smoke and heat from a burning building and keeps escape routes and fire service access areas free of smoke.

MARKET ACTIVITY

In general, market activity is high and investments in intelligent natural ventilation solutions are on the rise – both for new buildings and integrated offerings for full indoor climate solutions, and for refurbishment of existing buildings.

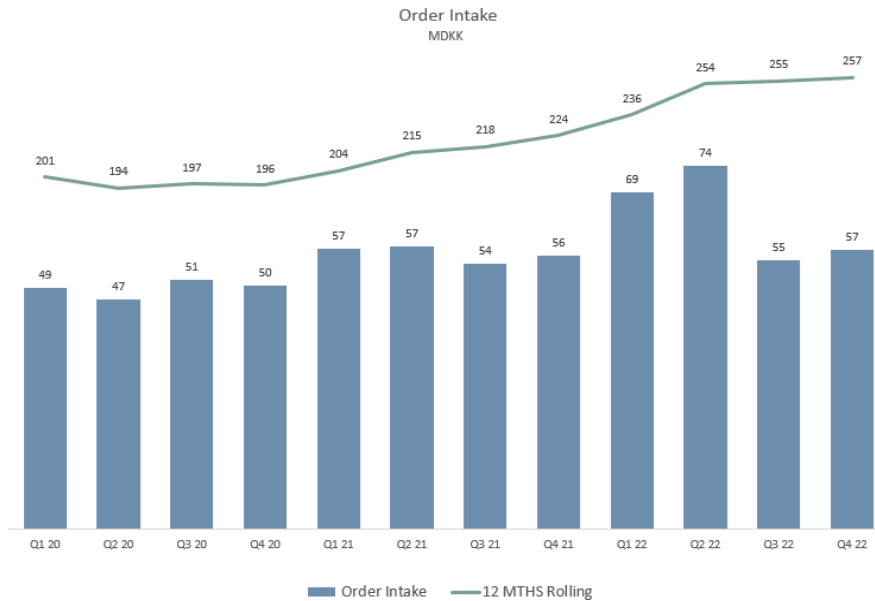
Demand is driven by investments in energy efficient solutions and environmental regulation in both EU and US. In the EU, the demand is fueled by the EU's Green Deal and the REPowerEU-plan. Building renovation is one of the most important and efficient solutions to address both climate change and reliance on fossil fuels.

In the US, the market for green technology is very attractive, and activity is high. Demand is likely to be further supported by President Biden's Climate agenda proposing plans to build a more resilient and sustainable economy. WindowMaster is the only manufacturer of window automation in the intelligent natural ventilation niche with local presence in the US. In 2016, a subsidiary was established in the Bay Area in California, and in 2019, the national distributor Clearline in Pennsylvania was acquired. An office is currently being established in Los Angeles, California. Order intake from the US increased with 49% in FY 2022 vs. FY 2021 measured in local currency.

In general, global supply chain constraints have led to more ordering in advance to secure deliveries on time, which is enhancing visibility and allowing for more efficient planning of resources.

Management commentary, continued

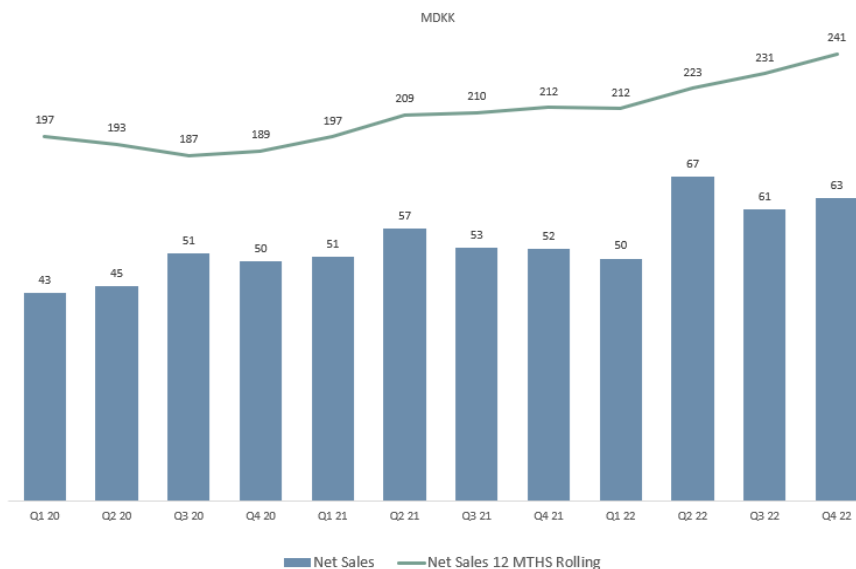
Order intake reached a record-high in 2022 of DKK 257m (2021: 224m), equivalent to an increase of 14%.



FINANCIAL DEVELOPMENTS 2022

Revenue

Revenue amounted to DKK 241m in 2022(2021: 211m) equivalent to an increase of 14.2% (9% in local currency) primarily explained by growth in product sales due to price increase and partly from more volume project sales and service. Thus, revenue exceeded the latest guidance for the year of DKK 233-236m.



The acquisition of Climatic A/S in the beginning of 2021 has added more resources to the combined service and operational activities in the Nordic region and has contributed to additional sales and profit. In 2022, it was decided to keep part of the non-core business of Climatic A/S - as the ambition to sell it off did not materialize.

Management commentary, continued

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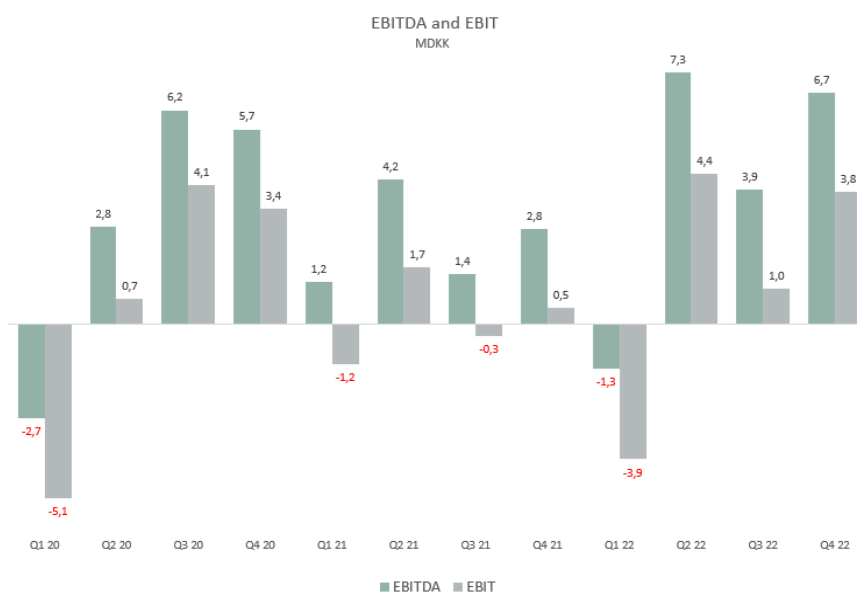
Gross profit

Gross profit amounted to DKK 103.6m in 2022 (2021: DKK 88m) equivalent to a gross margin of 42.9% (2021: 41.6%). The increase in the gross margin is related to recuperated cost prices in 2nd half by higher prices.

The first half of the year was marked by high uncertainty in the supply chain, longer delivery times and significant cost increases for primarily electronic components and logistic services. However, the implementation of permanent price increases at the beginning of the year as well as temporary price supplements in the second quarter helped to secure a stronger running margin level. This is now at a level that matches our outlook for 2023.

EBITDA

Operating profit (EBITDA) amounted to DKK 16.7m in 2022 (2021: DKK 9.7m) equivalent to an EBITDA margin of 6.9% (2021: 4.6%). The increase in the EBITDA margin is explained by higher turnover and impact from higher prices from Q2. EBITDA exceeded the latest guidance of DKK 14-16m.



Profit after tax

Profit after tax amounted to DKK 0.2m in 2022 (2021: DKK -1.9m). The result is considered satisfactory seen in the light of the challenging supply and delivery situation.

Cash flow and working capital

Cash flow from operating activities amounted to DKK 5.1m (2021: -6.8m). The improvement on last year is primarily attributable to increased profitability, however partly off-set by a slight increase in financial expenses (related to foreign exchange variations).

Cash flow from investment activities in 2022 amounted to DKK -9.5m (2021: -22.4) and have been at a relatively high level to boost digitalization (lead generation, software development, etc). Investments in 2021 included the acquisition of Climatic A/S.

Free cash flow ended at DKK -1.6m in 2022 (DKK 2.6m in 2021). The cash conversion decreased from 119 days in 2021 to 107 days in 2022.

At the end of 2022, net working capital amounted to DKK 38.7m (End of 2021: 29.0m). Net working capital as a percentage of revenue (12-month running) ended at 15.9% (End of 2021: 13.6%).

Management commentary, continued

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Net working capital increased towards the end of 2021 and further in H1 2022 due to a deliberate management decision to increase inventories and purchasing of strategically important electronic component on the spot market to be able to meet anticipated demand with competitive delivery times. In H2, operating income was flowing through to free cash flow and further improved by reduced stock levels, as the challenges in the supply chain eased somewhat again.

Cash and financial position

Net interest-bearing debt at the end of 2022 amounted to DKK 39.6m (End of 2021: 35.2m). The change is primarily related to the increase in net working capital as explained above. Access to capital and good banking relationships have proved to be a source of competitive advantage.

Financial gearing calculated as NIBD/EBITDA amounted to 2.4 at the end of 2022. (End of 2021: 3.6). The target is to be below 2.0.

At the end of 2022, Equity amounted to DKK 34.4m (End of 2021: 34.1), equivalent to an equity ratio of 29.0% (net cash). The target is to be above 30%.

The result is considered satisfactory seen in the light of the challenging supply and delivery situation as described above – but also gives confidence in the future as the increase is a result of faster implementation of the new strategy 'Accelerate Core'.

OUTLOOK FOR 2023

Despite continued general market uncertainty and particular uncertainty with respect to electronic component supplies, as well as significant cost inflation in all categories, the outlook for 2023 remains positive.

In 2023, turnover is expected to be in the range of DKK 260-270 million DKK, equivalent to approx. 10% growth. The anticipated growth reflects general market growth supported by the green agenda but also a higher share of contracting business, refurbishment jobs, and service contracts as announced in connection with the launch of our new strategy 'Accelerate Core'.

WindowMaster possesses strong knowledge of integrating and controlling different building automation solutions (solar shading, Hybrid ventilation, Natural ventilation, etc.) and is therefore harvesting more growth on hours sold and related products on top of our core products.

The outlook for 2023 includes already announced price increases in 2022. There are no current plans to implement additional price increases in 2023.

EBITDA is expected to be in the range of 23-28 million DKK.

FINANCIAL TARGETS 2025

Revenue is expected to grow organically by 10-15% p.a. from 2021 to 2025 and the EBT margin is expected to continually improve reaching a minimum of 10% in 2025.

Revenue growth will be driven by positive underlying market trends and the need for more energy-efficient buildings. Integrated offerings will lead to increased scope and order sizes. Service contracts, geographical expansion and leveraging the installed base for refurbishments will drive increased top-line.

Increased profitability will to a large extent be driven by increased operating leverage as the top-line growth only requires minor increases in the fixed cost base.

Management commentary, continued

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INTELLECTUAL CAPITAL RESOURCES

The Company continuously relates to the necessity of being able to attract, retain and develop employees with the right competences where each employee has a clearly defined responsibility and a large influence on the planning and performing of his/her own tasks. Information and knowledge sharing across the organization are given high priority, partly for the sake of the employees and partly to maintain the Company's leading position on the market.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company continues its focus to develop highly efficient solutions to secure the position as frontrunner in the market. These activities have gone from more hardware driven developments to more software and digital solutions. This has also been the case in 2022 and will remain the focus in the coming years. On top of this there are requirements to invest in CE-marking of the solutions towards the Smoke Ventilation market – investments that the Company will continue as a high priority also in the coming years.

RISKS

WindowMaster is exposed to market risks including currency risks, interest risks and commodity price risks as part of its ongoing operations and investment activities. As a supplier to the global construction industry, the company is also partly exposed to cyclical market developments and a potential economic slowdown. However, WindowMaster acts within a niche industry that are less affected by economic fluctuations.

The key commercial risks relate to the company's ability to effectively manage the anticipated growth. This involves attracting sufficient and skilled employees and safeguarding the level of competencies and market knowledge within the company. Additionally, the company is dependent on consistent and timely delivery of materials from suppliers to the assembly facility in Herford, Germany.

The Company has no significant risks relating to individual customers or cooperative partners other than the usual business risks as well as generally occurring customer/supplier relationships. The Company is not directly affected by the situation in Ukraine and does not have any activity or sales in the affected region.

SUSTAINABILITY

Natural Ventilation contributes to reducing CO₂ emissions compared to traditional mechanical ventilation solutions. In addition to lower CO₂ emissions throughout a buildings life cycle, the use of Natural Ventilation in e.g. schools and office buildings often results in savings in capital expenditure as well as operating costs. Natural Ventilation also improves the indoor climate, and several scientific studies show that improved indoor climate increases children's learning and employees' well-being and productivity.

WindowMaster stands firm on its sustainability ambitions aiming at integrating sustainability even more strongly into its corporate strategy. WindowMaster has been a frontrunner among Danish SMEs in joining the Science-Based Target Initiative (SBTI), an international collaboration that supports companies in reducing their greenhouse gas emissions to live up to the goals of the Paris Agreement to halt global temperature rise to 1.5°C.

Furthermore, WindowMaster supports the principles of the UN Global Compact and documents the company's impact on society and the environment, and it continuously strives to improve the company's sustainability performance. WindowMaster has published a separate Sustainability report cf. the Danish Financial Statements Act, section 99a in addition to the Financial Report for 2022.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 01.01.2022 - 31.12.2022

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<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
Net sales	241,428,266	211,403,274
Gross profit	103,550,836	88,004,618
1 Staff costs	-86,829,238	-78,333,088
2 Depreciation, amortisation and impairment losses	-11,411,773	-9,026,045
Operating profit/loss	5,309,825	645,485
Other financial income	2,770,490	1,205,491
Other financial expenses	-7,035,775	-2,957,363
Profit/loss before tax	1,044,540	-1,106,387
3 Tax on profit/loss for the year	-843,097	-840,832
4 Profit/loss for the year	<u>201,443</u>	<u>-1,947,219</u>

Consolidated balance sheet as at 31.12.2022**Assets**

<u>Notes</u>	2022 DKK	2021 DKK
Acquired intangible assets	10,035,145	11,367,368
Finished Development projects	6,544,880	5,802,573
Ongoing Development projects	4,251,449	4,338,121
Goodwill	7,626,981	9,079,466
5 Intangible assets	28,458,455	30,587,528
Other fixtures and fittings, tools and equipment	3,369,128	3,320,399
Leasehold improvements	1,991,277	2,013,244
6 Property, plant and equipment	5,360,405	5,333,643
Deposits	986,660	985,247
7 Fixed assets investments	986,660	985,247
Fixed assets	34,805,520	36,906,418
Goods under production	24,642,558	30,884,908
Manufactured goods and goods for resale	9,501,751	13,415,765
Inventories	34,144,309	44,300,673
Trade receivables	31,440,637	22,253,859
8 Deferred tax	4,825,358	2,944,038
9 Receivables from group enterprises	2,670,365	2,430,962
10 Contract work in progress	4,700,948	4,295,718
Income tax receivables	492,917	0
Other receivables	2,540,192	4,304,983
Prepayments	2,901,854	2,719,613
Receivables	49,572,271	38,949,173
Cash	3,043,078	4,638,915
Current assets	86,759,658	87,888,761
Total assets	121,565,178	124,795,179

Consolidated balance sheet as at 31.12.2022**Liabilities**

<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
Contributed capital	14,512,903	14,512,903
Reserve for current value adjustments of currency	994,842	882,458
Retained earnings	<u>18,896,638</u>	<u>18,695,195</u>
Equity	34,404,383	34,090,556
Other provisions	<u>926,157</u>	<u>981,917</u>
Provisions	926,157	981,917
Other payables	<u>4,893,606</u>	<u>3,797,199</u>
11 Non-current liabilities other than provisions	4,893,606	3,797,199
11 Current portion of long-term liabilities other than provisions	1,138,484	719,487
Bank loans	42,651,852	39,827,789
10 Contract work in progress	4,265,435	4,247,057
Trade payables	17,185,211	24,371,660
Income tax payables	809,115	871,247
12 Other payables	<u>15,290,935</u>	<u>15,888,267</u>
Current liabilities other than provisions	81,341,032	85,925,507
Liabilities other than provisions	<u>86,234,638</u>	<u>89,722,706</u>
Equity and liabilities	<u>121,565,178</u>	<u>124,795,179</u>
14 Unrecognised rental and lease commitments		
15 Contingent liabilities		
16 Assets charged and collateral		
17 Group relations		
18 Subsidiaries		
19 Transactions with related parties		

Consolidated statement of change in equity for 2022

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	Contributed capital DKK	Reserve for current value adjustments of currency DKK	Retained earnings DKK	Total DKK
Equity beginning of the year	14,512,903	882,458	18,695,195	34,090,556
Exchange rate adjustments	0	112,384		112,384
Profit/loss for the year	0	0	201,443	201,443
Equity end of the year	14,512,903	994,842	18,896,638	34,404,383

Consolidated cash flow statement for 01.01.2022 - 31.12.2022

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<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
Operating profit/loss	5,309,825	645,485
Amortisation, depreciation and impairment losses	11,411,773	9,026,045
13 Working capital changes	<u>-2,285,898</u>	<u>-12,138,883</u>
Cash flow from ordinary operating activities	14,435,700	-2,467,353
Financial Income received	2,770,490	1,205,491
Financial expenses paid	-7,035,775	-2,957,363
Income taxes refunded/(paid)	<u>-5,039,458</u>	<u>-2,551,381</u>
Cash flow from operating activities	5,130,957	-6,770,606
Acquisition etc of intangible assets	-7,305,944	-20,141,167
Acquisition etc of property, plant and equipment	-1,836,102	-2,227,507
Earn-out regarding purchase of subsidiaries	<u>-371,855</u>	<u>0</u>
Cash flows from investing activities	-9,513,901	-22,368,674
Share issue	0	1,500,003
Bank loans	<u>2,824,063</u>	<u>30,206,293</u>
Cash flows from financing activities	2,824,063	31,706,296
Increase/decrease in cash and cash equivalents	-1,558,881	2,567,016
Cash and cash equivalents beginning of year	4,638,915	1,807,854
Exchange rate adjustments on cash and cash equivalents	-36,956	264,045
Cash and cash equivalents end of year	3,043,078	4,638,915
Cash and cash equivalents at year-end are composed of:		
Cash	<u>3,043,078</u>	<u>4,638,915</u>
Cash and cash equivalents end of year	3,043,078	4,638,915

Notes to consolidated financial statements

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Notes	2022 DKK	2021 DKK
1 Staff costs		
Wages and salaries	77,258,985	69,365,879
Pension costs	4,248,880	4,184,920
Other social security costs	5,321,373	4,782,289
Total	86,829,238	78,333,088
Average number of employees	131	127
	Remunera- tion of management 2022 DKK	Remunera- tion of management 2021 DKK
Board of directors	825,000	862,500
Management	6,456,272	5,443,256
Total amount of management categories	7,281,272	6,305,756
2 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	9,614,474	7,631,502
Depreciation of property, plant and equipment	1,797,299	1,764,506
Profit/loss from sale of intangible assets and property, plant and equipment	0	-369,963
	11,411,773	9,026,045

Notes to consolidated financial statements, continued

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<u>Notes</u>	2022 DKK	2021 DKK
3 Tax on profit/loss for the year		
Current tax	1,813,676	2,530,240
Changes in deferred tax	-1,881,320	-1,795,319
Adjustment concerning previous years	910,741	105,911
	843,097	840,832
4 Proposed distribution of profit/loss		
Retained earnings	201,443	-1,947,219
	201,443	-1,947,219
	Finished	Ongoing
	Development	Development
	projects	projects
	DKK	DKK
5 Intangible assets		
Cost beginning of year	16,619,624	4,338,121
Additions	4,201,591	4,114,919
Disposals	0	-4,201,591
Cost end of year	20,821,215	4,251,449
Amortisation and impairment losses beginning of year	-10,817,051	0
Amortisation for the year	-3,459,284	0
Amortisation and impairment losses end of year	-14,276,335	0
Carrying amount end of year	6,544,880	4,251,449

The aim of development projects is to further develop the Company's products. During the financial year, the Company has completed a series of projects. It is expected that the development projects in progress are completed within 1 - 3 years.

<u>Notes</u>	Acquired intangible assets DKK	Goodwill DKK
5 Intangible assets		
Cost beginning of year	36,353,177	25,878,610
Exchanges rate adjustments	174,371	660,963
Additions	1,791,025	1,400,000
Disposals	0	0
Cost end of year	38,318,573	27,939,573
Amortisation and impairment losses beginning of year	-24,985,809	-16,799,144
Exchanges rate adjustments	-174,371	-481,506
Amortisation for the year	-3,123,248	-3,031,942
Reversal regarding disposals	0	0
Amortisation and impairment losses end of year	-28,283,428	-20,312,592
Carrying amount end of year	10,035,145	7,626,981

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6 Property, plant and equipment		
Cost beginning of year	18,344,738	2,959,723
Exchange rate adjustments	46,765	3
Additions	1,480,825	355,277
Disposals	-529,820	-113,415
Cost end of year	19,342,508	3,201,588
Depreciation and impairment losses beginning of year	-15,024,339	-946,479
Exchange rate adjustment	-55,153	-3,656
Depreciation for the year	-1,423,708	-373,591
Reversal regarding disposals	529,820	113,415
Depreciation and impairment losses end of year	-15,973,380	-1,210,311
Carrying amount end of year	3,369,128	1,991,277
		Deposits DKK
7 Fixed assets investments		
Cost beginning of year		985,247
Additions		4,700
Disposal		-6,797
Exchange rate adjustment		3,510
Cost end of year		986,660
Carrying amount end of year		986,660
	2022 DKK	2021 DKK
8 Deferred tax		
Intangible assets	-3,390,684	-3,654,284
Property, plant and equipment	472,175	274,597
Receivables	-2,267,473	-1,258,223
Tax losses carried forward	10,011,340	7,581,948
	4,825,358	2,944,038
Changes during the year		
Beginning of year	2,944,038	
Recognised in the income statement	1,881,320	
End of year	4,825,358	

Tax losses carried forward

Tax losses carried forward is expected to be used within 3 - 5 years in the joint taxation.

Notes to consolidated financial statements, continued

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Notes

9 Receivables from group enterprises

Receivables from group enterprises, is not expected to be received with the next 12 months.

	2022	2021
	DKK	DKK
10 Contract work in progress		
Sales value of production of the period	61,262,152	45,306,092
Payments received on account	-60,826,639	-45,257,431
	435,513	48,661
Recognised as follows in the balance sheet:		
Contract work in progress under assets	4,700,948	4,295,718
Contract work in progress under liabilities	-4,265,435	-4,247,057
	435,513	48,661

	Due within 1	Due within 2-	Due after
	year	5 years	more than 5
	DKK	DKK	years
	DKK	DKK	DKK
11 Liabilities other than provisions			
Other payables	1,138,484	1,598,010	3,295,596
	1,138,484	1,598,010	3,295,596

Other payables consists of long-term holiday pay obligations, that are due after more than 5 years.

	2022	2021
	DKK	DKK
12 Other short-term payables		
VAT and duties	4,565,902	5,656,181
Wages and salaries, personal income taxes, social security costs, etc payable	1,921,867	2,821,420
Holiday pay obligation	3,230,596	3,302,140
Other costs payable	5,572,570	4,108,526
	15,290,935	15,888,267

Notes to consolidated financial statements, continued

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Notes

	2022	2021
	DKK	DKK
13 Change in working capital		
Increase/decrease in inventories	10,156,364	-20,040,723
Increase/decrease in receivables	-9,186,778	-3,807,281
Increase/decrease in Trade payables	-7,248,581	13,421,497
Changes in Work in Progress	-386,852	-2,095,284
Changes in other receivables/other payables	4,379,949	381,887
Currency hedging	0	1,021
	-2,285,898	-12,138,883

	2022	2021
	DKK	DKK
14 Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	38,505,432	37,835,040

Of this amount, liabilities for leaseholds until 2029 totals DKK 27,602,327.

15 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Berkshire Boyter Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The group is involved in various court disputes, the outcome of which is not expected to affect the group's financial position.

16 Assets charged and collateral

A floating charge of DKK 52,368,900 nominal has been provided as security for bank loans.

The assets provided security in has a book value of DKK 80,466,680.

The Group has provided performance and payments guarantees amounting to DKK 4,045,061.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Berkshire Boyter Holding ApS, Hørsholm.

Notes

		Corporate	Equity interest
	Registered in	form	%
18 Subsidiaries			
WindowMaster Control Systems Ltd.	Kettering, Great Britan	Ltd.	100.0
WindowMaster Industries GmbH	Herford, Germany	GmbH	100.0
WindowMaster GmbH	Hamburg, Germany	GmbH	100.0
WindowMaster Focair AG	Trimbach, Switzerland	AG	100.0
WindowMaster BSI AS	Frederikstad, Norway	AS	100.0
WindowMaster Int. Inc.	Delaware, USA	Inc.	100.0
- WindowMaster Clearline Inc.	Pensylvania, USA	Inc.	100.0
- Clearline Inc.	Pensylvania, USA	Inc.	100.0
WindowMaster Climatic A/S	Rudersdal, Denmark	A/S	100.0
Climatic A/S	Rudersdal, Denmark	A/S	100.0
InShade ApS	Rudersdal, Denmark	ApS	100.0
WindowMaster Control Systems Ltd.	Dublin, Ireland	Ltd.	100.0

19 Transactions with related parties

The annual report only discloses transactions with related parties that have not been completed on market terms. No such transactions have been completed during the financial year.

Parent income Statement for 01.01.2022 - 31.12.2022

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<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
Net sales	36,671,322	33,031,214
1 Other operating income	11,866,644	2,485,021
Gross profit	25,313,059	14,425,825
2 Staff costs	-25,130,948	-23,498,708
3 Depreciation, amortisation and impairment losses	-7,220,268	-4,570,522
Operating profit/loss	-7,038,157	-13,643,405
Income from investments in group enterprises	6,489,795	9,069,118
4 Other financial income	1,328,898	953,823
Other financial expenses	-2,706,710	-1,724,548
Profit/loss before tax	-1,926,174	-5,345,012
5 Tax on profit/loss for the year	2,127,617	3,397,793
6 Profit/loss for the year	201,443	-1,947,219

Parent balance sheet as at pr. 31.12.2022

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Assets

<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
Acquired intangible assets	10,035,115	11,367,338
Finished Development projects	6,544,880	5,802,573
Ongoing Development projects	<u>3,877,313</u>	<u>4,122,834</u>
7 Intangible assets	<u>20,457,308</u>	<u>21,292,745</u>
Other fixtures and fittings, tools and equipment	516,483	486,143
Leasehold improvements	<u>1,837,113</u>	<u>1,892,365</u>
8 Property, plant and equipment	<u>2,353,596</u>	<u>2,378,508</u>
Investments in group enterprises	37,689,455	39,174,076
Deposits	<u>824,970</u>	<u>824,970</u>
9 Fixed assets investments	<u>38,514,425</u>	<u>39,999,046</u>
Fixed assets	<u>61,325,329</u>	<u>63,670,299</u>
10 Deferred tax	6,330,630	4,203,013
11 Receivables from group enterprises	12,325,995	6,553,175
Other receivables	1,457,508	757,317
Joint taxation contribution receivable	0	2,672,330
12 Prepayments	<u>2,260,573</u>	<u>2,084,789</u>
Receivables	<u>22,374,706</u>	<u>16,270,624</u>
Cash	<u>10,598</u>	<u>6,910</u>
Current assets	<u>22,385,304</u>	<u>16,277,534</u>
Total assets	<u>83,710,633</u>	<u>79,947,833</u>

Parent balance sheet as at pr. 31.12.2022

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Liabilities

<u>Notes</u>	<u>2022</u> <u>DKK</u>	<u>2021</u> <u>DKK</u>
13 Contributed capital	14,512,903	14,512,903
Reserved for net revaluation according to the equity method	9,999,325	12,883,946
Reserved for development expenditure	8,129,311	7,741,818
Retained earnings	<u>1,762,844</u>	<u>-1,048,111</u>
Equity	34,404,383	34,090,556
Other payables	<u>3,394,746</u>	<u>2,051,930</u>
14 Non-current liabilities other than provisions	3,394,746	2,051,930
14 Current portion of long-term liabilities other than provisions	92,599	719,487
Bank loans	38,399,095	33,741,891
Trade payables	3,684,960	5,445,240
Payables to group enterprises	861,668	17,762
15 Other payables	<u>2,873,182</u>	<u>3,880,967</u>
Current liabilities other than provisions	45,911,504	43,805,347
Liabilities other than provisions	<u>49,306,250</u>	<u>45,857,277</u>
Equity and liabilities	<u>83,710,633</u>	<u>79,947,833</u>
16 Unrecognised rental and lease commitments		
17 Contingent liabilities		
18 Assets charged and collateral		
19 Related parties with controlling interest		
20 Transactions with related parties		

Parent statement of changes in equity for 2022

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	Contributed capital DKK	Reverse for net revalua- tion accord- ing to the equity method DKK	Reverse for develop- ment projects DKK	Retained earnings DKK	Total DKK
Equity beginning of the year	14,512,903	12,883,946	7,741,818	-1,048,111	34,090,556
Exchange rate adjustments	0	112,384	0	0	112,384
Development projects	0	0	387,493	-387,493	0
Profit/loss for the year	0	-2,997,005	0	3,198,448	201,443
Equity end of the year	14,512,903	9,999,325	8,129,311	1,762,844	34,404,383

The company's board of directors is authorized to use incentive remuneration in the form of warrants until 16 March 2026, to increase the company's share capital one or more times by up to nominal DKK 616,337 in shares, without pre-emptive rights for the company's shareholders.

Notes to parent financial statements

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Notes1 **Other operating income**

Other operating income comprise of residual profit payment from subsidiaries within the Group.

	2022	2021
	DKK	DKK
2 Staff costs		
Wages and salaries	23,170,587	21,584,359
Pension costs	1,781,380	1,754,855
Other social security costs	178,981	159,494
	25,130,948	23,498,708
Average number of employees	28	29
	Remuneration of management	Remuneration of management
	2022	2021
	DKK	DKK
Board of directors	825,000	862,500
Management	6,456,272	5,443,256
Total amount of management categories	7,281,272	6,305,756
	2022	2021
	DKK	DKK
3 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6,582,532	4,305,882
Depreciation of property, plant and equipment	637,736	634,640
Profit/loss from sale of intangible assets and property, plant and equipment	0	-370,000
	7,220,268	4,570,522
4 Other financial income		
Financial income arising from group enterprises	281,151	230,947
Other financial income	1,047,747	722,876
	1,328,898	953,823

Notes to parent financial statements, continued

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Notes

	2022	2021	
	DKK	DKK	
5 Tax on profit/loss for the year			
Change in deferred tax	-2,127,617	-196,464	
Adjustment concerning previous years	0	-528,999	
Refund in joint taxation arrangement	0	-2,672,330	
	-2,127,617	-3,397,793	
6 Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method	-2,997,005	16,250,132	
Retained earnings	3,198,448	-18,197,351	
	201,443	-1,947,219	
7 Intangible assets	Acquired	Finished	Ongoing
	intangible	Development	Development
	assets	projects	projects
	DKK	DKK	DKK
Cost beginning of year	36,141,117	16,619,624	4,122,834
Additions	1,791,025	4,201,591	3,956,070
Disposals	0	0	-4,201,591
Cost end of year	37,932,142	20,821,215	3,877,313
Amortisation and impairment losses beginning of year	-24,773,779	-10,817,051	0
Amortisation for the year	-3,123,248	-3,459,284	0
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	-27,897,027	-14,276,335	0
Carrying amount end of year	10,035,115	6,544,880	3,877,313

The aim of development projects is to further develop the Company's products. During the financial year, the Company has completed a series of projects. It is expected that the development projects in progress are completed within 1 - 3 years.

Notes to parent financial statements, continued

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Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8 Property, plant and equipment		
Cost beginning of year	8,435,522	2,602,352
Additions	324,572	288,252
Disposals	0	0
Cost end of year	8,760,094	2,890,604
Depreciation and impairment losses beginning of year	-7,949,379	-709,987
Depreciation for the year	-294,232	-343,504
Reversal regarding disposals	0	0
Depreciation and impairment losses end of year	-8,243,611	-1,053,491
Carrying amount end of year	516,483	1,837,113
	Investments in group enterprises DKK	Deposits DKK
9 Fixed assets investments		
Cost beginning of year	26,290,130	824,970
Additions	1,400,000	0
Cost end of year	27,690,130	824,970
Revaluations beginning of year	12,883,946	0
Exchange rate adjustments	112,384	0
Amortisation on goodwill	-336,000	0
Share of profit/loss for the year	6,825,795	0
Dividend paid out	-9,486,800	0
Revaluations end of year	9,999,325	0
Carrying amount end of year	37,689,455	824,970
Carrying amount of goodwill end of year	1,064,000	

Notes to parent financial statements, continued

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Notes

	2022	2021
	DKK	DKK
10 Deferred tax		
Intangible assets	-3,433,749	-3,641,277
Property, plant and equipment	227,317	262,342
Tax losses carried forward	9,537,062	7,581,948
	6,330,630	4,203,013
Changes during the year		
Beginning of year	4,203,013	
Recognised in the income statement	2,127,617	
End of year	6,330,630	

Tax losses carried forward

Tax losses carried forward is expected to be used within 3 - 5 years in the joint taxation.

11 Receivables from group enterprises

DKK 2,670,365 of receivables from group enterprises, is not expected to be received with the next 12 months.

12 Prepayments

Prepayments comprise of the following cost categories relating to subsequent financial years: Insurances, memberships, IT licences and leasing costs.

	Number	Par value	Normal
		DKK	value
			DKK
13 Contributed capital			
Ordinary shares	14,512,903	1	14,512,903
	14,512,903		14,512,903

	Due within 1	Due within 2-	Due after
	year	5 years	more than 5
	DKK	DKK	years
			DKK
14 Liabilities other than provisions			
Other payables	92,599	1,400,000	1,994,746
	92,599	1,400,000	1,994,746

Other payables consists of long-term holiday pay obligations.

	2022	2021
	DKK	DKK
15 Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	622,649	1,412,077
Holiday pay obligation	1,189,608	1,381,926
Other costs payable	1,060,925	1,086,964
	2,873,182	3,880,967

Notes to parent financial statements, continued

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Notes

	2022	2021
	DKK	DKK
	<hr/>	<hr/>
16 Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	26,189,629	25,052,311
	<hr/>	<hr/>

Of this amount, liabilities for leaseholds until 2029 totals DKK 21,380,324.

17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Berkshire Boyter Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Assets charged and collateral

A floating charge of DKK 10,000,000 nominal has been provided as security for bank loans.

The assets provided security in has a book value of DKK 35,136,899.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Danske Bank. The guarantee is unlimited. As per 31.12.22, there are no debt to Danske Bank.

19 Related parties with controlling interest

Erik Koch Boyter, Immortellevej 10, DK-2950 Vedbæk possess through Berkshire Boyter Holding ApS, CVR-no. 35042296, Selskabet af 5. februar 2015 ApS, CVR-no. 36501065 and WMa Holding ApS, CVR-no. 41679298 the majority of shares, and has therefore like Berkshire Boyter Holding ApS, Selskabet af 5. februar 2015 ApS and WMa Holding ApS controlling interest.

20 Transactions with related parties

The annual report only discloses transactions with related parties that have not been completed on market terms. No such transactions have been completed during the financial year.

Accounting policies

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Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies for cash and bank loans

In accordance with an interpretation from the Danish Business Authority, the Group's cash-pool arrangement have been netted in the presentation of cash and bank loans in the balance.

The change has an effect on cash and bank loans of 17,501 thousand DKK in 2022 (22,401 thousand DKK for 2021).

The change also has an effect on cash from financing activities in the cash flow statement, with a decrease of 5,611 thousand DKK for 2021.

The comparison figures has been adapted.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year. However, some items have been changed by reclassifications.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies, continued

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Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance date are recognised directly in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises net sales, other income, cost of sales and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff Costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Remuneration to part of the Executive Board is not included in staff costs as the Executive Board is partially remunerated by the Parent. Management fee is recognised under other external expenses, and the share attributable to remuneration to the Executive Board is included as part of the management remuneration disclosed in the notes.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to tangible and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of tangible and intangible assets.

Accounting policies, continued

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Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all Danish subsidiaries and other Danish group enterprises. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation period is 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Intellectual property rights acquired are amortised on a straight-line basis over their estimated useful lives. The amortisation period is usually five years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies, continued

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits and losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. The amortisation period is 5 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Financial costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Accounting policies, continued

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The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Dividend

Dividend is recognised in the balance sheet as a liability when adopted at the annual general meeting. Proposed but not yet paid dividend for the financial year is recognised in equity until approved by the shareholders at the general meeting.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies, continued

Cash

Cash comprise of petty cash and bank deposits outside of the cash-pool.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments and loss on contract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

















Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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  Erik Koch Boyter CEO 8d76c9a0-f082-4547-b0f4-67b27e395549 02-03-2023 13:21	  Steen Overgård Søre... CFO f370bdd-ba8c-4fa3-b5ae-4d0372ccaf20 02-03-2023 13:21
  Claus Jorch Andersen State Authorised Public... 286d9344-f292-45ad-a648-ff8013e6a0ff 02-03-2023 13:21	  Erik Koch Boyter Board member a202b1ea-d6dd-4d12-ade1-22b1a175ffd7 02-03-2023 13:22
  Lars Fournaise Chairman c522ecb6-8678-4d2c-a7a0-f31b137000ac 02-03-2023 13:22	  Leif Jensen Board member 0463a5fd-ba83-400b-be0d-5be3edfd2b67 02-03-2023 13:22
  Mette Søs Lassenen Board member e5fd282b-e36f-4773-b1e3-c9db50dbd0c0 02-03-2023 13:23	  Michael Gaarmann Vice Chairman d80b6dfe-50f4-49bd-8b5f-c31c8823431a 02-03-2023 13:25

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