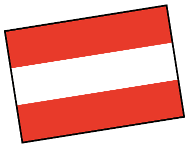
Incentive Program 2016/2019

Appendix 1 – Tax information

INWIDO
Great Windows & Doors

Austria



Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares. The taxable benefit will be the Market Value of the newly issued shares received less the conversion price.

The tax rate applicable on the benefit is up to 55% and subject to employee's social security of either 18.12% or 17.12% depending on the classification of the payment. The classification of the payment and the applicable rates must be assessed on an individual basis.

Capital gains on Sale of shares

The future uplift in value of the shares received following conversion should be subject to capital gains tax at a rate of 27.5%.

The taxable gain is the sales proceeds (if sold at Fair Market Value ("FMV")), less the FMV of the shares at conversion.

In case the shares will be lodged on an Austrian share deposit then the corresponding agency is obliged to withhold and pay tax to the tax authorities. Otherwise the employee has to declare this income in his/her personal annual income tax return.

Taxation of interest received from convertible loan

The interest received will be subject to capital income tax on the individuals at the time of receipt at a rate of up to 55%.

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the strike price.

The tax rate applicable on the benefit is up to 55% and subject to employee's social security of either 18.12% or 17.12% depending on the classification of the payment. The classification of the payment and the applicable rates must be assessed on an individual basis.

Capital gains on Sale of shares

The future uplift in value of the shares received following exercise should be subject to capital gains tax at a rate of 27.5%.

The taxable gain is the sales proceeds (if sold at Fair Market Value ("FMV")), less the FMV of the shares at conversion.

In case the shares will be lodged on an Austrian share deposit then the corresponding agency is obliged to withhold and pay tax to the tax authorities. Otherwise the employee has to declare this income in his/her personal annual income tax return.

Denmark

Taxation of Convertible loans

Employment tax and social security contributions

As the convertible is purchased at Fair Market Value ("FMV"), no taxation will occur neither at purchase nor at exercise/conversion or repayment, provided that no gain on repayment is realized.

Capital gains on Sale of shares

The taxable gain of the shares received following conversion should be taxable as capital income at a marginal rate of 42 %.

Any gain on sale of the shares is calculated as the sales price of the shares less an average acquisition price of the shares sold. The average purchase price is calculated for all shares in the same company held by the shareholder. For the shares acquired at conversion of the convertible loan the acquisition price is the purchase price of the convertible loan.

No social security is levied.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at up to 42%.

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

As the warrants are purchased at FMV, no taxation will occur neither at purchase nor at exercise

Capital gains on Sale of shares

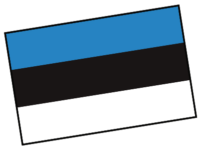
When the shares are sold any gain will be taxable as capital gain on sale of shares.

Capital gains on sale of shares are taxed as share income. Share income is taxed at a marginal rate of 42%.

Any gain on sale of the shares is calculated as the sales price of the shares less an average acquisition price of the shares sold. The average purchase price is calculated for all shares in the same company held by the shareholder. For the shares acquired at exercise of the warrants, the acquisition price is exercise price plus the price paid for the warrant.

No social security is levied.

Estonia



Taxation of Convertible loans

Employment tax and social security contributions

As the convertible is purchased at Fair Market Value (“FMV”), no taxation will occur neither at purchase nor at exercise/conversion or repayment, provided that no gain on repayment is realized. This assumes that the loan period is three years or more as is the case.

Capital gains on Sale of shares

When the shares are sold any gain will be taxable as capital at a flat rate of 20 %.

The taxable gain is the sales proceeds, less the acquisition costs incurred by the employee and the costs directly related to the sale.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at 20%.

No social security charges will arise and the interest will be taxable through the individual employee’s personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

As the warrant is purchased at Fair Market Value (“FMV”), no taxation will occur neither at purchase nor at exercise.
This assumes that the vesting period is three years or more as is the case.

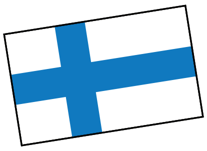
Capital gains on Sale of shares

When the shares are sold any gain will be taxable as capital at a flat rate of 20%.

The taxable gain is the sales proceeds, less the acquisition costs incurred by the employee and the costs directly related to the sale.

No social security is levied.

Finland



Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares. The taxable benefit will be the Market Value of the newly issued shares received less the conversion price.

The tax rate applicable on the benefit is up to 55% and subject to employee's Medicare at 1.47%. The benefit is subject to withholding tax and reporting obligations. No employer social security contributions are due on the benefit.

Capital gains on Sale of shares

The future uplift in value of the shares received following conversion should be subject to capital gains tax at a rate of 30% for the first EUR 30.000 of annual taxable capital income and 34% on the exceeding amount.

This will be declared through the individual employee's personal tax filings.

Taxation of interest received from convertible loan

The interest received will be subject to capital income tax for the individuals at the time of receipt or addition to the loan capital at a rate of 30% for the first EUR 30.000 of annual taxable capital income and 34% on the exceeding amount.

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the strike price and the price paid at grant for the warrant.

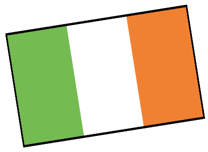
The tax rate applicable on the benefit is up to 55% and subject to employee's Medicare at 1.47%. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The future uplift in value of the shares received following conversion should be subject to capital gains tax at a rate of 30% for the first EUR 30.000 of annual taxable capital income and 34% on the exceeding amount.

This will be declared through the individual employee's personal tax filings.

Ireland



Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares. The taxable benefit will be the Market Value of the newly issued shares received less the Market Value of loan at exercise (ignoring the conversion right) less the strike price.

The tax rate applicable on the benefit is up to 48% and employee social security charges are due of a total of 4%. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The taxable gain at the sale of shares received following conversion should be taxable as capital income at a rate of 33%.

The taxable gain is the sales proceeds, less the amount paid for the convertible loan (including amounts on which income tax paid) and any amount paid on conversion less the annual exemption amount of €1,270.

This will be declared through the individual employee's personal tax filings.

Capital gains tax withholding tax should not be applied on the basis that the participants are resident in Ireland.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at up to 55% including employee social security of 4%.

The interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the strike price and the price paid at grant.

The tax rate applicable on the benefit is up to 48% and employee social security charges are due of a total of 4%.

Capital gains on Sale of shares

The taxable gain of the shares received following conversion should be taxable as capital income at a rate of 33%.

The taxable gain is the sales proceeds, less the amount paid for the warrants (including amounts on which income tax paid) and any amount paid on exercise less the annual exemption amount of €1,270.

This will be declared through the individual managers personal tax filings.

Capital gains tax withholding tax should not be applied on the basis that the participants are resident in Ireland.

Lithuania

Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares. The taxable benefit will be the Market Value of the newly issued shares received less conversion price.

The tax rate applicable on the benefit is 15%. As the share benefit is received from a foreign parent of the employer, the employee would himself be liable to declare the benefit received and pay the related income tax in the year after exercise.

If the benefit related costs are recharged to the Lithuanian employer company, the Lithuanian employee is responsible for payment of the employee social security at 9%. Generally, if there is no recharge of costs to the local entity, there should be no social security contributions due.

The social security contributions on employee incentive plans is not explicitly regulated in Lithuania.

Capital gains on Sale of shares

The future uplift in value, exceeding EUR 500 per calendar year, of the shares received following conversion should be taxable as capital income at a rate of 15%.

The relief of EUR 500 does not apply if the shares are sold to their issuer.

This will be declared through the individual managers personal tax filings.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at a rate of 15%.

The interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the costs actually incurred for the acquisition of such shares. We assume that the FMV of the warrant paid at the time of grant could be in question, i.e. whether it could be deducted as costs actually incurred for the acquisition of shares (in addition to strike price paid).

The tax rate applicable on the benefit is 15%. As the share benefit is received from a foreign parent of the employer, the employee would himself be liable to declare the benefit received and pay the related income tax in the year after exercise.

If the benefit related costs are recharged to the Lithuanian employer company, the Lithuanian employee is responsible for payment of the employee social security at 9%. Generally, if there is no recharge of costs to the local entity, there should be no social security contributions due.

The social security contributions on employee incentive plans is not explicitly regulated in Lithuania.

Capital gains on Sale of shares

The future uplift in value, exceeding EUR 500 per calendar year, of the shares received following conversion should be taxable as capital income at a rate of 15%. The relief of EUR 500 does not apply if the shares are sold to their issuer.

This will be declared through the individual employee's personal tax filings.

Norway

Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares. The taxable benefit will be the Market Value of the newly issued shares received less the conversion price. A discount of 20% of the Market Value of the shares (but max NOK 1500 per income year) is available if the plan is offered to all employees.

The tax rate applicable on the benefit is up to 46.9 %, including employee social security contributions. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The taxable gain of the shares received following conversion should be taxable as capital income.

The uplift is the sales price less the Market Value of the shares at conversion. The taxable gain is 115% of the uplift and is taxed at a rate of 25%. Hence, the effective tax rate is 28.75%.

This will be declared through the individual employee's personal tax filings.

Taxation of interest received from convertible loan

The interest received will be subject to capital income tax on the individuals at the time of receipt at a rate of 25%. If the interest exceeds a certain level, additional taxes of 25% apply. The thresholds for the additional tax are published on a bimonthly basis (0.5% in March 2016).

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the strike price and the price paid at grant.

The tax rate applicable on the benefit is up to 46.9 %, including employee social security contributions. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The taxable gain of the shares received following exercise should be taxable as capital income.

The uplift is the sales price less the Market Value of the shares at exercise. The taxable gain is 115% of the uplift and is taxed at a rate of 25%. Hence, the effective tax rate is 28.75%.

This will be declared through the individual employee's personal tax filings.

Poland

Taxation of Convertible loans

Employment tax and social security contributions

Polish income tax regulations allows a possibility of deferring the tax point in the case of income earned under equity based compensation plans from the moment of acquisition of the shares to sale of the shares and, as consequence, a possibility to tax the income at 19% tax rate (instead of progressive tax rates up to 32%). It is applicable if the below conditions are jointly met:

- the shares are issued by the joint stock company or partnership limited by shares, and
- individuals are entitled to acquire the shares pursuant to a resolution of the general meeting of shareholders of the issuing company, and
- the shares are issued from a joint stock company with its seat in the European Union or European Economic Area.

The tax deferral conditions should be met in case of the Inwido's LTIP shares. Consequently, the employees will not be subject to any tax when the loan is converted into the newly issued shares. The shares will be taxed at sale of the shares only.

Capital gains on Sale of shares

The taxable gain of the shares received following conversion should be taxable as capital income at a rate of 19%.

The taxable gain is the sales proceeds, less the acquisition costs incurred by the employee and the costs directly related to the sale.

No social security is levied.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at a rate of 19%.

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Other considerations

Although there is no employment income tax on the conversion, the Polish social security law does not include any provisions on a deferral (as applicable under certain conditions under Polish PIT), and therefore we cannot exclude the risk of the Polish Social Security Authorities claiming that although the tax point is deferred to sale of the shares, social security and health insurance point arises already when the loan is converted into the newly issued shares. Additionally, there are no interpretations of the Polish social security authorities in this respect as yet. However, we estimate the said risk as not being significant at the moment.

Taxation of Warrants

Employment tax and social security contributions

Polish income tax regulations allows a possibility of deferring the tax point in the case of income earned under equity based compensation plans form the moment of acquisition of the shares to sale of the shares and, as consequence, a possibility to tax the income at 19% tax rate (instead of progressive tax rates up to 32%). It is applicable if the below conditions are jointly met:

- the shares are issued by the joint stock company or partnership limited by shares, and
- individuals are entitled to acquire the shares pursuant to a resolution of the general meeting of shareholders of the issuing company, and
- the shares are issued from a joint stock company with its seat in the European Union or European Economic Area.

The tax deferral conditions should be met in case of the Inwido's LTIP shares. Consequently, the employees will not be subject to any tax when the warrants is converted into the newly issued shares. The shares will be taxed at sale of the shares only.

Capital gains on Sale of shares

The taxable gain of the shares received following exercise should be taxable as capital income at a rate of 19%.

The taxable gain is the sales proceeds, less the acquisition costs incurred by the employee and the costs directly related to the sale.

No social security is levied.

Other considerations

Although there is no employment income tax on the conversion, the Polish social security law does not include any provisions on a deferral (as applicable under certain conditions under Polish PIT), and therefore we cannot exclude the risk of the Polish Social Security Authorities claiming that although the tax point is deferred to sale of the shares, social security and health insurance point arises already at the momemt of purchase newly issued shares. Additionally, there are no interpretations of the Polish social security authorities in this respect as yet. However, we estimate the said risk as not being significant at the moment.

Sweden

Taxation of Convertible loans

Employment tax and social security contributions

As the convertible is purchased at Fair Market Value (“FMV”), no taxation will occur neither at purchase nor at exercise/conversion or repayment, provided that no gain on repayment is realized and provided that the conversion is made according to the terms.

Capital gains on Sale of shares

The taxable gain of the shares received following conversion should be taxable as capital income at a rate of 30%.

Any gain on sale of the shares is calculated as the sales price of the shares less an average acquisition price of the shares sold. The average purchase price is calculated for all shares in the same company held by the shareholder. For the shares acquired at conversion of the convertible loan the acquisition price is the conversion price of the convertible loan.

No social security is levied.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at a rate of 30%.

The interest will be taxable through the individual employee’s personal tax returns.

Taxation of Warrants

Employment tax and social security contributions

As the warrants are purchased at Fair Market Value (“FMV”), no taxation will occur neither at purchase nor at exercise

Capital gains on Sale of shares

When the shares are sold any gain will be taxable as capital gain on sale of shares.

Capital gains on sale of shares are taxed as capital income, at a rate of 30%.

Any gain on sale of the shares is calculated as the sales price of the shares less an average acquisition price of the shares sold. The average purchase price is calculated for all shares in the same company held by the shareholder. For the shares acquired at exercise of the warrants, the acquisition price is the sum of the purchase price of warrants and the conversion price.

No social security is levied.

UK

Taxation of Convertible loans

Employment tax and social security contributions

The convertible loans are taxed as employment income at the time of exercise, i.e. when the loan is converted into shares.
The taxable benefit will be the Market Value of the newly issued shares received less the Market Value of loan at exercise (ignoring the conversion right) less the strike price.

The tax rate applicable on the benefit is up to 45% and employee social security contributions are due of 2%. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The future uplift in value of the shares received following conversion should be taxable as capital income at rates up to 28%.

This will be declared through the individual managers personal tax filings.

Taxation of interest received from convertible loan

The interest received will be subject to income tax on the individuals at the time of receipt at rates up to 45%.

No social security charges will arise and the interest will be taxable through the individual employee's personal tax returns.

Other considerations

It is recommended that joint s431 elections are made between the employee's and their employing company within 14 days of acquiring the loan and also within 14 days of the shares being received. These elections do not need to be filed with HMRC although should be retained within the records of the managers and the group.

By signing a s431 election at conversion, the employee may elect to accelerate taxation on the value of any restriction that may otherwise be deducted when calculating the value of the share. That is, the Fair Market Value ("FMV") is used without consideration for any restriction on the shares. If, at the point of conversion, the shares are not acquired for the Unrestricted Market Value or a s431 election was not signed on acquisition then an element of the proceeds representing the value of the restrictions on the shares will be subject to income tax and employee NIC.

Taxation of Warrants

Employment tax and social security contributions

The warrants are taxed as employment income at the time of exercise, i.e. when purchasing shares. The taxable benefit will be the Market Value of the newly issued shares received less the strike price and the price paid at grant.

The tax rate applicable on the benefit is up to 45% and employee social security contributions are due of 2%. The benefit is subject to withholding tax and reporting obligations.

Capital gains on Sale of shares

The future uplift in value of the shares received following exercise should be taxable as capital income at rates up to 28%.

This will be declared through the individual employee's personal tax filings.

Other considerations

It is recommended that joint s431 elections are made between the employee's and their employing company within 14 days of acquiring the shares. These elections do not need to be filed with HMRC although should be retained within the records of the managers and the group.

By signing a s431 election at the exercise of the warrant, the employee may elect to accelerate taxation on the value of any restriction that may otherwise be deducted when calculating the value of the share. That is, the Fair Market Value ("FMV") is used without consideration for any restriction on the shares. If, at the point of exercise, the shares are not acquired for the Unrestricted Market Value or a s431 election was not signed on acquisition then an element of the proceeds representing the value of the restrictions on the shares will be subject to income tax and employee NIC.