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# Jupiter Bach Hurup A/S
Erhvervsvej 9
7760 Hurup Thy
Central Business Registration No
32091180

# Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

**Chairman of the General Meeting**

Name: Martin Busk Andersen

# Contents

# Entity details

**Entity**
Jupiter Bach Hurup A/S
Erhvervsvej 9
7760 Hurup Thy

Central Business Registration No: 32091180
Registered in: Thisted
Financial year: 01.01.2017 - 31.12.2017

Website: www.bach-ci.com
E-mail: info@bach-ci.com

**Board of Directors**
Jens Kristensen, Chairman
Lars Rytter, Vice-Chairman
Martin Busk Andersen
Per Isachsen, Employee Representative
Erik Mortensen, Employee Representative

**Executive Board**
Martin Busk Andersen

**Auditors**
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Jupiter Bach Hurup A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Hurup, 29.05.2018

**Executive Board**

Martin Busk Andersen

**Board of Directors**

| | | |
|---|---|---|
| Jens Kristensen<br>Chairman | Lars Rytter<br>Vice-Chairman | Martin Busk Andersen |
| Per Isachsen<br>Employee Representative | Erik Mortensen<br>Employee Representative | |

# Independent auditor's report

**To the shareholder of Jupiter Bach Hurup A/S**

**Opinion**

We have audited the financial statements of Jupiter Bach Hurup A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity'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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

# Independent auditor's report

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**
Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

# Independent auditor's report

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

Aarhus, 29.05.2018

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification number (MNE) 33276

Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification number (MNE) 42784

# Management commentary

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| | **DKK'000** | **DKK'000** | **DKK'000** | **DKK'000** | **DKK'000** |
| **Financial highlights** | | | | | |
| **Key figures** | | | | | |
| Gross profit | 35.418 | 18.182 | 23.993 | 29.415 | 15.898 |
| Operating profit/loss | 12.980 | (11.838) | 322 | 5.514 | 2.933 |
| Net financials | (1.398) | (511) | 424 | (839) | (2.461) |
| Profit/loss for the year | 9.020 | (9.687) | 610 | 3.607 | 26 |
| Total assets | 119.950 | 117.925 | 105.608 | 123.290 | 106.442 |
| Investments in property, plant and equipment | 0 | 0 | 0 | 1.678 | 0 |
| Equity | 38.157 | 29.137 | 38.824 | 7.126 | 3.519 |
| | | | | | |
| **Ratios** | | | | | |
| Return on equity (%) | 26,8 | 0,0 | 2,7 | 67,8 | 0,7 |
| Equity ratio (%) | 31,8 | 24,7 | 36,8 | 5,8 | 3,3 |

The company has in 2017 changed the way of presenting the profit and loss statement from broken down by functions (production, distribution and administrative costs) to income statement broken down by nature of the costs (cost of sales, other external expenses and staff costs), which makes the key figures above inconsistent to prior years – the changes has been adjusted in the colums 2013, 2014, 2015, 2016 and 2017. Further informations about the adjustments is including in accounting policies on page 18.

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

| **Ratios** | **Calculation formula** | **Ratios** |
|---|---|---|
| Return on equity (%) | $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | $\frac{\text{Equity x 100}}{\text{Total assets}}$ | The financial strength of the entity. |

# Management commentary

**Primary activities**

As in prior years, the Company's primary activity is to develop and manufacture components from composites. Products are sold primarily as OEM deliverables to strategical customer segments in the wind energy sector.

**Development in activities and finances**

The Company's income statement for 2017 shows a profit of TDKK 9.020 thousand and the balance sheet at 31 December 2017 shows equity of DKK 38.157 thousand.

This year's profit is primarily driven by sale of immaterial rights with a positive impact of TDKK 21.528. The financial results of the company are therefore considered acceptable.

The company has changed accounting policies in presenting the profit and loss statement. From 2017 the income statement is presented broken down by the nature of the costs (cost of sales, oth-er external expenses and staff costs, where the two first mentioned are included in the gross profit) compared to prior years with income statement presentation broken down by function (production, distribution and administrative costs). The changes in accounting policies has been implemented in the comparative figures too.

With income statement broken down by functions the gross profit was respectively 21.300, 21.102, 20.059 and 15.898 t.DKK in 2016, 2015, 2014 and 2013 compared to the figures in the management commmentary on page 6, which shows the figures with income statement broken down by nature of the cost.

**Outlook**

With the exception of 2013, the global market for wind turbines has generally increased for many years. A positive market development is also expected for 2018. Management expects a growth in the result for 2018.

**Particular risks**

***Price risks***

Soaring commodity prices may affect the results negatively. Some of the prices on raw materials are indirectly controlled by the oil prices.

***Currency risk***

The Company's overall currency exposure is primarily to USD. No systematic hedging transactions are made in this respect.

**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.

# Income statement for 2017

| | Notes | 2017 DKK | 2016 DKK |
|---|---|---|---|
| **Gross profit** | 1 | **35.418.142** | **18.182.489** |
| Staff costs | 2 | (19.124.687) | (26.847.099) |
| Depreciation, amortisation and impairment losses | 3 | (3.313.678) | (3.173.001) |
| **Operating profit/loss** | | **12.979.777** | **(11.837.611)** |
| Other financial income | 4 | 1.620.000 | 1.593.173 |
| Other financial expenses | 5 | (3.018.331) | (2.104.039) |
| **Profit/loss before tax** | | **11.581.446** | **(12.348.477)** |
| Tax on profit/loss for the year | 6 | (2.561.457) | 2.661.200 |
| **Profit/loss for the year** | 7 | **9.019.989** | **(9.687.277)** |

# Balance sheet at 31.12.2017

| | Notes | 2017 DKK | 2016 DKK |
|---|---|---|---|
| Completed development projects | | 3.327.444 | 4.208.933 |
| Development projects in progress | | 4.630.320 | 1.482.626 |
| **Intangible assets** | 8 | **7.957.764** | **5.691.559** |
| Plant and machinery | | 507.177 | 1.586.181 |
| Other fixtures and fittings, tools and equipment | | 33.473 | 267.324 |
| Leasehold improvements | | 480.699 | 808.515 |
| **Property, plant and equipment** | 9 | **1.021.349** | **2.662.020** |
| **Fixed assets** | | **8.979.113** | **8.353.579** |
| Raw materials and consumables | | 68.103 | 2.791.360 |
| Work in progress | | 633.413 | 161.551 |
| Manufactured goods and goods for resale | | 13.849.061 | 15.623.431 |
| **Inventories** | | **14.550.577** | **18.576.342** |
| Trade receivables | | 28.454.209 | 17.908.299 |
| Receivables from group enterprises | | 59.442.197 | 63.316.560 |
| Deferred tax | 10 | 1.723.000 | 2.247.000 |
| Other receivables | | 3.495.802 | 1.476.556 |
| Income tax receivable | | 84.869 | 144.871 |
| Prepayments | 11 | 31.985 | 544.477 |
| **Receivables** | | **93.232.062** | **85.637.763** |
| **Cash** | | **3.188.041** | **5.357.027** |
| **Current assets** | | **110.970.680** | **109.571.132** |
| **Assets** | | **119.949.793** | **117.924.711** |

# Balance sheet at 31.12.2017

| | Notes | 2017 DKK | 2016 DKK |
|---|---|---|---|
| Contributed capital | | 2.000.000 | 2.000.000 |
| Reserve for development expenditure | | 5.285.297 | 2.491.203 |
| Retained earnings | | 30.871.670 | 24.645.775 |
| **Equity** | | **38.156.967** | **29.136.978** |
| | | | |
| Other provisions | 12 | 0 | 13.816.296 |
| **Provisions** | | **0** | **13.816.296** |
| | | | |
| Finance lease liabilities | | 0 | 200.701 |
| **Non-current liabilities other than provisions** | | **0** | **200.701** |
| | | | |
| Current portion of long-term liabilities other than provisions | | 0 | 170.831 |
| Bank loans | | 55.249 | 16.809.950 |
| Prepayments received from customers | | 620.737 | 0 |
| Trade payables | | 3.478.104 | 4.514.193 |
| Payables to group enterprises | | 63.444.532 | 47.441.152 |
| Income tax payable | | 1.977.455 | 0 |
| Other payables | | 12.216.749 | 5.834.610 |
| **Current liabilities other than provisions** | | **81.792.826** | **74.770.736** |
| | | | |
| **Liabilities other than provisions** | | **81.792.826** | **74.971.437** |
| | | | |
| **Equity and liabilities** | | **119.949.793** | **117.924.711** |
| | | | |
| Unrecognised rental and lease commitments | 13 | | |
| Contingent liabilities | 14 | | |
| Mortgages and securities | 15 | | |
| Related parties with controlling interest | 16 | | |
| Transactions with related parties | 17 | | |
| Group relations | 18 | | |

# Statement of changes in equity for 2017

| | Contributed capital DKK | Reserve for development expenditure DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|---|
| Equity beginning of year | 2.000.000 | 2.491.203 | 24.645.775 | 29.136.978 |
| Other equity postings | 0 | 2.794.094 | (2.794.094) | 0 |
| Profit/loss for the year | 0 | 0 | 9.019.989 | 9.019.989 |
| **Equity end of year** | **2.000.000** | **5.285.297** | **30.871.670** | **38.156.967** |

# Notes

**1. Gross profit**

The gross profit of the year 2017 contains profit from the sale of intangible assets with 27.600.000 DKK.

| | 2017<br>DKK | 2016<br>DKK |
|---|---|---|
| **2. Staff costs** | | |
| Wages and salaries | 18.052.724 | 38.192.780 |
| Pension costs | 2.278.511 | 5.061.222 |
| Other social security costs | 406.398 | 968.091 |
| Other staff costs | 392.857 | 722.454 |
| Staff costs classified as assets | (2.005.803) | (18.097.448) |
| | **19.124.687** | **26.847.099** |
| Average number of employees | **35** | **99** |

| | Remunera-tion of manage-ment 2017 DKK | Remunera-tion of manage-ment 2016 DKK |
|---|---|---|
| Executive Board | 5.634.008 | 4.466.938 |
| Board of Directors | 128.000 | 520.000 |
| | **5.762.008** | **4.986.938** |

| | 2017<br>DKK | 2016<br>DKK |
|---|---|---|
| **3. Depreciation, amortisation and impairment losses** | | |
| Amortisation of intangible assets | 2.364.116 | 1.334.728 |
| Depreciation of property, plant and equipment | 983.362 | 1.862.123 |
| Profit/loss from sale of intangible assets and property, plant and equipment | (33.800) | (23.850) |
| | **3.313.678** | **3.173.001** |

# Notes

| | 2017<br>DKK | 2016<br>DKK |
|---|---:|---:|
| **4. Other financial income** | | |
| Financial income arising from group enterprises | 1.620.000 | 1.593.173 |
| | **1.620.000** | **1.593.173** |

| | 2017<br>DKK | 2016<br>DKK |
|---|---:|---:|
| **5. Other financial expenses** | | |
| Financial expenses from group enterprises | 1.507.686 | 0 |
| Other financial expenses | 1.510.645 | 2.104.039 |
| | **3.018.331** | **2.104.039** |

| | 2017<br>DKK | 2016<br>DKK |
|---|---:|---:|
| **6. Tax on profit/loss for the year** | | |
| Tax on current year taxable income | 1.977.455 | 0 |
| Change in deferred tax for the year | 524.000 | (2.661.200) |
| Adjustment concerning previous years | 60.002 | 0 |
| | **2.561.457** | **(2.661.200)** |

| | 2017<br>DKK | 2016<br>DKK |
|---|---:|---:|
| **7. Proposed distribution of profit/loss** | | |
| Retained earnings | 9.019.989 | (9.687.277) |
| | **9.019.989** | **(9.687.277)** |

# Notes

| | Completed development projects DKK | Development projects in progress DKK |
|---|---|---|
| **8. Intangible assets** | | |
| Cost beginning of year | 5.624.616 | 1.482.626 |
| Transfers | 1.482.627 | (1.482.627) |
| Additions | 0 | 4.630.321 |
| **Cost end of year** | **7.107.243** | **4.630.320** |
| | | |
| Amortisation and impairment losses beginning of year | (1.415.683) | 0 |
| Amortisation for the year | (2.364.116) | 0 |
| **Amortisation and impairment losses end of year** | **(3.779.799)** | **0** |
| | | |
| **Carrying amount end of year** | **3.327.444** | **4.630.320** |

**Development projects in progress**

Development projects in progress and completed development projects consist of development of new products as for example nacelle covers or spinners or new production methods. Completed development projects are depreciated over 3 years and management has no indication that the carrying amounts of ongoing or completed projects should be written down.

# Notes

| | Plant and machinery DKK | Other fixtures and fittings, tools and equipment DKK | Leasehold improve-ments DKK |
|---|---|---|---|
| **9. Property, plant and equipment** | | | |
| Cost beginning of year | 7.685.483 | 2.361.138 | 1.973.002 |
| Additions | 15.840 | 0 | 0 |
| Disposals | (1.261.174) | (142.487) | (8.883) |
| **Cost end of year** | **6.440.149** | **2.218.651** | **1.964.119** |
| Depreciation and impairment losses beginning of the year | (6.099.302) | (2.093.814) | (1.164.487) |
| Depreciation for the year | (517.344) | (147.085) | (318.933) |
| Reversal regarding disposals | 683.674 | 55.721 | 0 |
| **Depreciation and impairment losses end of the year** | **(5.932.972)** | **(2.185.178)** | **(1.483.420)** |
| **Carrying amount end of year** | **507.177** | **33.473** | **480.699** |

| | 2017 DKK | 2016 DKK |
|---|---|---|
| **10. Deferred tax** | | |
| Intangible assets | (936.000) | (1.252.000) |
| Property, plant and equipment | 315.000 | 104.000 |
| Inventories | (190.000) | (222.000) |
| Provisions | 0 | 3.040.000 |
| Liabilities other than provisions | 0 | 12.000 |
| Tax losses carried forward | 0 | 485.000 |
| Other deductible temporary differences | 2.534.000 | 80.000 |
| | **1.723.000** | **2.247.000** |

| | 2017 DKK |
|---|---|
| **Changes during the year** | |
| Beginning of year | 2.247.000 |
| Recognised in the income statement | (524.000) |
| **End of year** | **1.723.000** |

# Notes

**11. Prepayments**
Prepayments comprise prepaid expenses.

**12. Other provisions**

Other provisions comprised in 2016 costs of losses on lease contracts relating to leaseholds that are no longer used by the enterprise.

| | 2017 DKK | 2016 DKK |
|---|---|---|
| **13. Unrecognised rental and lease commitments** | | |
| Hereof liabilities under rental or lease agreements until maturity in total | **1.128.616** | **6.439.628** |

**14. Contingent liabilities**
The Company participates in a Danish joint taxation arrangement in which VC VIII Jupiter Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

**15. Mortgages and securities**

The Company’s bank debt has been secured on a floating charge of a nominal value of DKK 20,000k. The floating charge comprises unsecured claims, operating equipment, inventories and intellectual property rights.

**16. Related parties with controlling interest**
BC Group A/S, Køge, CVR-nr.: 25893018 owns all the shares and thus controls the Entity.

**17. Transactions with related parties**
No transactions with related parties were made in the financial year of 2017, which were not made on an arm’s length basis.

**18. Group relations**
Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Winds Holding AS, reg. no. 917 105 839, Oslo, Norway.

# Accounting policies

**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**
The company has changed accounting policies in presenting the profit and loss statement. From 2017 the income statement is presented broken down by the nature of the costs (cost of sales, other external expenses and staff costs, where the two first mentioned are included in the gross profit) compared to prior years with income statement presentation broken down by function (production, distribution and administrative costs). The changes in accounting policies has been implemented in the comparative figures too.

With income statement broken down by functions the gross profit was respectively 21.300, 21.102, 20.059 and 15.898 t.DKK in 2016, 2015, 2014 and 2013 compared to the figures in the management commmentary on page 6, which shows the figures with income statement broken down by nature of the cost.

Except for the above mentioned, the financial statements have been presented applying the accounting policies consistently with last year however with a few 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.

**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 sheet date. Exchange differences that arise between the rate at the transaction date and the one 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

# Accounting policies

**Income statement**

**Gross profit or loss**

Gross profit or loss comprises revenue, other operating income, cost of sales, external expenses and profit from sales of intangible assets.

**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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

**Cost of sales**

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

**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 write-downs 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.

**Depreciation, amortisation and impairment losses**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on transactions in foreign currencies etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on transactions in foreign currencies etc.

# Accounting policies

**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 Entity is jointly taxed with VC VIII Jupiter Holding ApS and all other Danish group enterprises. The 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 sheet**
**Intellectual property rights etc**
Intellectual property rights etc comprise completed development projects and development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises salaries.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

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:

| | |
|---|---|
| Plant and machinery | 3-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 10 years |

# Accounting policies

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

Estimated useful lives and residual values are reassessed annually.

**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 of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing 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.

**Receivables**
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

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

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

**Cash**
Cash comprises cash in hand and bank deposits.

**Other provisions**
Other provisions comprise costs of losses on lease contracts relating to leaseholds that are no longer used by the enterprise.

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.

# Accounting policies

### Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### 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.

### Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

### Cash flow statement
Pursuant to S 86(4) Danish Financial Statements Act, the Company has not prepared a cash flow statement as it is included in the group cash flow statement of Winds Holding AS, Norway.