

Annual Report 2022

VC VIII Polytech Holding ApS
Industrivej 37 · 6740 Bramming
CVR No. 36459948

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Entity details

Entity

VC VIII Polytech Holding ApS

Industrivej 37

6740 Bramming

Business Registration No.: 36459948

Registered office: Esbjerg

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Søren Friis Knudsen, Chairman

Bjarne Kveim Lie

Magnus Malmström

Arne Handeland

Kasper Sørensen

Executive Board

Mads Kirkegaard, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6700 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of VC VIII Polytech Holding ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations 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.

Bramming, 12.04.2023

Executive Board

Mads Kirkegaard
CEO

Board of Directors

Søren Friis Knudsen
Chairman

Bjarne Kveim Lie

Magnus Malmström

Arne Handeland

Kasper Sørensen

Independent auditor's report

To the shareholders of VC VIII Polytech Holding ApS

Opinion

We have audited the financial statements of VC VIII Polytech Holding ApS 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. 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 31.12.2022 and of the results of its operations 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 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 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 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 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 financial statements.

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

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

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.

Esbjerg, 12.04.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mikael Grosbøl

State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Gross profit/loss	2,575	6,390	(194)	(47)	(21)
Operating profit/loss	(4,125)	474	(1,876)	(47)	(21)
Net financials	(2,038)	(372)	(340)	(29)	(484)
Profit/loss for the year	(5,157)	17,238	34,822	19,198	6,424
Total assets	131,989	145,215	108,093	56,927	40,392
Investments in property, plant and equipment	753	571	212	0	0
Equity	83,649	96,919	87,619	49,980	31,758
Ratios					
Return on equity (%)	(5.71)	18.68	50.61	46.97	33.50
Equity ratio (%)	63.38	66.74	81.06	87.80	78.62

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The Company's activities are to carry on business - directly or indirectly - within the fields of development, manufacturing and distribution of polymeric and metal products and any associated equipment and tools, as well as any other activities that the Board of Directors deems ancillary or related thereto.

Development in activities and finances

Profit of the year amounts to EUR (5,157k) (EUR 17,238k in 2021). On 31 December 2022 equity stands at EUR 83,649k (EUR 96,919k in 2021).

Profit/loss for the year in relation to expected developments

The development and result are below management's expectations caused by changed market conditions.

Outlook

The company expect low demand within all market segments. The result for 2023 is expected to be positive, but lower than the positive results in previous years.

Use of financial instruments

The Company have accounts recivabels predominantly settled in EUR, USD or CNY. The Company has chosen not to enter into forward exchange contracts to hedge currency risks.

The majority of the company's outstanding debt to credit institutions consists of floating currency rates.

Income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Gross profit/loss		2,575	6,390
Staff costs	1	(5,399)	(5,803)
Depreciation, amortisation and impairment losses	2	(1,301)	(113)
Operating profit/loss		(4,125)	474
Income from investments in group enterprises		(283)	17,169
Other financial income	3	504	1,739
Other financial expenses	4	(2,542)	(2,111)
Profit/loss before tax		(6,446)	17,271
Tax on profit/loss for the year	5	1,289	(33)
Profit/loss for the year	6	(5,157)	17,238

Balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Completed development projects	8	2,468	0
Acquired intangible assets		11,906	12,577
Acquired licences		39	79
Development projects in progress	8	115	2,175
Intangible assets	7	14,528	14,831
Other fixtures and fittings, tools and equipment		96	155
Leasehold improvements		1,093	0
Property, plant and equipment in progress		0	442
Property, plant and equipment	9	1,189	597
Investments in group enterprises		76,400	76,813
Receivables from group enterprises		1,149	1,031
Deposits		531	531
Other receivables		729	0
Financial assets	10	78,809	78,375
Fixed assets		94,526	93,803
Trade receivables		9,892	9,296
Receivables from group enterprises		13,845	13,778
Deferred tax	11	1,249	0
Other receivables		0	794
Tax receivable		1,234	2,975
Prepayments	12	5,473	5,905
Receivables		31,693	32,748
Cash		5,770	18,664
Current assets		37,463	51,412
Assets		131,989	145,215

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital	13	14	14
Reserve for development expenditure		2,583	0
Retained earnings		81,052	88,905
Proposed dividend		0	8,000
Equity		83,649	96,919
Deferred tax	11	0	997
Provisions		0	997
Bank loans		22,755	0
Non-current liabilities other than provisions	14	22,755	0
Current portion of non-current liabilities other than provisions	14	71	113
Bank loans		0	25,709
Trade payables		1,838	969
Payables to group enterprises		21,605	18,590
Other payables		2,071	1,918
Current liabilities other than provisions		25,585	47,299
Liabilities other than provisions		48,340	47,299
Equity and liabilities		131,989	145,215
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2022

	Contributed capital EUR'000	Reserve for development expenditure EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000	Total EUR'000
Equity beginning of year	14	0	88,905	8,000	96,919
Ordinary dividend paid	0	0	0	(8,000)	(8,000)
Exchange rate adjustments	0	0	(123)	0	(123)
Other entries on equity	0	0	10	0	10
Transfer to reserves	0	3,036	(3,036)	0	0
Dissolution of reserves	0	(453)	453	0	0
Profit/loss for the year	0	0	(5,157)	0	(5,157)
Equity end of year	14	2,583	81,052	0	83,649

Notes

1 Staff costs

	2022	2021
	EUR'000	EUR'000
Wages and salaries	4,394	4,394
Pension costs	327	555
Other social security costs	38	31
Other staff costs	640	823
	5,399	5,803
Average number of full-time employees	38	40

	Remuneration of Management 2022 EUR'000	Remuneration of Management 2021 EUR'000
Total amount for management categories	62	57
	62	57

Special incentive programmes

In 2021, warrants were granted free of charge in Euros HoldCo AB (a parent company) to members of VC VIII Polytech Holding's Executive Board and Board of directors as part of an incentive programme.

A total of 5,696 A-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription of DKK 1,545. A total of 5,696 B-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription price of DKK 1,545. B-warrants can only be exercised if the fair market price of a share of a quota value of SEK 0,025 equals or exceeds DKK 3,091.

A total of 5,696 C-warrants were issued, which each give a right to subscribe (without any pre-emption rights for other shareholders) a share in Euros HoldCo AB of a quota value of SEK 0.025 at a subscription price of DKK 1,545. C-warrants can only be exercised if the fair market price of a share in the Company of a quota value of SEK 0.025 equals or exceeds DKK 4,636.

2 Depreciation, amortisation and impairment losses

	2022	2021
	EUR'000	EUR'000
Amortisation of intangible assets	1,164	40
Depreciation of property, plant and equipment	145	65
Profit/loss from sale of intangible assets and property, plant and equipment	(8)	8
	1,301	113

3 Other financial income

	2022	2021
	EUR'000	EUR'000
Financial income from group enterprises	318	1,652
Other interest income	15	10
Exchange rate adjustments	171	77
	504	1,739

4 Other financial expenses

	2022	2021
	EUR'000	EUR'000
Financial expenses from group enterprises	753	0
Other interest expenses	1,712	2,020
Exchange rate adjustments	77	91
	2,542	2,111

5 Tax on profit/loss for the year

	2022	2021
	EUR'000	EUR'000
Change in deferred tax	(2,246)	1,005
Adjustment concerning previous years	(28)	(1)
Refund in joint taxation arrangement	985	(971)
	(1,289)	33

6 Proposed distribution of profit and loss

	2022	2021
	EUR'000	EUR'000
Ordinary dividend for the financial year	0	8,000
Extraordinary dividend distributed in the financial year	0	6,876
Retained earnings	(5,157)	2,362
	(5,157)	17,238

7 Intangible assets

	Completed development projects EUR'000	Acquired intangible assets EUR'000	Acquired licences EUR'000	Development projects in progress EUR'000
Cost beginning of year	0	12,577	119	2,175
Transfers	2,921	0	0	(2,921)
Additions	0	0	0	861
Cost end of year	2,921	12,577	119	115
Amortisation and impairment losses beginning of year	0	0	(40)	0
Amortisation for the year	(453)	(671)	(40)	0
Amortisation and impairment losses end of year	(453)	(671)	(80)	0
Carrying amount end of year	2,468	11,906	39	115

8 Development projects

Development projects comprise the development of a new financial system and a new project system. The financial system has been completed in Q1 2022. The new project system is still under development. Both system supports the company's optimisation of its processes as planned.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR'000	Leasehold improvements EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	207	0	442
Transfers	0	1,178	(1,178)
Additions	17	0	736
Disposals	(36)	0	0
Cost end of year	188	1,178	0
Depreciation and impairment losses beginning of year	(52)	0	0
Depreciation for the year	(60)	(85)	0
Reversal regarding disposals	20	0	0
Depreciation and impairment losses end of year	(92)	(85)	0
Carrying amount end of year	96	1,093	0
Recognised assets not owned by entity	48	0	0

10 Financial assets

	Investments in group enterprises EUR'000	Receivables from group enterprises EUR'000	Deposits EUR'000	Other receivables EUR'000
Cost beginning of year	80,442	1,031	531	0
Exchange rate adjustments	0	118	0	0
Transfers	0	0	0	794
Disposals	0	0	0	(65)
Cost end of year	80,442	1,149	531	729
Impairment losses beginning of year	(3,629)	0	0	0
Exchange rate adjustments	(140)	0	0	0
Adjustments on equity	10	0	0	0
Amortisation of goodwill	(3,819)	0	0	0
Share of profit/loss for the year	3,536	0	0	0
Impairment losses end of year	(4,042)	0	0	0
Carrying amount end of year	76,400	1,149	531	729

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Polytech A/S	Esbjerg	A/S	100.00
PolyTech Wind Power Technology (Wuxi) Co., Ltd.	China	Ltd.	100.00
Fos4X Wind Power Technology (Beijing) Co., Ltd.	China	Ltd.	100.00
Polytech Test & Validation (Sheyang) Co. Ltd	China	Ltd.	100.00
PolyTech Wind Power Technology Germany GmbH	Germany	GmbH	100.00
PolyTech Wind Power Technology India Private Limited	India	Ltd.	100.00
PolyTech Manufacturing Mexico, S. de R.L. de C.V.	Mexico	R. L. de C.V.	100.00
PolyTech Wind Power Technology Mexico S. de R.L. de S.V.	Mexico	R. L. de C.V.	100.00
PolyTech Wind Power Technology Inc.	USA	Inc.	100.00

11 Deferred tax

	2022 EUR'000	2021 EUR'000
Changes during the year		
Beginning of year	(997)	9
Recognised in the income statement	2,246	(1,006)
End of year	1,249	(997)

Deferred tax assets primarily relates to intangible assets and tax loss carryforwards.

Deferred tax assets

The deferred tax assets consists of tax loss carryforwards of EUR 2,548K. Recognised deferred tax assets is the net amount of tax loss carryforwards and differences between the carrying amount and the tax base primarily on intangible assets. Tax loss carryforwards is recognised with the amount that is expected to be utilised by the company and jointly taxed companies for the following 3-4 years.

12 Prepayments

Prepayments consist of prepaid rent, insurance and software licence fee etc.

13 Share capital

	Number	Recorded par value EUR'000
Share capital	1,013,332	14
	1,013,332	14

14 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR'000	Due within 12 months 2021 EUR'000	Due after more than 12 months 2022 EUR'000
Bank loans	0	0	22,755
Lease liabilities	71	113	0
	71	113	22,755

15 Unrecognised rental and lease commitments

	2022 EUR'000	2021 EUR'000
Liabilities under rental or lease agreements until maturity in total	2,785	1,997

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where VC VIII Jupiter 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 and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

17 Assets charged and collateral

The group has secured a commitment with GLAS Trust Corporation Limited through a registered company charge of EUR 24,500k nominal. The registered company charge includes property, plant and equipment, inventories, trade receivables and trade receivables from group enterprises. The carrying amount of pledged assets amounts to EUR 22,978k.

Furthermore bank loans are secured by pledge of shares in PolyTech A/S. The carrying amount of the investment is EUR 38,296k.

18 Related parties with controlling interest

Euros BidCo AB, Stockholm, Sweden (Parent company of VC VIII Polytech Holding ApS)

Euros HoldCo AB, Stockholm, Sweden (Parent company of Euros BidCo AB)

BJP HoldCo AB, Stockholm, Sweden (Parent company of Euros HoldCo AB)

Verdane Capital 2020 (D) AB, Stockholm, Sweden (Parent company of BJP HoldCo AB)

Verdane Fund Manager Future AB (Ultimate parent company)

19 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
BJP HoldCo AB, reg. no. 559261-2948, Stockholm, Sweden.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
BJP HoldCo AB, reg. no. 559261-2948, Stockholm, Sweden.

Copies of the consolidated financial statements of BJP HoldCo AB may be ordered at the following address:
www.Cvr.dk in addition to the financial statement of VC VIII Polytech Holding ApS, reg. no. 36459948.

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) with addition of a few provisions governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

The annual report is presented in Euros at a EUR/DKK rate of 7.45 (2021: 7.45)

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. VC VIII Polytech Holding ApS and its subsidiaries are included in the consolidated financial statements of BJP HoldCo AB.

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 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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 sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

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.

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, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

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, and 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 Entity is jointly taxed with all 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 development projects completed and in progress with related intellectual property rights and acquired intellectual property rights such as patents and licenses.

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. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation period used is 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement. The amortisation periods used are 3-20 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.

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 self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 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

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 unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been 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. Useful lives are reassessed annually. The amortisation periods used are 7-10 years.

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

The accounting policies applied to material financial statement items of group enterprises are:

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 of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance 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.

Other provisions: Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress and earn-out liabilities.

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.

Receivables

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

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises of bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Cash flow statement

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