

Baettr Sales & Services A/S

Smed Hansens Vej 27, 6940 Lem St
CVR no. 40 07 05 32

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 17.06.24

Thomas Rahbek
Dirigent



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The Company

Baettr Sales & Services A/S
Smed Hansens Vej 27
6940 Lem St
Registered office: Ringkøbing-Skjern
CVR no.: 40 07 05 32
Financial year: 01.01 - 31.12

Executive Board

Peter Christian Pallishøj

Board of Directors

Thomas Rahbek
Maria-Louise Schmidt Bjørkmann
Peter Christian Pallishøj

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Baettr Holding GmbH, Germany

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Baettr Sales & Services A/S.

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 Company's assets, liabilities and financial position as at 31.12.23 and of the results of the Company's activities and cash flows for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Lem St, June 17, 2024

Executive Board

Peter Christian Pallishøj

Board of Directors

Thomas Rahbek
Chairman

Maria-Louise Schmidt
Bjørkmann

Peter Christian Pallishøj

To the Shareholder of Baettr Sales & Services A/S**Opinion**

We have audited the financial statements of Baettr Sales & Services A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including 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 Company's financial position at 31.12.23 and of the results of the Company's operations and cash flows for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Soeborg, Copenhagen, June 17, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Rosenborg Petersen
State Authorized Public Accountant
MNE-no. mne42896

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Gross profit	70,492	3,824	59,863	55,734	61,618
Profit/loss before depreciation, amortisation, write-downs and impairment losses	14,668	-31,074	26,155	2,057	5,567
Operating profit/loss	11,169	-34,908	21,334	-1,306	0
Total net financials	-11,690	-8,111	-4,176	1,217	-1,181
Loss for the year	-6,347	-38,918	7,646	-9,719	-6,279

Balance

Total assets	189,738	186,163	194,326	181,698	279,394
Investments in property, plant and equipment	2,192	952	3,431	3,566	1,215
Equity	32,633	38,981	37,673	30,027	39,745

Ratios

	2023	2022	2021	2020	2019
<i>Profitability</i>					
Return on equity	-18%	-102%	23%	-28%	-15%

Ratios - continued -

	2023	2022	2021	2020	2019
<i>Equity ratio</i>					
Solvency ratio	17%	21%	19%	17%	14%

Others

Number of employees (average)	38	42	39	30	28
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

The Company's main activity is to be the sales company for Baettr factories in Europe. The Company supports the factories with sales, marketing, quality, IT, insurance, and PE activities.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a loss of DKK -6,347,280 against DKK -38,918k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 32,633,265.

The earnings expectations for 2023 were a positive net profit which was not met, primarily due to higher net financing cost.

Outlook

The expectation is to achieve a positive net profit of DKK 3.200k for 2024, based on slightly higher volumes and improved margins..

Financial risks

Vestas continues to be the main customer of Baettr why we are dependent upon the business relationship we have developed with this customer. Besides, we are continuing our business development efforts with other sizable global companies within the Wind Industry.

Our success depends on meeting customer needs, which is obtained through delivering high quality products and new product development. We aim to introduce products and new or improved production processes proactively.

Like any business, the sale of our products involves a risk of product liability claims against us. We have ongoing strict control measures and systems to ensure that the maximum safety and quality of our products are observed. We are protected through a product liability insurance.

Baettr Sales & Services A/S manages these and other risks and uncertainties by several measures:

The utilization of the global footprint and unique position as an integrated casting-, machining-, surface treatment and assembly provider to optimize market supply between the different continents.

Continuous improvement activities at all facilities to increase efficiency and reduce own cost basis.

Broadening the customer base by expanding the business with new customers and doing cross sales with existing customers to achieve a more balanced customer portfolio and to reduce dependency.

Actively participating in the relevant markets and monitoring political situations to act and adjust proactively and promptly.

Long term contracts with dedicated volumes on a global level and installing online measurement to prove that we are always in compliance with emissions and other relevant parameters.

Baettr Sales & Services A/S maintains a pragmatic and efficient information and risk management system.

The ERP system and IT platforms have been expanded and will be further developed during the coming years. Internal control measures are in place in all facilities and will be integrated into the existing ERP-system where possible.

External environment

Baettr Lem A/S has ethical rules regarding employees and external business partners.

Baettr Lem A/S respect the corporate social responsibility (CSR) and support the principles for human rights, labour rights, the environment, anti-corruptions etc. according to the UN Guiding Principles on Business and Human Rights as presented in the Code of Conduct.

Baettr Lem A/S truly believes in "safety first".

The company is located in Denmark, where social and employee relations are regulated, that ensure good conditions for all employees and also basic human rights, corruption and bribery are regulated and are not considered a significant risk for the company and the management considers that there is no need for company-specific policies in these areas.

The Baettr Sustainability strategy towards 2030, defines targets and workstreams to improve Baettr sustainability performance linked to the UN SDG 4, 8, 12 and 13. As part of that strategy Baettr Sales & Services A/S will ensure that future electricity will be delivered from renewable energy sources.

The Baettr Sustainability report 2023 can be retrieved here:

<https://www.baettr.com/app/uploads/2024/04/Sustainability-Report-2023.pdf>

Income statement

Note	2023 DKK	2022 DKK '000
	70,491,618	3,824
Gross profit		
1 Staff costs	-55,823,705	-34,898
	14,667,913	-31,074
Profit/loss before depreciation, amortisation, write-downs and impairment losses		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-3,498,637	-3,834
	11,169,276	-34,908
Operating profit/loss		
2 Financial income	1,424,416	1,561
3 Financial expenses	-13,114,256	-9,672
	-520,564	-43,019
Loss before tax		
Tax on loss for the year	-941,956	9,380
Other taxes	-4,884,760	-5,279
	-5,826,716	4,101
Total tax		
Loss for the year	-6,347,280	-38,918

4 Proposed appropriation account

ASSETS		31.12.23	31.12.22
Note		DKK	DKK '000
	Acquired rights	4,087,363	4,246
5	Total intangible assets	4,087,363	4,246
	Leasehold improvements	333,125	375
	Other fixtures and fittings, tools and equipment	2,992,045	3,077
	Property, plant and equipment under construction	0	753
6	Total property, plant and equipment	3,325,170	4,205
	Total non-current assets	7,412,533	8,451
	Trade receivables	12,286,743	8,568
	Receivables from group enterprises	31,644,364	105,506
9	Deferred tax asset	6,198,537	9,698
	Income tax receivable	2,434,005	1,538
	Other receivables	105,611	2,017
7	Prepayments	5,139,560	3,469
	Total receivables	57,808,820	130,796
	Cash	124,516,978	46,916
	Total current assets	182,325,798	177,712
	Total assets	189,738,331	186,163

EQUITY AND LIABILITIES		31.12.23	31.12.22
Note		DKK	DKK '000
8	Share capital	400,000	400
	Retained earnings	32,233,265	38,581
Total equity		32,633,265	38,981
10	Lease commitments	988,426	718
10	Deferred income	29,773,100	14,873
Total long-term payables		30,761,526	15,591
10	Short-term part of long-term payables	45,445,963	16,060
	Payables to other credit institutions	0	82
	Trade payables	3,917,877	2,620
	Payables to group enterprises	31,326,141	107,812
	Other payables	45,653,559	5,017
Total short-term payables		126,343,540	131,591
Total payables		157,105,066	147,182
Total equity and liabilities		189,738,331	186,163
11	Contingent liabilities		
12	Charges and security		
13	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.22 - 31.12.22		
Balance as at 01.01.22	400,000	37,272,501
Group contribution	0	40,225,903
Net profit/loss for the year	0	-38,917,859
Balance as at 31.12.22	400,000	38,580,545
Statement of changes in equity for 01.01.23 - 31.12.23		
Balance as at 01.01.23	400,000	38,580,545
Net profit/loss for the year	0	-6,347,280
Balance as at 31.12.23	400,000	32,233,265

Cash flow statement

Note	2023 DKK	2022 DKK '000
Loss for the year	-6,347,280	-38,918
14 Adjustments	21,015,193	7,844
Change in working capital:		
Inventories	0	1,195
Receivables	-5,089,246	64,466
Trade payables	1,298,358	-3,413
Other payables relating to operating activities	1,218,978	38,314
Cash flows from operating activities before net financials	12,096,003	69,488
Interest income and similar income received	1,424,416	1,561
Interest expenses and similar expenses paid	-13,114,256	-9,692
Income tax paid	-5,051,818	-4,840
Cash flows from operating activities	-4,645,655	56,517
Purchase of property, plant and equipment	-3,152,604	-1,482
Sale of property, plant and equipment	693,502	0
Loans	75,924,366	-26,057
Cash flows from investing activities	73,465,264	-27,539
Raising of additional capital	0	40,226
Repayment of payables to credit institutions	-81,859	-50,589
Repayment of lease commitments	-112,487	-23
Arrangement of payables to group enterprises	8,975,638	0
Cash flows from financing activities	8,781,292	-10,386
Total cash flows for the year	77,600,901	18,592
Cash, beginning of year	46,916,077	28,324
Cash, end of year	124,516,978	46,916
Cash, end of year, comprises:		
Cash	124,516,978	46,916
Total	124,516,978	46,916

	2023	2022
	DKK	DKK '000

1. Staff costs

Wages and salaries	52,247,386	31,863
Pensions	2,791,477	2,623
Other social security costs	229,745	218
Other staff costs	555,097	194
Total	55,823,705	34,898

Average number of employees during the year	38	42
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Remuneration for the management:

Salaries for the Executive Board	11,604,413	3,286
Total remuneration for the Executive Board	11,604,413	3,286

2. Financial income

Interest, group enterprises	430,126	1,561
Other interest income	18,024	0
Foreign currency translation adjustments	976,266	0
Other financial income	994,290	0
Total	1,424,416	1,561

	2023 DKK	2022 DKK '000
3. Financial expenses		
Interest, group enterprises	1,719,126	0
Other interest expenses	11,275,211	7,517
Foreign currency translation adjustments	0	2,050
Other financial expenses	119,919	105
Other financial expenses total	11,395,130	9,672
Total	13,114,256	9,672

4. Proposed appropriation account

Retained earnings	-6,347,280	-38,918
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5. Intangible assets

Figures in DKK	Acquired rights
Cost as at 01.01.23	27,636,342
Additions during the year	1,438,244
Cost as at 31.12.23	29,074,586
Amortisation and impairment losses as at 01.01.23	-23,411,924
Amortisation during the year	-1,575,299
Amortisation and impairment losses as at 31.12.23	-24,987,223
Carrying amount as at 31.12.23	4,087,363

6. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.23	420,789	12,884,273	753,383
Additions during the year	0	2,192,404	0
Disposals during the year	0	-693,502	0
Transfers during the year to/from other items	0	0	-753,383
Cost as at 31.12.23	420,789	14,383,175	0
Depreciation and impairment losses as at 01.01.23	-45,585	-9,807,228	0
Depreciation during the year	-42,079	-1,583,902	0
Depreciation and impairment losses as at 31.12.23	-87,664	-11,391,130	0
Carrying amount as at 31.12.23	333,125	2,992,045	0
Carrying amount of assets held under finance leases as at 31.12.23	0	1,826,371	0

31.12.23	31.12.22
DKK	DKK '000

7. Prepayments

Other prepayments	5,139,560	3,469
Total	5,139,560	3,469

8. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	400	400,000

	31.12.23 DKK	31.12.22 DKK '000
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9. Deferred tax

Provisions for deferred tax as at 01.01.23	8,960,186	109
Deferred tax recognised in the income statement	-2,761,649	9,589
Provisions for deferred tax as at 31.12.23	6,198,537	9,698

As at 31.12.23, the Company has recognised a deferred tax asset of t.DKK 6.936, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

10. Long-term payables

	Repayment first year DKK	Total payables at 31.12.23 DKK	Total payables at 31.12.22 DKK '000
Lease commitments	804,063	1,792,489	1,905
Deferred income	44,641,900	74,415,000	29,746
Total	45,445,963	76,207,489	31,651

11. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc. The total tax liability as of 31.12.2023 amounts to t.DKK 454.

12. Charges and security

The Company has not provided any security over assets.

13. Related parties

Controlling influence	Basis of influence
Baettr Holding GmbH, Germany	Parent company
Baettr Canopy GmbH, Germany	Parent company
Global Castings GmbH & Co. KG, Germany	Parent company
VTC Industriebeteiligungen GmbH & Co. KG., Germany	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The Company is included in the consolidated financial statements of the parent VTC Industriebeteiligungen GmbH & Co. KG., Germany.

	2023	2022
	DKK	DKK '000
14. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	3,498,637	3,834
Financial income	-1,424,416	-1,561
Financial expenses	13,114,256	9,672
Tax on profit or loss for the year	941,956	-9,380
Other taxes	4,884,760	5,279
Total	21,015,193	7,844

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

15. Accounting policies - continued -**LEASES**

The Group applies a recognition and measurement approach based on IFRS 16.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying

15. Accounting policies - continued -

amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

The Group applies a recognition and measurement approach based on IFRS 15.

Revenue from goods is recognised in the income statement when the customer obtains control. Revenue is recognised if the income can be measured reliably and is expected to be received. Revenue is measured net of VAT and duties collected on behalf of third parties. All types of discounts and rebate granted are recognised in revenue.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

15. Accounting policies - continued -**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Acquired rights	3-5	0
Leasehold improvements	3-10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The Company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

15. Accounting policies - continued -

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

Other taxes

Other taxes comprises tax amounts that are calculated on a basis other than the income for the year.

BALANCE SHEET**Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

15. Accounting policies - continued -*Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the Company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

15. Accounting policies - continued -**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

15. Accounting policies - continued -**Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the Company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.