

Jupiter Bach A/S
Theilgaards Alle 4
4600 Køge
Business Registration No
71078418

Annual report 2018

The Annual General Meeting adopted the annual report on 28.05.2019

Chairman of the General Meeting

Name: Martin Busk Andersen

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Entity details

Entity

Jupiter Bach A/S
Theilgaards Alle 4
4600 Køge

Central Business Registration No (CVR): 71078418

Registered in: Køge

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Jan Kjærsgaard, Chairman
Max Bertil Gustaf Carlsén
Thomas Bechmann
Arne Handeland
Jesper Wadum Nielsen
Søren Friis Knudsen

Executive Board

Jens Kristensen, CEO
Martin Busk Andersen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen 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 A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Køge, 22.05.2019

Executive Board

Jens Kristensen
CEO

Martin Busk Andersen
CFO

Board of Directors

Jan Kjærsgaard
Chairman

Max Bertil Gustaf Carlsén

Thomas Bechmann

Arne Handeland

Jesper Wadum Nielsen

Søren Friis Knudsen

Independent auditor's report

To the shareholders of Jupiter Bach A/S

Opinion

We have audited the financial statements of Jupiter Bach A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 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 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.

Independent auditor's report

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.

Independent auditor's report

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.

Copenhagen, 22.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Nikolaj Thomsen

State Authorised Public Accountant

Identification No (MNE) mne33276

Henrik Wolff Mikkelsen

State Authorised Public Accountant

Identification No (MNE) mne33747

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	668.178	432.774	491.027	411.857	231.690
Gross profit/loss	56.312	52.231	46.897	33.235	20.276
Operating profit/loss	14.414	22.542	19.770	7.224	(2.457)
Net financials	(18.109)	(13.687)	16.724	25.474	13.210
Profit/loss for the year	(4.144)	5.652	31.464	29.106	11.348
Total assets	463.403	369.230	155.785	179.941	166.218
Investments in property, plant and equipment	10.878	271	1.023	35	197
Equity	76.641	87.157	100.851	70.342	40.417
Average numbers of employees	55	35	40	38	37
Ratios					
Gross margin (%)	8,4	12,1	9,6	8,1	8,8
Net margin (%)	(0,6)	1,3	6,4	7,1	4,9
Return on equity (%)	(5,1)	6,0	36,8	52,6	33,4
Equity ratio (%)	16,5	23,6	64,7	39,1	24,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. Highlights for 2014-2017 have not been restated with reference to the merger between Jupiter Bach A/S, BC Group Holding A/S, BC Group A/S and Jupiter Bach Hurup A/S.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activities comprise sale and production of composite components for the wind turbine industry.

Development in activities and finances

With effect from January 2018, Jupiter Bach A/S merged with its 100 % owned subsidiaries BC Group Holding A/S, BC Group A/S and Jupiter Bach Hurup A/S in order to simplify the group structure. The merger has been conducted in accordance with the book-value method and hence, comparatives have not been restated in this matter.

The Company's income statement for 2018 shows a loss of DKK 4.144 thousand and the balance sheet at 31 December 2018 shows equity of DKK 76.641 thousand. The loss for the year is partly due to one-off effects with no impact on performance for 2019. Adjusted for one-off effects the result for the year would be a plus. Management consider a loss in profit after tax of DKK 4.144 not satisfactory. Due to the above mentioned merger, the net result for 2018 is not comparable to 2017.

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 2019. Management expects a growth in the result for 2019.

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. To the extent possible the commitments on sourcing prices are aligned with commitments on selling prices.

Currency and interest rate risks

The Company sells product predominantly settled in DKK, EUR or USD and its cost base is mainly settled in USD and PLN. The company has in general chosen not to enter into forward exchange contracts to hedge currency risks, however, some ad-hoc hedging could take place.

The majority of the Company's payables to credit institutions comprise floating-rate loans.

Quality risks

The company produces customised GRP parts (glass reinforced plastic) in manual processes according to customer specifications. The quality of the parts are managed and controlled via the company's global quality management quality system including ISO 9001 certification.

Management commentary

Intellectual capital resources

The Company continues to strengthen its Management platform and thus its knowledge base is today well documented and spread to a wider group of employees. Strengthening of Management skills also continues to be a key focus point.

Statutory report on corporate social responsibility

Business model

The Jupiter Bach A/S business model is as described under primary activities and is designed to meet high demands related to social conditions and to risks within environmental and other relevant CSR matters.

Jupiter Bach A/S complies with all requirements in relation to social conditions, environmental matters, human rights, anticorruption and bribery. Due to the limited size of the organisation and the limited resources, the company has not established separate CSR policies. For this reason, the management commentary does not include a separate and formal description of CSR matters.

Jupiter Bach A/S has not identified any business risks that influence the areas social conditions, environmental matters, human rights, anticorruption and bribery.

Below is a description of the activities within the areas of most importance to Jupiter Bach A/S.

Quality, Health & Safety and Environment (QHSE) management

Quality, Health & Safety and Environment (QHSE) are essential to Jupiter Bach A/S and prerequisite for the way we do business.

The Company has a strong QHSE management, which in 2018 were strengthened further with a uniform global QHSE management system. This means that all stand-alone certificates was transferred into a global multisite certificate towards ISO9001 (quality), ISO14001 (environment) and OHSAS (18801).

By the end of 2018, quality certification audits by Bureau Veritas at all seven production/assembly and headquarter have been completed successfully and final ISO9001 certificate will be received from Bureau Veritas during 2019.

By the end of 2018, Health & Safety and Environmental certification audits by Bureau Veritas at 6 out of 7 production/assembly plus headquarter have been completed successfully and final ISO14001 and OHSAS certificates will be received from Bureau Veritas during 2019.

The main environmental impacts are originated from waste, energy consumption and VOC emissions (Volatile Organic Compounds). The company control its environmental aspects and continuously seeks to reduce impact through the environmental management system and certification.

Management commentary

Anticorruption and bribery

It is the policy of Jupiter Bach to conduct all of our business in an honest and ethical manner. Management takes a no-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever we operate.

Statutory report on the underrepresented gender

Jupiter Bach A/S has a policy for gender equality at all levels in the organisation. The policy is stated in the employee manual and, among other matters, it stipulates the possibilities for flexible career opportunities, working hours, etc.

The Company has a target figure of 20-25% for the underrepresented gender at the Board of Directors level as well as in other management levels. For the Board of Directors level, the Company expects to reach this target figure within 2020. Currently, the company has no representation by the underrepresented gender at the Board of Directors level, which is due to no changes of the members during the year.

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 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Revenue	1	668.178	432.774
Costs of raw materials and consumables		(584.746)	(355.882)
Other external expenses	2	<u>(27.120)</u>	<u>(24.661)</u>
Gross profit/loss		56.312	52.231
Staff costs	3	(36.069)	(28.956)
Depreciation, amortisation and impairment losses	4	<u>(5.829)</u>	<u>(733)</u>
Operating profit/loss		14.414	22.542
Income from investments in group enterprises		(8.120)	(5.758)
Other financial income	5	9.030	14.432
Other financial expenses	6	<u>(19.019)</u>	<u>(22.361)</u>
Profit/loss before tax		(3.695)	8.855
Tax on profit/loss for the year	7	<u>(449)</u>	<u>(3.203)</u>
Profit/loss for the year	8	<u>(4.144)</u>	<u>5.652</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Completed development projects		8.629	0
Acquired intangible assets		756	28.337
Development projects in progress		<u>1.344</u>	<u>0</u>
Intangible assets	9	<u>10.729</u>	<u>28.337</u>
Plant and machinery		322	0
Other fixtures and fittings, tools and equipment		202	9
Leasehold improvements		<u>429</u>	<u>489</u>
Property, plant and equipment	10	<u>953</u>	<u>498</u>
Investments in group enterprises		260.916	202.352
Receivables from group enterprises		54.891	59.001
Deposits		<u>1.016</u>	<u>315</u>
Fixed asset investments	11	<u>316.823</u>	<u>261.668</u>
Fixed assets		<u>328.505</u>	<u>290.503</u>
Raw materials and consumables		433	0
Work in progress		1.676	0
Manufactured goods and goods for resale		<u>5.972</u>	<u>0</u>
Inventories		<u>8.081</u>	<u>0</u>
Trade receivables		59.205	24.764
Receivables from group enterprises		13.463	35.109
Deferred tax	12	4.815	0
Other receivables		2.589	7.622
Income tax receivable		1.318	2.030
Prepayments	13	<u>1.353</u>	<u>283</u>
Receivables		<u>82.743</u>	<u>69.808</u>
Cash		<u>44.074</u>	<u>8.919</u>
Current assets		<u>134.898</u>	<u>78.727</u>
Assets		<u>463.403</u>	<u>369.230</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital		1.266	1.266
Reserve for net revaluation according to the equity method		37.998	12.000
Reserve for development expenditure		5.186	0
Retained earnings		<u>32.191</u>	<u>73.891</u>
Equity		<u>76.641</u>	<u>87.157</u>
Deferred tax	12	<u>0</u>	<u>697</u>
Provisions		<u>0</u>	<u>697</u>
Bank loans		<u>142.723</u>	<u>170.492</u>
Non-current liabilities other than provisions	14	<u>142.723</u>	<u>170.492</u>
Current portion of long-term liabilities other than provisions	14	27.750	27.750
Bank loans		65.188	41.430
Trade payables		13.019	8.225
Payables to group enterprises		128.930	23.546
Income tax payable		0	2.647
Other payables		6.852	7.286
Deferred income	15	<u>2.300</u>	<u>0</u>
Current liabilities other than provisions		<u>244.039</u>	<u>110.884</u>
Liabilities other than provisions		<u>386.762</u>	<u>281.376</u>
Equity and liabilities		<u>463.403</u>	<u>369.230</u>
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.266	12.000	0	73.891	87.157
Effect of mergers and business combinations	0	34.019	5.285	(46.587)	(7.283)
Exchange rate adjustments	0	99	0	0	99
Value adjustments	0	0	0	812	812
Other entries on equity	0	0	(99)	99	0
Profit/loss for the year	0	(8.120)	0	3.976	(4.144)
Equity end of year	1.266	37.998	5.186	32.191	76.641

Notes

	2018	2017
	DKK'000	DKK'000
1. Revenue		
Europe	358.127	144.236
America	309.045	285.938
Other	1.007	2.600
	668.179	432.774

It is management's assessment that Jupiter Bach A/S only has one product segment.

	2018	2017
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	287	274
Tax services	1.972	858
Other services	341	3.326
	2.600	4.458

	2018	2017
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	31.592	25.024
Pension costs	3.209	1.752
Other social security costs	375	185
Other staff costs	893	1.995
	36.069	28.956

Average number of employees	55	35
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	Remunera- tion of manage- ment 2018 DKK'000	Remunera- tion of manage- ment 2017 DKK'000
Executive Board	4.468	3.381
Board of Directors	600	456
	5.068	3.837

Notes

	2018	2017
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5.029	261
Depreciation of property, plant and equipment	822	474
Profit/loss from sale of intangible assets and property, plant and equipment	(22)	(2)
	5.829	733
	2018	2017
	DKK'000	DKK'000
5. Other financial income		
Financial income arising from group enterprises	2.765	3.090
Other interest income	289	34
Exchange rate adjustments	5.965	11.308
Other financial income	11	0
	9.030	14.432
	2018	2017
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	1.114	849
Other interest expenses	9.773	6.301
Exchange rate adjustments	4.210	13.830
Other financial expenses	3.922	1.381
	19.019	22.361
	2018	2017
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Current tax	(1.318)	2.646
Change in deferred tax	2.055	557
Adjustment concerning previous years	(288)	0
	449	3.203

Notes

	2018	2017
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	(8.120)	(13.217)
Retained earnings	3.976	18.869
	(4.144)	5.652

	Completed development projects	Acquired intangible assets	Development projects in progress
	DKK'000	DKK'000	DKK'000
9. Intangible assets			
Cost beginning of year	0	29.563	0
Addition through business combinations etc	7.107	(27.600)	4.630
Transfers	6.982	0	(6.982)
Additions	2.953	415	3.696
Cost end of year	17.042	2.378	1.344
Amortisation and impairment losses beginning of year	0	(1.226)	0
Transfers	(3.780)	0	0
Amortisation for the year	(4.633)	(396)	0
Amortisation and impairment losses end of year	(8.413)	(1.622)	0
Carrying amount end of year	8.629	756	1.344

Development projects

Development projects in progress and completed development projects consist of development of new products and technologies to improve production methods regarding nacelle covers, modular forms and new production lines. Completed development projects are depreciated over 3 years and all projects have sales amounts in pipeline in the 2019 budget. Therefore management has no indication that the carrying amounts of ongoing or completed projects should be written down.

Notes

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
10. Property, plant and equipment			
Cost beginning of year	0	2.566	742
Addition through business combinations etc	6.440	2.219	1.964
Additions	0	232	23
Cost end of year	6.440	5.017	2.729
Depreciation and impairment losses beginning of year	0	(2.557)	(253)
Transfers	(5.933)	(2.185)	(1.483)
Depreciation for the year	(185)	(73)	(564)
Depreciation and impairment losses end of year	(6.118)	(4.815)	(2.300)
Carrying amount end of year	322	202	429

Notes

	Invest- ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
11. Fixed asset investments			
Cost beginning of year	190.352	59.001	315
Addition through business combinations etc	18.061	0	698
Additions	14.505	0	3
Disposals	0	(4.110)	0
Cost end of year	222.918	54.891	1.016
Revaluations beginning of year	12.000	0	0
Addition through business combinations etc	34.019	0	0
Exchange rate adjustments	99	0	0
Amortisation of goodwill	(12.136)	0	0
Share of profit/loss for the year	6.874	0	0
Adjustment of intra-group profits	(2.858)	0	0
Revaluations end of year	37.998	0	0
Carrying amount end of year	260.916	54.891	1.016

The carrying amount of goodwill is DKK 95,188.

	Registered in	Equity inte- rest %
Investments in group enterprises comprise:		
Jupiter Composites Inc.	USA	100,0
Shandong Jupiter Wind Composites Co., Ltd	China	100,0
Jupiter Polska Sp Z.o.o	Poland	100,0
Bach Composite Espana S.L.U	Spain	100,0
Bach Composite Holding Ltd.	Hong Kong	100,0
Bach Composite Colorado Inc.	USA	100,0
UAB Danplastas	Lithuania	100,0
UAB Tauraplastas	Lithuania	100,0
Jupiter Bach Composite (Weihai) Co.,Ltd.	China	100,0

Notes

	2018	2017
	DKK'000	DKK'000
12. Deferred tax		
Intangible assets	2.732	(950)
Property, plant and equipment	382	98
Inventories	(190)	0
Provisions	2.026	0
Other deductible temporary differences	(135)	155
	4.815	(697)

13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Bank loans	27.750	27.750	142.723	34.000
	27.750	27.750	142.723	34.000

15. Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

	2018	2017
	DKK'000	DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	3.696	1.883

17. Contingent liabilities

The Company has issued a letter of support promising to provide the necessary funds for its subsidiaries Jupiter Polska Sp Z.o.o and Bach Composite Espana S.L.U.

The Entity 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,

Notes

the Entity is therefore liable from 13 May 2016 for income taxes etc and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

18. Assets charged and collateral

As security for the Group's total engagements with Nykredit, Jupiter Group A/S has granted a company charge of nominal DKK 80,600 thousand. Total withdrawal on the banking arrangements amounts to DKK 235.662 thousand at 31.12.2018.

19. Related parties with controlling interest

VC VIII Jupiter Group ApS, Køge, Denmark owns the majority of the shares and thus controls the Entity.

20. Transactions with related parties

No transactions with related parties were made in the financial year, which were not made on an arm's length basis.

21. 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 (large).

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

Consolidated financial statements

Referring to S 112(1) Danish Financial Statements Act, no consolidated financial statements have been prepared. Jupiter Group A/S and its subsidiaries are included in the consolidated financial statements of Winds Holding AS.

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.

Business combinations

Business combinations with the participation of companies under the control of the parent company (common control) are carried out at the time of acquisition, without adjustment of comparative figures according to the book-value method.

With effect from January 2018, Jupiter Bach A/S merged with its 100 % owned subsidiaries BC Group Holding A/S, BC Group A/S and Jupiter Bach Hurup A/S in order to simplify the group structure. The merger has been conducted in accordance with the book-value method and hence, comparatives have not been restated in this matter.

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

Accounting policies

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.

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

Income statement

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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and material assets 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 intangible assets as well as material assets.

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, payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and 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 all Danish Group entities. 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 software licences, 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. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under 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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is 3 years. For development projects, protected by intellectual property rights, the maximum period of amortisation 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

Material assets comprise other fixtures and fittings, tools and equipment and leasehold improvements and 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.

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

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

Material assets are written down to the lower of recoverable amount and carrying amount.

Accounting policies

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 or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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

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

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

Receivables

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

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 and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

Accounting policies

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.

Income 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 cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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.