

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Phone +45 3610 2030
Fax +45 3610 2040
www.deloitte.dk

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

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Martin Busk Andersen

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Entity details

Entity

Jupiter Bach A/S
Theilgaards Allé 4
4600 Køge

Central Business Registration No: 71078418

Registered in: Køge

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Jan Kjærsgaard, Chairman
Max Bertil Gustaf Carlsén
Arne Handeland
Thomas Bechmann
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 01.01.2017 - 31.12.2017.

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

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

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Køge, 25.05.2018

Executive Board

Jens Kristensen
CEO

Martin Busk Andersen
CFO

Board of Directors

Jan Kjærsgaard
Chairman

Max Bertil Gustaf Carlsén

Arne Handeland

Thomas Bechmann

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 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

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

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it 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.

Violation of the Danish Companies Act

Contrary to S 206 Danish Companies Act, the Company has indirectly contributed to the financing of VC VIII Jupiter Holding ApS' acquisition of shares in the Company. The financing ceased in April 2017 by distribution of an extraordinary dividend from the Company to VC VIII Jupiter Holding ApS. Management considers this to be an isolated case and has changed procedures for intercompany transactions and implemented further internal controls to prevent this type of financing to occur again.

Copenhagen, 25.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification number (MNE) mne33276

Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification number (MNE) mne42784

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	432.774	491.027	411.857	231.690	199.954
Gross profit/loss	52.231	46.897	33.235	20.276	22.794
Operating profit/loss	22.542	19.770	7.224	(2.457)	(6.905)
Net financials	(13.687)	16.724	25.474	13.210	845
Profit/loss for the year	5.652	31.464	29.106	11.348	(4.630)
Total assets	369.231	158.786	180.067	166.218	100.731
Investments in property, plant and equipment	271	1.023	35	197	6.425
Equity	87.158	100.851	70.342	40.417	27.579
Employees in average	35	40	38	37	42
Ratios					
Gross margin (%)	12,1	9,6	8,1	8,8	11,4
Net margin (%)	1,3	6,4	7,1	4,9	(2,3)
Return on equity (%)	6,0	36,8	52,6	33,4	(13,6)
Equity ratio (%)	23,6	63,5	39,1	24,3	27,4

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

Ratios	Calculation formula	Ratios
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

The Company's income statement for 2017 shows a profit of DKK 5.652 thousand and the balance sheet at 31 December 2017 shows equity of DKK 87.158 thousand. Management considers profit after tax of DKK 5.652 thousand satisfactory.

Outlook

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

Particular risks

Price risks

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

Currency and interest rate risks

The Company sells products predominantly settled in DKK, EUR or USD and its cost base is mainly settled in USD and PLN. The Company has chosen not to enter into forward exchange contracts to hedge currency risks.

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

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.

Corporate social responsibility

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. Headquarter as well as all production/assembly sites are certified towards ISO9001 (quality). By the end of 2017 5 out of 7 production/assembly sites was certified towards ISO14001 (environment) as well as OHSAS18001 (health and safety). The main environmental impacts are originated from waste, energy consumption and VOC emissions (Volatile Organic Compounds). The

Management commentary

company control its environmental aspects and continuously seeks to reduce impact. This year a new global QHSE policy was implemented and the process towards a global QHSE multisite certification initiated.

Code of conduct

Jupiter Bach A/S complies with all statutory requirements related to social and environmental considerations, human rights as well as the fight against corruption.

In 2017 a Global Code of Conduct was implemented in Jupiter Bach. Since the code was implemented in 2017, it is not possible to evaluate the results in this area yet. However, we believe that it is contributing to the strong ethical profile of Jupiter Bach A/S.

Statement of 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 top management level. The Company expects to reach this target figure within 2020. At other levels of management, the above-mentioned policy for gender equality applies.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	432.774	491.027
Costs of raw materials and consumables		(355.882)	(423.137)
Other external expenses	2	<u>(24.661)</u>	<u>(20.993)</u>
Gross profit/loss		52.231	46.897
Staff costs	3	(28.956)	(26.500)
Depreciation, amortisation and impairment losses	4	<u>(733)</u>	<u>(627)</u>
Operating profit/loss		22.542	19.770
Income from investments in group enterprises		(5.758)	21.751
Other financial income	5	14.432	9.467
Other financial expenses	6	<u>(22.361)</u>	<u>(14.494)</u>
Profit/loss before tax		8.855	36.494
Tax on profit/loss for the year	7	<u>(3.203)</u>	<u>(5.030)</u>
Profit/loss for the year	8	<u>5.652</u>	<u>31.464</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Acquired intangible assets		28.337	578
Intangible assets	9	28.337	578
Other fixtures and fittings, tools and equipment		9	1.116
Leasehold improvements		489	468
Property, plant and equipment	10	498	1.584
Investments in group enterprises		202.352	49.669
Receivables from group enterprises		59.001	0
Deposits		315	218
Fixed asset investments	11	261.668	49.887
Fixed assets		290.503	52.049
Raw materials and consumables		0	1.087
Work in progress		0	754
Manufactured goods and goods for resale		0	2.123
Inventories		0	3.964
Trade receivables		24.764	32.749
Receivables from group enterprises		35.109	47.985
Other receivables		7.622	2.242
Income tax receivable		2.030	0
Prepayments	12	284	242
Receivables		69.809	83.218
Cash		8.919	19.555
Current assets		78.728	106.737
Assets		369.231	158.786

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		1.266	1.000
Reserve for net revaluation according to the equity method		12.000	27.710
Retained earnings		73.892	72.141
Equity		87.158	100.851
Deferred tax	13	697	78
Provisions		697	78
Bank loans		170.492	28.324
Non-current liabilities other than provisions	14	170.492	28.324
Current portion of long-term liabilities other than provisions	14	27.750	4.047
Bank loans		41.430	0
Trade payables		8.225	6.853
Payables to group enterprises		23.546	9.744
Income tax payable		2.646	971
Other payables		7.287	7.918
Current liabilities other than provisions		110.884	29.533
Liabilities other than provisions		281.376	57.857
Equity and liabilities		369.231	158.786
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	27.710	72.141	100.851
Increase of capital	266	0	73.384	73.650
Extraordinary dividend paid	0	0	(93.255)	(93.255)
Exchange rate adjustments	0	(2.493)	0	(2.493)
Value adjustments	0	0	2.753	2.753
Profit/loss for the year	0	(13.217)	18.869	5.652
Equity end of year	1.266	12.000	73.892	87.158

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
Europe	144.236	199.020
America	285.938	292.007
China	74	0
Brazil	2.526	0
	432.774	491.027

	2017	2016
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	274	230
Tax services	858	266
Other services	3.326	0
	4.458	496

	2017	2016
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	25.024	22.522
Pension costs	1.752	1.607
Other social security costs	185	154
Other staff costs	1.995	2.217
	28.956	26.500
Average number of employees	35	40

	Remuneration of management 2017
	DKK'000
Executive Board	3.381
Board of Directors	456
	3.837

Notes

Referring to S 98(b) Danish Financial Statements Act, management remuneration is not disclosed for 2016.

	2017	2016
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	261	174
Depreciation of property, plant and equipment	474	454
Profit/loss from sale of intangible assets and property, plant and equipment	(2)	(1)
	733	627
	2017	2016
	DKK'000	DKK'000
5. Other financial income		
Financial income arising from group enterprises	1.555	2.216
Interest income	1.569	2
Exchange rate adjustments	11.308	7.249
	14.432	9.467
	2017	2016
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	834	979
Interest expenses	7.697	2.880
Exchange rate adjustments	13.830	10.635
	22.361	14.494
	2017	2016
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	2.646	2.238
Change in deferred tax for the year	557	2.292
Adjustment concerning previous years	0	500
	3.203	5.030
	2017	2016
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	(13.217)	8.556
Retained earnings	18.869	22.908
	5.652	31.464

Notes

	Acquired intangible assets DKK'000	
	<u>DKK'000</u>	
9. Intangible assets		
Cost beginning of year		1.543
Additions		28.020
Cost end of year		<u>29.563</u>
Amortisation and impairment losses beginning of year		(965)
Amortisation for the year		(261)
Amortisation and impairment losses end of year		<u>(1.226)</u>
Carrying amount end of year		<u>28.337</u>
	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
	<u>DKK'000</u>	<u>DKK'000</u>
10. Property, plant and equipment		
Cost beginning of year	13.005	563
Additions	0	271
Disposals	(10.439)	(92)
Cost end of year	<u>2.566</u>	<u>742</u>
Depreciation and impairment losses beginning of the year	(11.889)	(95)
Depreciation for the year	(265)	(209)
Reversal regarding disposals	9.597	51
Depreciation and impairment losses end of the year	<u>(2.557)</u>	<u>(253)</u>
Carrying amount end of year	<u>9</u>	<u>489</u>

Notes

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
11. Fixed asset investments			
Cost beginning of year	21.959	0	218
Additions	168.393	59.001	97
Cost end of year	190.352	59.001	315
Revaluations beginning of year	27.710	0	0
Exchange rate adjustments	(2.493)	0	0
Amortisation of goodwill	(6.217)	0	0
Share of profit/loss for the year	21.785	0	0
Adjustment of intra-group profits	(21.326)	0	0
Dividend	(7.459)	0	0
Revaluations end of year	12.000	0	0
Carrying amount end of year	202.352	59.001	315
Goodwill or negative goodwill recognised during the financial year	87.556	-	-

	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
BC Group Holding A/S	Denmark	100,0

12. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Notes

	2017	2016
	DKK'000	DKK'000
13. Deferred tax		
Intangible assets	950	127
Property, plant and equipment	(98)	(40)
Inventories	0	233
Provisions	0	(242)
Other deductible temporary differences	(155)	0
	697	78
Changes during the year		
Beginning of year	78	
Recognised in the income statement	619	
End of year	697	

	Instalments within 12 months 2017 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2017 DKK'000
14. Liabilities other than provisions			
Bank loans	27.750	4.047	170.492
	27.750	4.047	170.492

All non-current liabilities fall due within five years.

	2017	2016
	DKK'000	DKK'000
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.883	2.274

16. Contingent liabilities

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, 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.

Notes

17. Mortgages and securities

As security for the Group's total engagements with Nykredit, Jupiter Group A/S has granted a company charge of nominal DKK 60,600 thousand. Total withdrawal on the banking arrangements amounts to DKK 239,672 thousand at 31.12.2017.

Debt to other credit institutions is secured on a receivables charge on unsecured claims. Debt to other credit institutions amounts to DKK 0 thousand at 31.12.2017.

Collateral security provided for subsidiaries and other group enterprises

The Company has provided a guarantee for its subsidiaries' debt to Nykredit Bank A/S. The bank debt of these subsidiaries amounts to DKK 55 thousand at 31.12.2017.

18. Related parties with controlling interest

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

19. Transactions with related parties

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

20. 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.

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.

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.

Accounting policies

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.

Amortisation, depreciation 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.

Income taxes

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.

Accounting policies

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.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 3 years.

Intellectual property rights etc 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.

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.

Accounting policies

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Other financial liabilities

Accounting policies

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

Income tax receivable or payable

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.

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.