



Jupiter Bach A/S

Theilgaards Allé 4
4600 Køge
CVR No. 71078418

Annual report 2019

The Annual General Meeting adopted the
annual report on 18.05.2020

Martin Busk Andersen

Chairman of the General Meeting

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Entity details

Entity

Jupiter Bach A/S
Theilgaards Allé 4
4600 Køge

CVR No.: 71078418

Registered office: Køge

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jan Kjærsgaard, Chairman
Søren Friis Knudsen
Thomas Bechmann
Arne Handeland
Jesper Wadum Nielsen

Executive Board

Lars Steen Rasmussen, CEO
Martin Busk Andersen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 30.03.2020

Executive Board

Lars Steen Rasmussen
CEO

Martin Busk Andersen
CFO

Board of Directors

Jan Kjærsgaard
Chairman

Søren Friis Knudsen

Thomas Bechmann

Arne Handeland

Jesper Wadum Nielsen

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 30.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Henrik Wolff Mikkelsen

State Authorised Public Accountant
Identification No (MNE) mne33747

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Revenue	821,676	668,178	432,774	491,027	411,857
Gross profit/loss	74,699	56,312	52,231	46,897	33,235
Operating profit/loss	22,365	14,414	22,542	19,770	7,224
Net financials	(15,785)	(18,109)	(13,687)	16,721	25,474
Profit/loss for the year	13,806	(4,144)	5,652	31,464	29,106
Total assets	441,431	463,403	369,230	155,785	179,941
Investments in property, plant and equipment	1,257	10,878	271	1,023	35
Equity	92,487	76,641	87,157	100,851	70,342
Average number of employees	51	55	35	40	38
Ratios					
Gross margin (%)	9.09	8.43	12.07	9.55	8.07
Net margin (%)	1.68	(0.62)	1.31	6.41	7.07
Return on equity (%)	16.33	(5.06)	6.01	36.76	52.6
Equity ratio (%)	20.95	16.54	23.61	64.74	39.09

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by CFA Society Denmark. Highlights for 2015-2017 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.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

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

Primary activities

The Company's 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 2019 shows a profit of DKK 13,806 thousand and the balance sheet at 31 December 2019 shows equity of DKK 92,487 thousand. The development in profit for the year is due to increased activity during the year, resulting in increased revenue and profits. Management considers a profit after tax of DKK 13,806 satisfactory.

Outlook

The global market for wind turbines has been growing for many years and is also expected to grow for 2020. Management expects an intensified level of competition and a profit for 2020 of around zero.

The spread of COVID-19 throughout the world can potentially have an influence on the business for Jupiter Bach Group in 2020. Year to date, the spread of COVID-19 has not to a material extent impacted Jupiter Bach Group, however at this time it is not possible to predict the influence in the coming month. As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

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, CNY or USD and its cost base is mainly settled in CNY, PLN, EUR and USD. The company has in general chosen not 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 customized 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.

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 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 organization 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 certified by Bureau Veritas. This means that all stand-alone certificates was transferred into a global multisite certificate towards ISO9001 (quality), ISO14001 (environment) and OHSAS (18801).

The company acknowledges its responsibilities towards sustainability and signed up for UN Global Compact in Q3 2019.

Furthermore, the company has calculated their CO₂ emissions for 2018 by establishing a carbon footprint account according to the "Greenhous gas protocol". 2018 emissions will be the company's carbon footprint baseline. Carbon footprint account for 2019 will be available April 2020.

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 as well as the carbon footprint account.

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 organization. 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% by 2021 for the underrepresented gender at the Board of Directors level as well as in other management levels. Currently, 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 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	1	821,676	668,178
Costs of raw materials and consumables		(719,766)	(584,746)
Other external expenses	2	(27,211)	(27,120)
Gross profit/loss		74,699	56,312
Staff costs	3	(45,367)	(36,069)
Depreciation, amortisation and impairment losses	4	(6,967)	(5,829)
Operating profit/loss		22,365	14,414
Income from investments in group enterprises		8,902	(8,120)
Other financial income	5	11,809	9,030
Other financial expenses	6	(27,594)	(19,019)
Profit/loss before tax		15,482	(3,695)
Tax on profit/loss for the year	7	(1,676)	(449)
Profit/loss for the year	8	13,806	(4,144)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Completed development projects	10	5,605	8,629
Acquired intangible assets		2,625	756
Development projects in progress	10	6,019	1,344
Intangible assets	9	14,249	10,729
Plant and machinery		610	322
Other fixtures and fittings, tools and equipment		265	202
Leasehold improvements		109	429
Property, plant and equipment	11	984	953
Investments in group enterprises		270,945	260,916
Receivables from group enterprises		64,417	54,891
Deposits		827	1,016
Other financial assets	12	336,189	316,823
Fixed assets		351,422	328,505

Raw materials and consumables		93	433
Work in progress		276	1,676
Manufactured goods and goods for resale		0	5,972
Inventories		369	8,081
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Trade receivables		43,871	59,205
Receivables from group enterprises		14,317	13,463
Deferred tax	13	3,138	4,815
Other receivables		3,624	2,589
Income tax receivable		1,368	1,318
Prepayments	14	3,961	1,353
Receivables		70,279	82,743
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Cash		19,361	44,074
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Current assets		90,009	134,898
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Assets		441,431	463,403
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Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		1,266	1,266
Reserve for net revaluation according to the equity method		48,025	37,998
Reserve for development expenditure		9,473	5,186
Retained earnings		33,723	32,191
Equity		92,487	76,641
Bank loans		116,198	142,723
Non-current liabilities other than provisions	15	116,198	142,723
Current portion of non-current liabilities other than provisions	15	27,500	27,750
Bank loans		55,287	65,188
Trade payables		4,946	13,019
Payables to group enterprises		126,691	128,930
Other payables		17,708	6,852
Deferred income	16	614	2,300
Current liabilities other than provisions		232,746	244,039
Liabilities other than provisions		348,944	386,762
Equity and liabilities		441,431	463,403
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Group relations	21		

Statement of changes in equity for 2019

	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	37,998	5,186	32,191	76,641
Exchange rate adjustments	0	1,009	0	0	1,009
Value adjustments	0	0	0	916	916
Other entries on equity	0	115	0	0	115
Transfer to reserves	0	0	4,287	(4,287)	0
Profit/loss for the year	0	8,903	0	4,903	13,806
Equity end of year	1,266	48,025	9,473	33,723	92,487

Notes

1 Revenue

	2019	2018
	DKK'000	DKK'000
Europe	360,937	358,126
America	447,399	309,045
Other	13,340	1,007
Total revenue by geographical market	821,676	668,178

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

2 Fees to the auditor appointed by the Annual General Meeting

	2019	2018
	DKK'000	DKK'000
Statutory audit services	225	287
Tax services	1,334	1,972
Other services	239	341
	1,798	2,600

3 Staff costs

	2019	2018
	DKK'000	DKK'000
Wages and salaries	42,104	31,594
Pension costs	2,644	3,209
Other social security costs	350	373
Other staff costs	269	893
	45,367	36,069

Average number of full-time employees	51	55
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	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Executive Board	5,168	4,468
Board of Directors	600	600
	5,768	5,068

4 Depreciation, amortisation and impairment losses

	2019 DKK'000	2018 DKK'000
Amortisation of intangible assets	5,596	5,030
Depreciation of property, plant and equipment	748	821
Profit/loss from sale of intangible assets and property, plant and equipment	623	(22)
	6,967	5,829

5 Other financial income

	2019 DKK'000	2018 DKK'000
Financial income from group enterprises	2,489	2,766
Other interest income	125	289
Exchange rate adjustments	8,439	5,964
Other financial income	756	11
	11,809	9,030

6 Other financial expenses

	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	1,744	1,114
Other interest expenses	7,410	9,774
Exchange rate adjustments	9,225	4,210
Other financial expenses	9,215	3,921
	27,594	19,019

7 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	(50)	(1,318)
Change in deferred tax	1,677	2,055
Adjustment concerning previous years	49	(288)
	1,676	449

8 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Retained earnings	13,806	(4,144)
	13,806	(4,144)

9 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	17,042	2,378	1,344
Transfers	248	0	(248)
Additions	2,486	2,417	4,923
Disposals	(4,478)	0	0
Cost end of year	15,298	4,795	6,019
Amortisation and impairment losses beginning of year	(8,413)	(1,622)	0
Amortisation for the year	(5,048)	(548)	0
Reversal regarding disposals	3,768	0	0
Amortisation and impairment losses end of year	(9,693)	(2,170)	0
Carrying amount end of year	5,605	2,625	6,019

10 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.

11 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	6,440	5,017	2,729
Transfers	2,205	(2,513)	0
Additions	950	180	127
Disposals	(8,830)	(2,218)	(1,774)
Cost end of year	765	466	1,082
Depreciation and impairment losses beginning of year	(6,118)	(4,815)	(2,300)
Transfers	(2,205)	2,513	0
Depreciation for the year	(213)	(117)	(418)
Reversal regarding disposals	8,381	2,218	1,745
Depreciation and impairment losses end of year	(155)	(201)	(973)
Carrying amount end of year	610	265	109

12 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	222,920	54,891	1,016
Additions	0	9,526	10
Disposals	0	0	(199)
Cost end of year	222,920	64,417	827
Revaluations beginning of year	37,998	0	0
Exchange rate adjustments	1,009	0	0
Amortisation of goodwill	(11,078)	0	0
Share of profit/loss for the year	19,981	0	0
Other adjustments	115	0	0
Revaluations end of year	48,025	0	0
Carrying amount end of year	270,945	64,417	827

The carrying amount of goodwill is DKK 84,110 thousands.

Investments in subsidiaries	Registered in	Equity interest %
Jupiter Bach North America, Inc.	USA	100
Jupiter Bach Composites (Dezhou) Co., Ltd	China	100
Jupiter Bach Polska sp. z o.o.	Poland	100
JUPITER BACH ESPAÑA, S.L.U.	Spain	100
UAB Jupiter Bach Lietuva	Lithuania	100
Jupiter Bach composite (Weihai) Co., Ltd.	China	100

13 Deferred tax

	2019 DKK'000	2018 DKK'000
Intangible assets	1,317	2,732
Property, plant and equipment	296	382
Financial assets	0	(190)
Provisions	1,669	2,026
Other deductible temporary differences	(144)	(135)
Deferred tax	3,138	4,815

Changes during the year	2019 DKK'000
Beginning of year	4,815
Recognised in the income statement	(1,677)
End of year	3,138

14 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

15 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000
Bank loans	27,500	27,750	116,198
	27,500	27,750	116,198

16 Deferred income

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

17 Unrecognised rental and lease commitments

	2019 DKK'000	2018 DKK'000
Liabilities under rental or lease agreements with associates until maturity	2,291	3,696

18 Contingent liabilities

The Company has issued a letter of support promising to provide the necessary funds for its subsidiaries Jupiter Bach 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, 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.

19 Assets charged and collateral

As security for the Group's total engagements with Nykredit, Jupiter Bach A/S has granted a company charge of nominal DKK 80,600 thousand. Total withdrawal on the banking arrangements amounts to DKK 198,985 thousand at 31.12.2019.

20 Related parties with controlling interest

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

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
VC VIII Jupiter Holding Norge AS.

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 to 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 Holding ApS and its subsidiaries are included in the consolidated financial statements of VC VIII Jupiter Holding Norge 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.

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, and 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

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.

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.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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:

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

Estimated useful lives and residual values are reassessed annually.

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.

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.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

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

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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 VC VIII Jupiter Holding Norge AS.