

Helgstrand Dressage ApS

Uggerhalnevej 80, 9310 Vodskov
CVR no. 31 75 46 15

Annual report for the financial year 01.07.23 - 30.06.24

This annual report has been adopted at the
annual general meeting on 30.12.24

Tobias Tovgaard Gæmelke

Chairman of the meeting

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The company

Helgstrand Dressage ApS
Uggerhalnevej 80
9310 Vodskov
Registered office: Danmark
CVR no.: 31 75 46 15
Financial year: 01.07 - 30.06

Executive Board

Lars Andreas Helgstrand
Casper Cassøe Krüth

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.07.23 - 30.06.24 for Helgstrand Dressage ApS.

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

In our opinion, the financial statements give a true and fair view of The company's assets, liabilities and financial position as at 30.06.24 and of the results of The company's activities for the financial year 01.07.23 - 30.06.24.

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

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

Vodskov, December 20, 2024

Executive Board

Lars Andreas Helgstrand

Casper Cassøe Krüth

To the capital owner of Helgstrand Dressage ApS**Opinion**

We have audited the financial statements of Helgstrand Dressage ApS for the financial year 01.07.23 - 30.06.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 30.06.24 and of the results of the company's operations for the financial year 01.07.23 - 30.06.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Statement on the management's review

Management is responsible for the management's review.

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

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

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Soeborg, Copenhagen, December 20, 2024

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Agner Hansen
State Authorised Public Accountant
MNE-no. mne28682

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000

	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profit/loss</i>					
Gross profit	83,016	94,732	185,340	170,437	64,026
Operating profit	47,390	17,221	153,758	139,710	27,176
Total net financials	-7,602	-5,213	672	721	-8,247
Index	92	63	-8	-9	100
Profit for the year	30,381	8,019	119,615	110,179	13,068
Index	232	61	915	843	100

Balance

Total assets	874,861	763,276	639,836	504,250	334,483
Index	262	228	191	151	100
Investments in property, plant and equipment	762	1,000	1,308	1,971	1,587
Index	48	63	82	124	100
Equity	445,572	413,738	407,663	284,933	174,756
Index	255	237	233	163	100

Ratios

	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profitability</i>					
Return on equity	7%	2%	35%	48%	8%
Return on invested capital	15%	5%	46%	56%	13%
<i>Equity ratio</i>					
Equity ratio	50%	54%	64%	57%	52%

Others

Number of employees (average)	96	96	91	85	77
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
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Return on invested capital:	$\frac{\text{EBITA} \times 100}{\text{Avg. invested capital excl. goodwill}}$
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EBITA: Operating profit plus amortisation and impairment losses on goodwill.

Invested capital excl. goodwill: Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.

Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$
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Primary activities

The company's main activities are purchasing and selling horses, stud farming, sale of stallion semen, lecturing, and other equestrian sports-related activities. The business model is based on developing horses through training and selling them globally as dressage horses for competitions.

Development in activities and financial affairs

The income statement for the period 01.07.23 - 30.06.24 shows a profit/loss of DKK 30,381k against DKK 8,019k for the period 01.07.22 - 30.06.23. The balance sheet shows equity of DKK 445,572k.

The earnings expectations for the financial year 01.07.23 - 30.06.24 were an operating profit of DKK 75 - 125m. In this financial year we have experienced challenging market conditions within the equestrian industry, resulting in lower-than-expected profits for the year. The strength and resilience of all the employees of the company led the business to remain profitable despite extraordinarily challenging times for the industry and the company. During the year, the market has faced economic and geopolitical uncertainty, while macropolitical challenges such as high inflation and interest rates, have affected the sales activity notably.

Investments

During the financial year, investments were made to strengthen the market position. The positive effect of the investments is expected to materialize in the coming financial year.

Outlook

The Company expects an operating profit of DKK 50 - 75m primarily due to an increasing demand for high quality dressage horses, and as we expect a positive impact from the further investments made during the financial year.

The main risks in achieving the goals for next year is a slower than expected return to growth in horse sales, although current activity levels are high, and we remain positive for 2024/25

Knowledge resources

The Company's knowledge resources, to some extent, reside with employees handling the horses - riders etc. The company continues to focus on the development of the employees and processes.

Financial risks

Price risks

Given the uniqueness of horses no apparent price risks have been identified.

Foreign currency risks

Revenue is primarily generated in EUR and to a lesser extent in USD, through the US operations. Costs are mainly incurred in EUR and DKK, except for the relatively small US operations, which are in USD. Horses are almost exclusively purchased in EUR.

To summarize, the current risk is assessed as minimal given that revenue and costs are in the same currency. The company does not enter speculative currency contracts.

Interest rate risks

The company's operational financing is based on a floating interest rate, but given the size of the financing, interest rate risk is deemed to be low.

Credit risks

Payments are received before the horses leaves the company's stables, which ensures a low credit risk.

Research and development activities

The company has no research and development activities.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2023/24 DKK '000	2022/23 DKK '000
	83,016	94,732
2 Staff costs	-34,408	-36,364
	48,608	58,368
3 Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-1,181	-1,110
Write-downs of current assets exceeding normal write-downs	0	-40,000
Other operating expenses	-37	-37
	47,390	17,221
4 Income from equity investments in group enterprises	-4,747	-3,374
5 Financial income	9,108	7,562
6 Financial expenses	-11,963	-9,401
	39,788	12,008
7 Tax on profit for the year	-9,407	-3,989
	30,381	8,019
8 Proposed appropriation account		

ASSETS		30.06.24	30.06.23
Note		DKK '000	DKK '000
	Acquired rights	310	393
9	Total intangible assets	310	393
	Other fixtures and fittings, tools and equipment	3,376	3,800
10	Total property, plant and equipment	3,376	3,800
11	Equity investments in group enterprises	2,932	6,666
12	Receivables from group enterprises	280,124	261,691
	Total investments	283,056	268,357
	Total non-current assets	286,742	272,550
	Manufactured goods and goods for resale	435,222	430,014
	Total inventories	435,222	430,014
	Trade receivables	30,267	11,872
	Receivables from group enterprises	115,280	42,078
	Receivables from associates	3,031	3,027
	Other receivables	1,344	1,080
13	Prepayments	1,481	1,567
14	Total receivables	151,403	59,624
	Cash	1,494	1,088
	Total current assets	588,119	490,726
	Total assets	874,861	763,276

EQUITY AND LIABILITIES		30.06.24	30.06.23
Note		DKK '000	DKK '000
	Share capital	500	500
	Reserve for net revaluation according to the equity method	2,311	6,043
	Foreign currency translation reserve	2,410	1,008
	Retained earnings	440,351	406,187
	Total equity	445,572	413,738
15	Provisions for deferred tax	32,964	22,850
	Total provisions	32,964	22,850
	Payables to other credit institutions	108,224	112,103
	Prepayments received from customers	13,600	7,828
	Trade payables	39,740	17,385
	Payables to group enterprises	232,412	155,352
	Payables to associates	0	6
	Deposits	40	39
	Income taxes	0	31,250
	Other payables	2,309	2,725
	Total short-term payables	396,325	326,688
	Total payables	396,325	326,688
	Total equity and liabilities	874,861	763,276

16 Contingent liabilities

17 Charges and security

18 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Total equity
Statement of changes in equity for 01.07.22 - 30.06.23					
Balance as at 01.07.22	500	6,020	2,833	398,310	407,663
Foreign currency translation adjustment of foreign enterprises	0	-119	-2,340	0	-2,459
Tax on changes in equity	0	0	515	0	515
Net profit/loss for the year	0	142	0	7,877	8,019
Balance as at 30.06.23	500	6,043	1,008	406,187	413,738
Statement of changes in equity for 01.07.23 - 30.06.24					
Balance as at 01.07.23	500	6,043	1,008	406,187	413,738
Foreign currency translation adjustment of foreign enterprises	0	51	1,797	0	1,848
Tax on changes in equity	0	0	-395	0	-395
Net profit/loss for the year	0	-3,783	0	34,164	30,381
Balance as at 30.06.24	500	2,311	2,410	440,351	445,572

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2023/24 DKK '000	2022/23 DKK '000
Extraordinary write-downs of horses	Write-downs of current assets exceeding normal write-downs	0	-40,000
Total		0	-40,000

	2023/24 DKK '000	2022/23 DKK '000
2. Staff costs		
Wages and salaries	32,352	34,287
Other social security costs	883	890
Other staff costs	1,173	1,187
Total	34,408	36,364
Average number of employees during the year	96	96
Remuneration for the management:		
Salaries for the Executive Board	2,722	
Total remuneration for the Executive Board	2,722	
3. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	84	84
Depreciation of property, plant and equipment	1,097	1,026
Total	1,181	1,110
4. Income from equity investments in group enterprises		
Share of profit or loss of group enterprises	-4,747	-3,374
Total	-4,747	-3,374

	2023/24 DKK '000	2022/23 DKK '000
5. Financial income		
Interest, group enterprises	8,504	6,498
Other financial income	604	1,064
Total	9,108	7,562

6. Financial expenses

Interest, group enterprises	5,101	2,126
Other financial expenses	6,862	7,275
Total	11,963	9,401

7. Tax on profit for the year

Adjustment of deferred tax for the year	9,719	3,989
Adjustment of tax in respect of previous years	-312	0
Total	9,407	3,989

8. Proposed appropriation account

Reserve for net revaluation according to the equity method	-3,783	142
Retained earnings	34,164	7,877
Total	30,381	8,019

9. Intangible assets

Figures in DKK '000	Acquired rights
Cost as at 01.07.23	531
Cost as at 30.06.24	531
Amortisation and impairment losses as at 01.07.23	-137
Amortisation during the year	-84
Amortisation and impairment losses as at 30.06.24	-221
Carrying amount as at 30.06.24	310

10. Property, plant and equipment

Figures in DKK '000	Other fixtures and fittings, tools and equipment
Cost as at 01.07.23	10,172
Additions during the year	762
Disposals during the year	-200
Cost as at 30.06.24	10,734
Depreciation and impairment losses as at 01.07.23	-6,374
Depreciation during the year	-1,097
Reversal of depreciation of and impairment losses on disposed assets	113
Depreciation and impairment losses as at 30.06.24	-7,358
Carrying amount as at 30.06.24	3,376

11. Equity investments

Figures in DKK '000	Equity invest- ments in group enterprises	Equity invest- ments in asso- ciates
Cost as at 01.07.23	623	93
Cost as at 30.06.24	623	93
Revaluations as at 01.07.23	6,477	0
Foreign currency translation adjustment of foreign enterprises	51	0
Net profit/loss from equity investments	-3,783	0
Revaluations as at 30.06.24	2,745	0
Depreciation and impairment losses as at 01.07.23	-436	-93
Net profit/loss from equity investments	-964	0
Negative equity value impaired in receivables	964	0
Depreciation and impairment losses as at 30.06.24	-436	-93
Carrying amount as at 30.06.24	2,932	0

Name and registered office:	Ownership interest
Subsidiaries:	
Helgstrand Germany GmbH, Germany	100%
Helgstrand Dressage USA, LLC, US	100%
GEG Event ApS, Denmark	100%
Associates:	
Bengtsson & Helgstrand GmbH, Germany	50%

12. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises
Cost as at 01.07.23	261,691
Foreign currency translation adjustment of foreign enterprises	1,797
Additions during the year	16,636
Cost as at 30.06.24	280,124
Carrying amount as at 30.06.24	280,124

	30.06.24 DKK '000	30.06.23 DKK '000
13. Prepayments		
Prepaid expenses	1,481	1,567
Total	1,481	1,567

14. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	94,901	27,327
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Receivables which fall due for payment more than 1 year after the end of the financial year are recognized in receivables from group enterprises.

	30.06.24	30.06.23
	DKK '000	DKK '000

15. Deferred tax

Deferred tax as at 01.07.23	22,850	19,376
Deferred tax recognised in the income statement	9,719	3,989
Deferred tax recognised in equity	395	-515

Deferred tax as at 30.06.24	32,964	22,850
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Deferred tax is distributed as below:

Intangible assets	69	87
Property, plant and equipment	268	359
Inventories	34,277	30,338
Receivables	-125	0
Tax losses	-1,525	-7,934

Total	32,964	22,850
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16. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3-20 months and total lease payments of DKK 6,042k. This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The company has concluded lease agreements with group enterprises with terms to maturity of 6 months and total lease payments of DKK 2,324k.

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 182,423k at the balance sheet date.

In addition the company has provided a guarantee for the other enterprises' debt to credit institutions. The guarantee is limited to DKK 500k and the debt to credit institutions concerned amounts to DKK 501 at the balance sheet date.

Other contingent liabilities

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

In addition the company has issued letters of support to group enterprises ensuring the necessary liquidity for the ongoing operations of these companies.

17. Charges and security

The company has provided a company charge of DKK 100,000k as security for group enterprises' debt to credit institutions. As at 30.06.24, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 310k
- Other plant, fixtures and fittings, tools and equipment, DKK 3,377k
- Inventories, DKK 435,222k
- Trade receivables, DKK 30,267k

18. Related parties

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

Remuneration for the management is specified in note 2. Staff costs.

The company is included in the consolidated financial statements of the parent Global Equestrian Group Holding ApS, Denmark.

19. Accounting policies

GENERAL

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

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, The company has not prepared consolidated financial statements. The company is a subsidiary of Global Equestrian Group Holding ApS, Danmark, CVR no. 39 69 07 48, which prepares consolidated financial statements.

Basis of recognition and measurement

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

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

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

19. Accounting policies - continued -**CURRENCY**

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

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

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

19. Accounting policies - continued -**INCOME STATEMENT****Gross profit**

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

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Other operating income

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

Costs of raw materials and consumables

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

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

Other external expenses

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

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

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

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value DKK '000
Acquired rights	10	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

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

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

Write-downs of current assets exceeding normal write-downs

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises and associates

For equity investments in equity investments in subsidiaries and associates, measured using the equity method, the share of the enterprises' profit or loss is recognised in the

19. Accounting policies - continued -

income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises.

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

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

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

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

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

19. Accounting policies - continued -**Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

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

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

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

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

Equity investments in group enterprises and associates*Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a consolidation method, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement at the date incurred.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the

19. Accounting policies - continued -

enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that The company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

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

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

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

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

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

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

19. Accounting policies - continued -**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase. The cost includes indirect production costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

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

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

Prepayments

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

Cash

Cash includes deposits in bank account.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

19. Accounting policies - continued -**Current and deferred tax**

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

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

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

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

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

Payables

Deposits recognised under liabilities comprise deposits received from lessees under The company's leases.

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.