

Global Equestrian Group ApS

Uggerhalnevej 80, 9310 Vodskov
CVR no. 39 69 07 99

Annual report for the financial year 01.07.22 - 30.06.23

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 29.12.23

Morten Bradsted Nielsen
Dirigent

Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 10
Income statement	11
Balance sheet	12 - 13
Statement of changes in equity	14
Notes	15 - 32

The company

Global Equestrian Group ApS
Uggerhalnevej 80
9310 Vodskov
Registered office: Aalborg
CVR no.: 39 69 07 99
Financial year: 01.07 - 30.06

Executive Board

Morten Bradsted Nielsen
Lars Andreas Helgstrand
Anders Bjørnstrup Bech

Board of Directors

Tomas Simons
Niels Thomas Heering
Nicklas Skou Guldborg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.07.22 - 30.06.23 for Global Equestrian Group ApS.

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

In our opinion, the financial statements give a true and fair view of The company's assets, liabilities and financial position as at 30.06.23 and of the results of The company's activities for the financial year 01.07.22 - 30.06.23.

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

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

Vodskov, December 27, 2023

Executive Board

Morten Bradsted Nielsen

Lars Andreas Helgstrand

Anders Bjørnstrup Bech

Board of Directors

Tomas Simons
Chairman

Niels Thomas Heering

Nicklas Skou Guldberg

To the capital owner of Global Equestrian Group ApS**Opinion**

We have audited the financial statements of Global Equestrian Group ApS for the financial year 01.07.22 - 30.06.23, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.23 and of the results of the company's operations for the financial year 01.07.22 - 30.06.23 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 27, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

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

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000

	2022/23	2021/22	2020/21	2019/20	02.07.18 30.06.19
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Profit/loss

Total net financials	-138,015	-75,779	19,422	-79,307	-2,723
Loss for the year	-154,553	-77,482	4,009	-75,435	-4,275

Balance

Total assets	2,398,728	2,607,195	987,987	765,157	734,305
Equity	674,365	878,759	454,528	368,604	426,025

Ratios

	2022/23	2021/22	2020/21	2019/20	02.07.18 30.06.19
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Profitability

Return on equity	-20%	-12%	1%	-19%	-1%
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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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Primary activities

The company's activities comprise of owning shares, directly or indirectly, in other companies and other business related herto.

Development in activities and financial affairs

The income statement for the period 01.07.22 - 30.06.23 shows a profit/loss of DKK -154,553k against DKK -77,482k for the period 01.07.21 - 30.06.22. The balance sheet shows equity of DKK 674,365k.

The financial figures of the Company is primarily a reflection of recognition of the Group companies according to the equity method. In this financial year the Group have experienced challenging market conditions within the equestrian industry, resulting in the lower-than-expected profit for the year.

During the financial year, further investments were made to strengthen the Group's market position. The effect of the investments is expected to be reflected in the coming financial year.

Outlook

In line with the Group's strategy significant acquisitions have been executed over the last few years to grow and further strengthen our position within our primary activities. The continued integration of these and focus on realizing synergies across entities will also be a growth driver for the Group going forward.

The Group expects an operating profit for 2023/24 in the range of DKK 125-175m. primarily due to an increasing demand on both dressage and show jumping horses, and from expectations of positive impact from the Group's acquisitions made in the last two financial years.

The main risks in achieving the goals for next year is a slower than expected return to growth in horse sales, although current activities levels are high, and we remain positive for 2023/24.

Knowledge resources

The Group's knowledge resources, to some extent, reside with employees handling our horses – riders etc. The Group 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 in the Group is primarily generated in EUR and to a smaller extent USD, through the US operations. Costs are mainly incurred in EUR and DKK except for the US operations, which are in USD. For the US operations which are primarily comprised of horse shows both revenue and cost are incurred in USD. Horses are almost solely purchased in EUR.

In summary the currency risks are assessed as minimal as revenue and costs are predominantly in the same currency. The company does not enter speculative currency contracts.

Interest rate risks

The interest rates for the Group's debt financing are fixed within a 0.5% spread to the interest rate given certain covenants. For the operational financing the principles are the same, but the spread is 0.75%. Based on that the interest rate risk is deemed low.

Credit risks

Payments are received before the horses leaves the Group's stables, resulting in a low credit risk. On the other activities in the Group the credit risk is deemed low.

Subsequent events

The Group has renegotiated its financing agreements after the balance sheet date. As such, payable to other credit institution classified as short-term payables, amounting to DKK 1,512,509k, are reversed as long-term payables after the balance sheet date.

Income statement

Note	2022/23 DKK '000	2021/22 DKK '000
	1,294	-39,630
Gross result		
3 Staff costs	-12,817	-8,934
	-11,523	-48,564
Loss before depreciation, amortisation, write-downs and impairment losses		
4 Income from equity investments in group enterprises	-140,746	120,820
5 Financial income	172,576	28,927
6 Financial expenses	-169,845	-225,526
	-149,538	-124,343
Loss before tax		
7 Tax on loss for the year	-5,015	46,861
	-154,553	-77,482
Loss for the year		
8 Proposed appropriation account		

ASSETS		30.06.23	30.06.22
Note		DKK '000	DKK '000
	Development projects in progress	1,201	0
9	Total intangible assets	1,201	0
10	Equity investments in group enterprises	853,242	998,411
11	Receivables from group enterprises	1,469,744	1,590,350
10	Other investments	2,000	2,000
	Total investments	2,324,986	2,590,761
	Total non-current assets	2,326,187	2,590,761
	Trade receivables	487	99
	Receivables from group enterprises	56,368	6,025
	Deferred tax asset	7,155	1,194
	Income tax receivable	8,156	8,156
12	Prepayments	191	494
	Total receivables	72,357	15,968
	Cash	184	466
	Total current assets	72,541	16,434
	Total assets	2,398,728	2,607,195

EQUITY AND LIABILITIES		30.06.23	30.06.22
Note		DKK '000	DKK '000
	Share capital	1,000	1,000
	Reserve for net revaluation according to the equity method	0	117,041
	Reserve for development costs	937	0
	Foreign currency translation reserve	93,146	132,995
	Retained earnings	579,282	627,723
	Total equity	674,365	878,759
14	Other provisions	5,822	0
	Total provisions	5,822	0
15	Payables to other credit institutions	0	1,543,357
15	Other payables	100,599	92,890
	Total long-term payables	100,599	1,636,247
1	Payables to other credit institutions	1,512,509	0
	Trade payables	18,154	10,057
	Payables to group enterprises	44,763	55,944
	Other payables	40,677	26,188
16	Deferred income	1,839	0
	Total short-term payables	1,617,942	92,189
	Total payables	1,718,541	1,728,436
	Total equity and liabilities	2,398,728	2,607,195
17	Contingent liabilities		
18	Related parties		

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Statement of changes in equity for 01.07.21 - 30.06.22						
Balance as at 01.07.21	1,000	35,072	0	0	418,456	454,528
Foreign currency translation adjustment of foreign enterprises	0	14,231	0	170,506	0	184,737
Group contribution	0	0	0	0	406,760	406,760
Other changes in equity	0	-52,273	0	0	0	-52,273
Tax on changes in equity	0	0	0	-37,511	0	-37,511
Transfers to/from other reserves	0	-770	0	0	770	0
Net profit/loss for the year	0	120,781	0	0	-198,263	-77,482
Balance as at 30.06.22	1,000	117,041	0	132,995	627,723	878,759
Statement of changes in equity for 01.07.22 - 30.06.23						
Balance as at 01.07.22	1,000	117,041	0	132,995	627,723	878,759
Foreign currency translation adjustment of foreign enterprises	0	-9,728	0	-51,089	0	-60,817
Tax on changes in equity	0	0	0	11,240	0	11,240
Transfers to/from other reserves	0	0	937	0	-1,201	-264
Net profit/loss for the year	0	-107,313	0	0	-47,240	-154,553
Balance as at 30.06.23	1,000	0	937	93,146	579,282	674,365

1. Subsequent events

The Group has renegotiated its financing agreements after the balance sheet date. As such, payable to other credit institution classified as short-term payables, amounting to DKK 1,512,509k, are reversed as long-term payables after the balance sheet date.

2. 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:	2022/23 DKK '000	2021/22 DKK '000
Costs related to aquisition of enterprises	Other external costs (gross result)	0	32,157
Total		0	32,157

3. Staff costs

Wages and salaries	12,537	8,674
Other social security costs	39	26
Other staff costs	241	234
Total	12,817	8,934

Average number of employees during the year	11	8
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Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	0	0
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	2022/23	2021/22
	DKK '000	DKK '000

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-76,571	184,922
Amortisation of goodwill	-64,175	-64,102
Total	-140,746	120,820

5. Financial income

Interest, group enterprises	134,354	28,919
Other interest income	184	8
Foreign currency translation adjustments	38,038	0
Total	172,576	28,927

6. Financial expenses

Interest, group enterprises	1,314	2,873
Other interest expenses	155,394	99,443
Foreign currency translation adjustments	0	110,664
Other financial expenses	13,137	12,546
Total	169,845	225,526

7. Tax on loss for the year

Tax on profit or loss for the year	0	-45,667
Adjustment of deferred tax for the year	5,015	-1,194
Total	5,015	-46,861

	2022/23	2021/22
	DKK '000	DKK '000

8. Proposed appropriation account

Reserve for net revaluation according to the equity method	-107,313	120,781
Retained earnings	-47,240	-198,263
Total	-154,553	-77,482

9. Intangible assets

Figures in DKK '000	Development projects in progress
Additions during the year	1,201
Cost as at 30.06.23	1,201
Carrying amount as at 30.06.23	1,201

Development projects comprise software related to an internal group platform insuring efficiency improvements in the group.

10. Investments

Figures in DKK '000	Equity invest- ments in group enterprises	Other invest- ments
Cost as at 01.07.22	881,371	2,000
Cost as at 30.06.23	881,371	2,000
Revaluations as at 01.07.22	117,040	0
Foreign currency translation adjustment of foreign enterprises	-9,728	0
Amortisation of goodwill	-64,175	0
Net profit/loss from equity investments	-71,266	0
Transfers during the year to/from other items	28,129	0
Revaluations as at 30.06.23	0	0
Net profit/loss from equity investments	-5,306	0
Transfers during the year to/from other items	-28,129	0
Negative equity value transferred to provisions	5,306	0
Depreciation and impairment losses as at 30.06.23	-28,129	0
Carrying amount as at 30.06.23	853,242	2,000
The item comprises goodwill as at 30.06.23 of	329,177	0

10. Investments - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
Equestrian Ventures ApS, Vodskov	100%
Riding Arena Robots ApS, Vodskov	75%
Ejendomsselskabet Helgstrand ApS, Vodskov	100%
Helgstrand Global Properties ApS, Vodskov	100%
Helgstrand Germany Property GmbH, Syke, Germany	100%
Helgstrand Windsome LLC, Florida, USA	100%
Helgstrand Dressage ApS, Vodskov	100%
Helgstrand Event ApS, Vodskov	100%
Helgstrand Dressage US LLC, Florida, USA	100%
Helgstrand Dressage Germany GmbH, Syke, Germany	100%
Helgstrand Jewellery ApS, Vodskov	100%
Kingsland AS, Sarpsborg, Norway	100%
Kingsland AB, Gråbo, Sweden	100%
Kingsland DK ApS, Ikast	100%
Kingsland Equestrian Inc., Florida, USA	100%
Kingsland Asia Ltd., HongKong	100%
Kingsland Trading Co., Ltd., Hangzhou, China	100%
StandbyCo Germany ApS, Vodskov	100%
StandbyCo Germany Holding GmbH, Syke, Germany	100%
Beerbaum Stables GbmH, Hörstel, Germany	100%
Equestrian Events Holding ApS, Vodskov	100%

StandbyCo US II Inc., Delaware, USA	100%
Palm Beach International Equestrian Center, LLC, Florida, USA	100%
Far Niente Stables XXV, LLC, Florida, USA	100%
White Horse Catering, LLC, Florida, USA	100%
Far Niente Stables V, LLC, Florida, USA	100%
Far Niente Stables XX, LLC, Florida, USA	100%
Equestrian Sport Productions, LLC, Florida, USA	100%
Wellington Equestrian Productions, LLC, Florida, USA	100%
Showgrounds, LLC, Florida, USA	100%
PK Agency GmbH, Syke, Germany	100%
PBIEC Insurance Co., Florida, USA	100%

11. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises	
Cost as at 01.07.22		1,590,350
Foreign currency translation adjustment of foreign enterprises		-51,089
Disposals during the year		-69,517
Cost as at 30.06.23		1,469,744
Carrying amount as at 30.06.23		1,469,744

12. Prepayments

Prepaid expenses	191	494
Total	191	494

13. Deferred tax

Provisions for deferred tax as at 01.07.22	1,194	1,194
Deferred tax recognised in the income statement	-5,015	0
Deferred tax recognised in equity	10,975	0
Provisions for deferred tax as at 30.06.23	7,154	1,194

Deferred tax is distributed as below:

Intangible assets	-264	0
Liabilities	2,388	1,194
Tax losses	5,031	0
Total	7,155	1,194

14. Other provisions

Figures in DKK '000	Provisions for subsidiaries
Provisions during the year	5,822
Provisions as at 30.06.23	5,822

	30.06.23 DKK '000	30.06.22 DKK '000
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Other provisions are expected to be distributed as follows:

Current liabilities	5,822	0
Total	5,822	0

15. Long-term payables

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 30.06.23	Total payables at 30.06.22
Payables to credit institutions	0	0	1,543,357
Other payables	0	100,599	92,890
Total	0	100,599	1,636,247

16. Deferred income

Deferred income	1,839	0
Total	1,839	0

17. Contingent liabilities

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 maximised at DKK 5,000k. The group enterprises' debt to the credit institutions concerned amounts to DKK 99,658k 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.

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 3. Staff costs.

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

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 with application of provisions for a higher reporting class.

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, Vodskov, 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.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

19. Accounting policies - continued -

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under equity investments in subsidiaries in the balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

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

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

INCOME STATEMENT**Gross result**

Gross result comprises revenue and other operating income and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

19. Accounting policies - continued -

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.

Other external expenses

Other external expenses comprise selling costs, vehicle expenses and administrative expenses

Staff costs

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

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries 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.

19. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by The company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Gains or 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.

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 measurement method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

19. Accounting policies - continued -

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.

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

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of the parent, stated in the other sections. Equity value is also based on the following accounting policies:

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 as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

19. Accounting policies - continued -

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 of 10 years.

Property, plant and equipment:

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment. Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost. The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives of 15-50 years.

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.

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.

19. Accounting policies - continued -**Impairment losses on fixed assets**

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

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

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

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

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

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

Receivables

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

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

Prepayments

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

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

19. Accounting policies - continued -**Cash**

Cash includes deposits in bank account as well as operating cash.

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.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

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.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

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.

19. Accounting policies - continued -

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

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

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

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.