



Skatepro ApS

Omega 6
8382 Hinnerup
CVR No. 28853866

Annual report 2021

The Annual General Meeting adopted the
annual report on 31.03.2022

Jesper Rasmussen

Chairman of the General Meeting

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Entity details

Entity

Skatepro ApS

Omega 6

8382 Hinnerup

Business Registration No.: 28853866

Registered office: Favrskov

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Jakob Høy Biegel, Chairman of the board

Carsten Schmidt

Jesper Rasmussen

Executive Board

Carsten Schmidt, CEO / President

Thomas Falborg, CFO / Vice President

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Skatepro ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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.

Aarhus, 31.03.2022

Executive Board

Carsten Schmidt
CEO / President

Thomas Falborg
CFO / Vice President

Board of Directors

Jakob Høy Biegel
Chairman of the board

Carsten Schmidt

Jesper Rasmussen

Independent auditor's report

To the shareholders of Skatepro ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Skatepro ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Aarhus, 31.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Anders Larsen

State Authorised Public Accountant
Identification No (MNE) mne47818

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	748,676	631,912	324,653	205,830	187,658
Gross profit/loss	174,061	161,313	75,026	41,221	43,692
Operating profit/loss	59,093	74,183	24,471	2,766	12,062
Net financials	(2,261)	(155)	(625)	(398)	(247)
Profit/loss for the year	45,186	55,225	18,491	1,787	8,975
Balance sheet total	462,795	217,401	113,141	86,071	60,479
Investments in property, plant and equipment	2,696	597	829	558	972
Equity	122,718	97,081	48,046	29,555	29,768
Ratios					
Gross margin (%)	23.25	25.53	23.11	20.03	23.28
Net margin (%)	6.04	8.74	5.70	0.87	4.78
Return on equity (%)	41.12	76.11	47.66	6.02	33.97
Equity ratio (%)	26.52	44.66	42.47	34.34	49.22

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

Gross margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

The Group's primary activity consists of selling leisure equipment as well as related activities.

Development in activities and finances

Profit for the year is as expected. In the beginning of the year the focus was on security of stock for Q3 and Q4 due to difficulties at the end of 2020. We were able to get stock, combined with a lower activity at the end of Q4 than expected, our inventory increased more than expected.

Profit/loss for the year in relation to expected developments

Profit for the year is as expected. The beginning of year was positive due to consequences of the outbreak of COVID-19, but the end of 2021 was back to post COVID-19.

Outlook

2022 will be a post Covid-19 year. After two great years (2020 & 2021) we will see a normalization in the e-commerce industry. Beside this the war between Russia and Ukraine will have a negative influence on revenue and profit in 2022. We expect revenue of 560-610 million.

The increase of energy costs will have a negative impact on freight and administration costs. The production cost will go up, because of increasing material and energy costs. We expect to invest more in our logistical setup. It will have a negative influence on our result in 2022. The expected profit/loss before tax will be 20-25 million.

Environmental performance

We strive to always run an economically responsible company with respect to the climate. We want to sell quality products with a long product lifetime and thereby limit our CO2 footprint. The most significant risks for us are:

- Consumption of packing material.
- The distribution of parcels to customers has CO2 impact.
- Within the manufacturing of our products, where we have risk of negative impact on the environment.

The goals for handling of packing material in 2023 are:

- We will only use recycled packing material
- We will work on decreasing our return rate to avoid double packing material usage
- The boxes should be minimized and fit the product to avoid "air" shipment
- No plastic should be used

In 2021 we have developed and intensified our sizing guides to decrease the return rate and hereby limit the CO-2 Footprint.

The goals for minimizing CO-2 impact for 2023 are:

- We strive to sell products that are thrown away due to low quality.
- We will work on decreasing our return rate.
- We will limit travelling and convert to online meetings when possible.
- We will minimize the distance the parcels are transported by running warehouse closer to our customers.

In 2021 we have decreased travelling to customers and partners and replaced many physical meetings with online meetings. In 2021 we decided that all directors must drive Hybrid or electrical cars. We offer charging

stations for vehicles. All lights are LED lightning in all buildings.

The goals for minimizing the impact on the environment at manufacturing in 2023:

- Containers should be filled to an absolute maximum.
- Manufacturers should minimize the use of plastic for packing.
- The manufacturing should happen with respect to an economical and environmental impact.
- We will have assessments for all major suppliers, including code of conducts

Here in 2021 the waste is now sorted it into different categories, i.e.. wood, plastic & cardboard at all our warehouses. We buy secondhand pallets to support the circular economy. We only use cardboard and other freight material made of recycled materials.

Research and development activities

The Group does not participate in actual research and development activities.

Statutory report on corporate social responsibility

SkatePro business model

The primary activity consists of selling leisure equipment within action sport as well as related activities within B2B and B2C segments, mainly in Europe and North America.

We are a significant player in the action sport market and want to provide a wide range of action sport products for both B2C and B2B.

We buy end products from vendors, and focus on sale, distribution and customer service. We primarily sell through our website. We are more than 220 full time employees. We are located in Søften, Denmark (HQ office and warehouse).

We pick and pack from own warehouses, both for B2C and B2B customers. We have additional warehouse hubs outside Denmark. Our products are mainly manufactured in Asia and Europe.

Social & Employee Relations

Special needs

We want to be inclusive and embrace people with special needs. Goal for 2023 1% of FTE (2,2 FTE), We are right now at approx. 1,5 FTE. Actions to meet goal. Retain and hire additional and be open to handicap both physical and mental.

Trainees

We want to have trainees. Goal for 2023 5% of FTE (11 FTE). We are currently 15 trainees. Actions to meet goal. Have a professional setup and support to both trainee and leaders.

Interns

We want to have interns. Goal for 2023 5% of FTE (11 FTE). We are currently 2 interns. Actions to meet goal. Engage with relevant institutions and onboard additional interns.

Social responsibility for action sport

We want to take social responsibility for action sport. We want to support, inspire and grow action sports. We want to give back to the action sport community. Goal for 2023 Having more than 75 SkatePro team riders, Support more than 500 events, continue to donate 5% of our revenue back to action sport from Black Friday We

have in 2021 Sponsored 68 SkatePro team riders, supported 65 events, which is significant lower due to the Covid -19 situation, Gave back 5% of revenue on Black Friday. Actions to meet goal is support and sponsor team riders, Support action sport events, give back to action sport, provide discount to action sport clubs and associations and give away secondhand products to institutions.

Retain females after maternity leave

We want to retain females after maternity leave. We want employees to still feel included during leave. Goal for 2023 is to retain 90% of all females after maternity leave. We have 3 currently on maternity leave and no resignations, (4 planned in 2022). Actions to meet goal Invitations for company and team events, be informed by leader and our internal communication platform and equal salary adjustment for people at leave.

Employment terms

We want to ensure all contracts and contractual terms are compliant to the collective agreement for all our employees. Goal for 2023 we are compliant to collective agreement, and we offer pension scheme and health insurance to all employees above 18 years. All employees have an employment contract, and all are informed about benefits and our collective agreement. We ensure all employees are hired under collective agreement including minimum wages, etc. and included in pension scheme and health insurance when eligible.

Employee feedback

We want to have Employee feedback. We want to be close to our employees and encourage transparency and ongoing feedback. Goal for 2023 Enps score of minimum 8,00 and Enps response rate at minimum 60%. We have currently an average score of 7,81. We read all comments carefully and act as needed. Actions to meet goal make monthly Employee net promoter score (enps) and make actions based on feedback.

Leadership skills

We consider leadership as a vital skill set and want to train and develop our leaders. Goal for 2023 Ensure all new leaders to be part of Leader Academy within the first year of the new role. Minimum 10% of FTE has participated in a longer training program (more than 1 week). We are currently 20 leaders finalized 8 days of Leader Academy in 2021. Additional 8 leaders have finalized 50% of our Leader Academy in 2021 (rest planned for 2022). Actions to meet goal is finalize Leader Academy for 8 leaders in Q2 2022 + Start additional team in Q2 or Q3 2022.

Development and skill set upgrade

We want to ensure that employees have knowledge and information to provide their job function and understand our business. Goal for 2023 minimum 10% of employees have been rotated to another function (lend out) and minimum 5% of FTE has participated in a longer training program (more than 1 week). We are currently at more than 20 employees lent out to other departments. Provide a thorough onboarding program for new employees. Actions to meet goal We ensure the needed internal training to perform in every job. We provide internal job rotation and transfers as part of retention and development.

Well-being

We want our employees to be healthy and well. Goal for 2023 Sickness to be maximum 2%. We are currently at Sickness percentage of 2,68% and we have performed 150 sickness talks with employees. Action to meet goal Promote our health insurance services even more. Improve the mental health post covid-19. Focus on well-being, including sickness talks and leader follow up.

Discrimination

We want to ensure no discrimination when hiring, promoting or terminate people. We treat all employees with respect and dignity during employment. Our goal for 2023 is to aim for 0 cases, and will tolerate maximum 2

cases in a year. In 2021 no cases of discrimination reported. Actions to meet goal Handle any cases about discrimination Leaders and HR to ensure a non-discriminating operation.

Harassment

We want to be preventive and stop any harassment from taking place. Our goal for 2023 is aiming for 0 cases and will tolerate maximum 2 cases in a year. We have had two minor issues in 2021. Actions to meet goal Handle any cases about harassment Leaders and HR to ensure that no harassment is tolerated.

Safety and security

We want to ensure that SkatePro is a safe workplace. Our goal for 2023 Aiming for 0 injuries and will tolerate maximum 2 reported work injuries in a year. We had in 2021 Registered 5 work related injuries and 1 has been reported to insurance. We are compliant to any Covid-19 regulation from the Danish government, and we have a safety organization (AMO) representing both office and warehouse. We report work injuries and take the needed preventive actions and we set clear expectations to the members of the AMO organization.

Company values and culture

We want to be true to our company values in everything we do. Our goal for 2023 is that All employees live our values. In 2021 We have had a strong focus on our value 'team' and we will have a strong focus on our value 'User' in 2022.

Supplier code of conduct

We want all our partners and suppliers to follow our ethical guidelines and certificates. Our goal for 2023 Compliant to supplier policy. Require certificates for products where possible (i.e. CE). The status for 2021, we have no policy. As we are located in Denmark, where human rights is regulated by law, we don't consider the risk high, but we are worried about some of the companies we work with, and it is the reason why we want to establish a supplier policy including ethical guidelines regarding labor, human rights, environment, etc. before 2023.

Anticorruption and Bribery

SkatePro is located in Denmark. Corruption and bribery are illegal in Denmark, and corruption and bribery is a minor risk within Denmark. All Employees and Company Representative of SkatePro are strictly forbidden to use their job position or job influence to gain any advantage for themselves or for those close to them. SkatePro is opposed to any payment of bribes and all other illegal forms of payment to civil servants, government members or any other public officer, as well as any kind of private-law entity. Any act of corruption will be sanctioned. SkatePro has implemented a whistleblower scheme in 2021 where it is possible to report anonymous any issues or concern.

Whistleblower scheme

We want to prevent any unethical behavior and for employees to report any issues and feeling safe in the process. Our goal for 2023 is to Handle all whistleblowers cases within deadlines and take the needed action immediately. In December 2021 we launched an internal whistleblower scheme. If there are any cases, they will be reported to C-level and/or board. So far, the whistleblower scheme hasn't been used since the launching.

Risk Assessment

Social & Employee Relations

Identified Risks: Attracting the right people could be a challenge. The salary level might increase, so we cannot afford to run our logistic operation in Denmark. High sickness rate in warehouse, hence work can be physically hard, temperature can vary a lot and the work can be monotonous.

Preventive actions: We offer people to be hired with subsidies, internship for primary school student and other young people (either personal and/or social challenged) We focus on well-being including sickness talks, and we offer a health insurance scheme where employees can get any needed treatments including rehabilitation, chiropractor, physiotherapist, psychologist, stress counselling, etc.

Assessment: We assess this area to be of medium risk and will need to pay close attention to the balance between running a sound business and cost.

Human Rights

Identified Risks: Covid related absence (office employee can work from home, but not warehouse employees).

Preventive actions: We offer covid protective equipment face masks, sanitizer, test, etc. Option to work from home, if possible, in case of tested positive or close contact with no symptoms.

Assessment: We assess the Covid-19 risk being medium, hence this has direct impact on our daily business if employees need to isolate for a longer period.

Anti Corruption & Bribery

Identified Risks: IT security, especially ransomware, is always a risk. There is a risk that some suppliers don't follow the ethical and legal rules.

Preventive actions: We are running internal Cybersecurity trainings of staffs. 4 times a year, we have a security consultant analyzing and identifying risks at our IT infrastructure. During 2022/23 we will implement ESG analysis towards suppliers and brands.

Assessment: We assess this area to be of very limited risk and do not see this as a focus area, hence we only have one legal entity outside Denmark (US), we do not have stores outside Denmark and, we have common processes for approving payments, financial management, etc.

Statutory report on the underrepresented gender

We want gender to be equally represented at all levels in Skatepro. Overall goal for 2023 is 40% female and 60% male. We are currently at 30% female and 70% male. Action to meet goal is to focus on gender in recruitment.

Board and C-level is 100% male and our overall goal is 30% female in 2023. Management are 25% female and 75% male and goal for management in 2023 is 40% female and 60% male. Action to meet goal is to focus on gender in recruitment, meaning if we have two candidates with equal competencies, we will give females preferences.

We have 22 leaders, where 18% are female, and 82% male and goal for 2023 is 30% female and 70% mail. Action to meet goal is to focus on gender in recruitment.

Statutory report on diversity

We want to be an attractive company with an international work environment and the company language is English. We are currently 30 nationalities and the goal for 2023 is to be 30 nationalities. Action to meet goal hire local nationalities in Denmark for all markets. Provide a relocation support setup including Skatepro apartments and communicate in English for everybody to feel included.

We want to attract employees in all ages (junior and senior). Our average age is 28,2 years, and we have a split from 15 to 61 years our goal for 2023 is a split of 15-65 years. Action to meet goals embrace all ages and have a majority of young people to match our customers.

Statutory report on data ethics policy

We have not bought or developed any AI, machine learning or similar technologies. We use analytics data from

our partners to predict customers behavior. As we do not handle any data directly, we have not deemed it necessary to establish a data ethics policy.

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.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	1	748,675,744	631,912,377
Other operating income		1,996	0
Cost of sales		(506,346,908)	(419,073,465)
Other external expenses	2	(68,269,968)	(51,525,982)
Gross profit/loss		174,060,864	161,312,930
Staff costs	3	(113,989,061)	(86,534,639)
Depreciation, amortisation and impairment losses		(979,124)	(595,400)
Operating profit/loss		59,092,679	74,182,891
Other financial income		128,166	80,985
Other financial expenses	4	(2,388,944)	(236,403)
Profit/loss before tax		56,831,901	74,027,473
Tax on profit/loss for the year	5	(11,645,656)	(17,045,318)
Profit/loss from continuing operations		45,186,245	56,982,155
Profit/loss from discontinued operations	6	0	(1,757,181)
Profit/loss for the year	7	45,186,245	55,224,974

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired patents		120,743	172,660
Intangible assets	8	120,743	172,660
Other fixtures and fittings, tools and equipment		2,211,752	696,673
Leasehold improvements		952,650	851,742
Property, plant and equipment	9	3,164,402	1,548,415
Deposits		2,829,133	2,357,667
Financial assets	10	2,829,133	2,357,667
Fixed assets		6,114,278	4,078,742
Manufactured goods and goods for resale		391,516,738	155,473,302
Prepayments for goods		34,259,460	26,149,065
Inventories		425,776,198	181,622,367
Trade receivables		8,062,263	7,577,226
Other receivables		1,221,484	8,247,182
Joint taxation contribution receivable		859,702	0
Prepayments	11	422,406	192,030
Receivables		10,565,855	16,016,438
Cash		20,338,695	15,683,660
Current assets		456,680,748	213,322,465
Assets		462,795,026	217,401,207

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		125,000	125,000
Retained earnings		122,592,707	77,456,457
Proposed dividend for the financial year		0	19,500,000
Equity		122,717,707	97,081,457
Deferred tax	12	88,000	43,000
Provisions		88,000	43,000
Other payables		0	3,302,926
Non-current liabilities other than provisions		0	3,302,926
Bank loans		190,215,956	4,488,685
Deposits		94,136	26,294
Prepayments received from customers		11,491,288	8,602,602
Trade payables		95,665,328	41,981,285
Payables to group enterprises		7,380,107	0
Payables to owners and management		4,724,934	0
Tax payable		149,926	0
Joint taxation contribution payable		0	16,025,761
Other payables	13	30,267,644	45,849,197
Current liabilities other than provisions		339,989,319	116,973,824
Liabilities other than provisions		339,989,319	120,276,750
Equity and liabilities		462,795,026	217,401,207
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	125,000	77,456,457	19,500,000	97,081,457
Ordinary dividend paid	0	0	(19,500,000)	(19,500,000)
Exchange rate adjustments	0	(49,995)	0	(49,995)
Profit/loss for the year	0	45,186,245	0	45,186,245
Equity end of year	125,000	122,592,707	0	122,717,707

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		59,092,679	74,182,891
Amortisation, depreciation and impairment losses		979,124	595,400
Working capital changes	14	(199,249,877)	(48,762,138)
Cash flow from ordinary operating activities		(139,178,074)	26,016,153
Financial income received		128,166	80,958
Financial expenses paid		(2,388,944)	(236,403)
Taxes refunded/(paid)		(29,225,761)	(190,067)
Cash flows from operating activities		(170,664,613)	25,670,641
Acquisition etc. of intangible assets		0	(184,369)
Acquisition etc. of property, plant and equipment		(2,696,198)	(597,295)
Sale of property, plant and equipment		155,000	0
Acquisition of fixed asset investments		(471,466)	(331,552)
Sale of fixed asset investments		0	(1,324,518)
Acquisition of enterprises		0	(30,288)
Disposal of enterprises		0	(11,865)
Cash flows from investing activities		(3,012,664)	(2,479,887)
Free cash flows generated from operations and investments before financing		(173,677,277)	23,190,754
Dividend paid		(19,500,000)	(6,190,000)
Short term bank debt raised or repayments		185,727,271	(9,548,109)
Debt to owners and management raised or repayments		12,105,041	0
Cash flows from financing activities		178,332,312	(15,738,109)
Increase/decrease in cash and cash equivalents		4,655,035	7,452,645
Cash and cash equivalents beginning of year		15,683,660	8,231,015
Cash and cash equivalents end of year		20,338,695	15,683,660

Cash and cash equivalents at year-end are composed of:

Cash	20,338,695	15,683,660
Cash and cash equivalents end of year	20,338,695	15,683,660

Notes to consolidated financial statements

1 Revenue

	2021 DKK	2020 DKK
EU countries	440,806,193	359,875,228
None-EU countries	307,869,551	272,037,149
Total revenue by geographical market	748,675,744	631,912,377

2 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK	2020 DKK
Statutory audit services	220,000	132,000
Tax services	77,000	10,000
Other services	172,416	377,960
	469,416	519,960

3 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	102,202,646	80,193,666
Pension costs	9,993,155	5,831,516
Other social security costs	1,029,758	711,744
Other staff costs	763,502	(202,287)
	113,989,061	86,534,639

Average number of full-time employees	219	144
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	Remuneration of manage- ment 2021 DKK	Remuneration of manage- ment 2020 DKK
Executive Board	1,005,518	1,468,712
Board of Directors	5,608,042	8,783,075
	6,613,560	10,251,787

4 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	180,107	0
Other interest expenses	2,208,837	236,403
	2,388,944	236,403

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	12,340,298	17,064,828
Change in deferred tax	45,000	(19,510)
Adjustment concerning previous years	(739,642)	0
	11,645,656	17,045,318

6 Discontinued operations

	2020
	DKK
Gross profit	319,249
Staff costs	(840,324)
Depreciation, amortisation and impairment losses	(17,849)
Other financial expenses	(12,716)
Tax on loss for the year	119,067
Profit/loss for the period	(432,573)
Loss from disposal of operations etc.	(1,324,608)
Post-tax profit/loss from discontinued operations	(1,757,181)

The management has in April 2020 sold the Group's activity regarding a physical store in Copenhagen, Denmark. As a result of this the activity is presented as discontinued operations.

The activity for the period 01.01.2020 - 30.04.2020, where the activity was sold, is presented on a separate line in the income statement as "Discontinued operations" and comprises a loss of DKK 1,757,181.

7 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	0	19,500,000
Retained earnings	45,186,245	35,724,974
	45,186,245	55,224,974

8 Intangible assets

	Acquired patents DKK
Cost beginning of year	763,163
Cost end of year	763,163
Amortisation and impairment losses beginning of year	(590,503)
Amortisation for the year	(51,917)
Amortisation and impairment losses end of year	(642,420)
Carrying amount end of year	120,743

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,432,670	2,295,346
Additions	2,208,929	487,269
Disposals	(230,000)	0
Cost end of year	3,411,599	2,782,615
Depreciation and impairment losses beginning of year	(735,997)	(1,443,604)
Depreciation for the year	(540,846)	(386,361)
Reversal regarding disposals	76,996	0
Depreciation and impairment losses end of year	(1,199,847)	(1,829,965)
Carrying amount end of year	2,211,752	952,650

10 Financial assets

	Deposits DKK
Cost beginning of year	2,357,667
Additions	471,466
Cost end of year	2,829,133
Carrying amount end of year	2,829,133

11 Prepayments

Prepayments recognized as receivables comprises prepaid expenses.

12 Deferred tax

	2021	2020
	DKK	DKK
Intangible assets	(2,000)	(13,750)
Property, plant and equipment	90,000	56,750
Deferred tax	88,000	43,000

	2021	2020
	DKK	DKK
Changes during the year		
Beginning of year	43,000	21,510
Recognised in the income statement	45,000	21,490
End of year	88,000	43,000

13 Other payables

	2021	2020
	DKK	DKK
VAT and duties	15,286,323	20,487,818
Wages and salaries, personal income taxes, social security costs, etc. payable	10,319,789	21,969,763
Holiday pay obligation	3,238,037	2,095,883
Other costs payable	1,423,495	1,295,733
	30,267,644	45,849,197

14 Changes in working capital

	2021	2020
	DKK	DKK
Increase/decrease in inventories	(244,153,831)	(86,814,222)
Increase/decrease in receivables	6,310,285	(10,672,762)
Increase/decrease in trade payables etc.	38,593,669	48,724,846
	(199,249,877)	(48,762,138)

15 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	7,979,022	4,962,783

16 Contingent liabilities

The Parent participate in a Danish joint taxation arrangement in which Høy Biegel Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the

administration company's financial statements.

17 Assets charged and collateral

A floating charge of a maximum of DKK 60,000k secured on unsecured claims, inventories, operating equipment and intellectual property rights has been provided as security for the Group's bank commitments.

The carrying amount of unsecured claims provided as security at 31.12.2021 is DKK 8,062k.

The carrying amount of inventories provided as security at 31.12.2021 is DKK 391,517k.

The carrying amount of operating equipment provided as security at 31.12.2021 is DKK 3.164k.

The carrying amount of intellectual property rights provided as security at 31.12.2021 is DKK 121k.

An unlimited guarantee has been provided as security for Carbie Omega A/S, Central Business Reg. No. 34893586 and its bank commitment. The debt guaranteed at 31.12.2021 is DKK 384k.

An unlimited guarantee has been provided as security for Nordic Sport Import ApS, Central Business Reg. No. 32326870, and its bank commitment.

18 Transactions with related parties

Related party transactions have been conducted on a normal arm's length basis.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Biegel Holding ApS, Solmarksvej 29, Risskov, CVR-nr.: 28853874

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Skatepro Inc.	USA	Inc.	100

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	1	738,318,052	615,558,882
Other operating income		1,996	0
Cost of sales		(500,165,929)	(402,719,970)
Other external expenses	2	(65,851,141)	(51,525,982)
Gross profit/loss		172,302,978	161,312,930
Staff costs	3	(112,821,700)	(86,534,639)
Depreciation, amortisation and impairment losses		(979,124)	(595,400)
Operating profit/loss		58,502,154	74,182,891
Income from investments in group enterprises		604,750	(1,757,181)
Other financial income		127,656	80,985
Other financial expenses	4	(2,402,659)	(236,403)
Profit/loss before tax		56,831,901	72,270,292
Tax on profit/loss for the year	5	(11,645,656)	(17,045,318)
Profit/loss for the year	6	45,186,245	55,224,974

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired patents		120,743	172,660
Intangible assets	7	120,743	172,660
Other fixtures and fittings, tools and equipment		2,211,752	696,673
Leasehold improvements		952,650	851,742
Property, plant and equipment	8	3,164,402	1,548,415
Investments in group enterprises		585,043	30,288
Deposits		2,829,133	2,357,667
Financial assets	9	3,414,176	2,387,955
Fixed assets		6,699,321	4,109,030
Manufactured goods and goods for resale		391,516,738	155,473,302
Prepayments for goods		34,259,460	26,149,065
Inventories		425,776,198	181,622,367
Trade receivables		7,846,019	7,577,226
Receivables from group enterprises		10,184,323	102,215
Other receivables		1,166,966	8,114,679
Joint taxation contribution receivable		859,702	0
Prepayments	10	422,406	192,030
Receivables		20,479,416	15,986,150
Cash		9,687,054	15,683,660
Current assets		455,942,668	213,292,177
Assets		462,641,989	217,401,207

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		125,000	125,000
Reserve for net revaluation according to equity method		554,755	0
Retained earnings		122,037,952	77,456,456
Proposed dividend for the financial year		0	19,500,000
Equity		122,717,707	97,081,456
Deferred tax	11	88,000	43,000
Provisions		88,000	43,000
Other payables		0	3,302,926
Non-current liabilities other than provisions	12	0	3,302,926
Bank loans		190,215,956	4,488,685
Deposits		94,136	26,294
Prepayments received from customers		11,491,288	8,602,602
Trade payables		95,662,216	41,981,286
Payables to group enterprises		7,380,107	0
Payables to owners and management		4,724,934	0
Joint taxation contribution payable		0	16,025,761
Other payables	13	30,267,645	45,849,197
Current liabilities other than provisions		339,836,282	116,973,825
Liabilities other than provisions		339,836,282	120,276,751
Equity and liabilities		462,641,989	217,401,207
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	125,000	0	77,456,457	19,500,000	97,081,457
Ordinary dividend paid	0	0	0	(19,500,000)	(19,500,000)
Exchange rate adjustments	0	(49,995)	0	0	(49,995)
Profit/loss for the year	0	604,750	44,581,495	0	45,186,245
Equity end of year	125,000	554,755	122,037,952	0	122,717,707

Notes to parent financial statements

1 Revenue

	2021 DKK	2020 DKK
EU countries	440,806,193	359,875,228
None-EU countries	297,511,859	255,683,654
Total revenue by geographical market	738,318,052	615,558,882

2 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK	2020 DKK
Statutory audit services	220,000	132,000
Tax services	77,000	10,000
Other services	172,416	377,960
	469,416	519,960

3 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	101,035,285	80,193,666
Pension costs	9,993,155	5,831,516
Other social security costs	1,029,758	711,744
Other staff costs	763,502	(202,287)
	112,821,700	86,534,639

Average number of full-time employees	219	144
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	Remuneration of Manage- ment 2021 DKK	Remuneration of Manage- ment 2020 DKK
Executive Board	1,005,518	1,468,712
Board of Directors	5,608,042	8,783,075
	6,613,560	10,251,787

4 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	180,107	0
Other interest expenses	2,222,552	236,403
	2,402,659	236,403

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	12,340,298	17,064,828
Change in deferred tax	45,000	(19,510)
Adjustment concerning previous years	(739,642)	0
	11,645,656	17,045,318

6 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	0	19,500,000
Retained earnings	45,186,245	35,724,974
	45,186,245	55,224,974

7 Intangible assets

	Acquired patents DKK
Cost beginning of year	763,163
Cost end of year	763,163
Amortisation and impairment losses beginning of year	(590,503)
Amortisation for the year	(51,917)
Amortisation and impairment losses end of year	(642,420)
Carrying amount end of year	120,743

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,432,670	2,295,346
Additions	2,208,929	487,269
Disposals	(230,000)	0
Cost end of year	3,411,599	2,782,615
Depreciation and impairment losses beginning of year	(735,997)	(1,443,604)
Depreciation for the year	(540,846)	(386,361)
Reversal regarding disposals	76,996	0
Depreciation and impairment losses end of year	(1,199,847)	(1,829,965)
Carrying amount end of year	2,211,752	952,650

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	30,288	2,357,667
Exchange rate adjustments	(2,325)	0
Additions	0	471,466
Cost end of year	27,963	2,829,133
Exchange rate adjustments	(47,670)	0
Share of profit/loss for the year	604,750	0
Revaluations end of year	557,080	0
Carrying amount end of year	585,043	2,829,133

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Prepayments

Prepayments recognized as receivables comprises prepaid expenses.

11 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	(2,000)	(13,750)
Property, plant and equipment	90,000	56,750
Deferred tax	88,000	43,000

	2021	2020
	DKK	DKK
Changes during the year		
Beginning of year	43,000	21,510
Recognised in the income statement	45,000	21,490
End of year	88,000	43,000

12 Non-current liabilities other than provisions

	Outstanding after 5 years 2021 DKK
Other payables	3,302,926
	3,302,926

13 Other payables

	2021	2020
	DKK	DKK
VAT and duties	15,286,323	20,487,818
Wages and salaries, personal income taxes, social security costs, etc. payable	10,319,789	21,969,763
Holiday pay obligation	3,238,037	2,095,883
Other costs payable	1,423,496	1,295,733
	30,267,645	45,849,197

14 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	7,979,022	4,962,783

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Høy Biegel Holding ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Assets charged and collateral

A floating charge of a maximum of DKK 60,000k secured on unsecured claims, inventories, operating equipment and intellectual property rights has been provided as security for the Group's bank commitments.

The carrying amount of unsecured claims provided as security at 31.12.2021 is DKK 7,846k.

The carrying amount of inventories provided as security at 31.12.2021 is DKK 391,517k.

The carrying amount of operating equipment provided as security at 31.12.2021 is DKK 3,164k.

The carrying amount of intellectual property rights provided as security at 31.12.2021 is DKK 121k.

An unlimited guarantee has been provided as security for Carbie Omega A/S, Central Business Reg. No. 34893586 and its bank commitment. The debt guaranteed at 31.12.2021 is DKK 384k.

An unlimited guarantee has been provided as security for Nordic Sport Import ApS, Central Business Reg. No. 32326870, and its bank commitment.

17 Related parties with controlling interest

Biegel Holding ApS, Risskov owns 60% of the shares in the Entity, thus exercising control.

Biegel Holding ApS, Risskov is owned 40% by Høy Biegel Holding ApS, thus exercising control due to voting rights.

Høy Biegel Holding ApS, Risskov is owned 51% by Jakob Høy Biegel, thus exercising control.

18 Transactions with related parties

Related party transactions have been conducted on a normal arms's length basis

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 consolidated financial statements and parent financial statements are consistent with those applied last year.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the Entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to the discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the balance sheet are not restated.

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

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

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises as well as tax surcharge under the Danish Tax Prepayment Scheme 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 Parent is jointly taxed with Biegel Holding ApS and all of its Danish group enterprises. 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 acquired intellectual property rights and prepayments.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, 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 unamortised goodwill and plus or minus unrealised intra-group profits and losses.

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.

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

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.

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

Receivables

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax

computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.