

Global Equestrian Group Holding ApS

Uggerhalnevej 80, 9310 Vodskov
CVR no. 39 69 07 48

Annual report for the financial year 01.07.20 - 30.06.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 25.11.21

Morten Bradsted Nielsen
Dirigent

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The company

Global Equestrian Group Holding ApS
Uggerhalnevej 80
9310 Vodskov
Registered office: Aalborg
CVR no.: 39 69 07 48
Financial year: 01.07 - 30.06

Executive Board

Lars Andreas Helgstrand

Board of Directors

Kaspar Ronald Kristiansen
Niels Thomas Heering
Kasper Tams Kitaj

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 01.07.20 - 30.06.21 for Global Equestrian Group Holding ApS.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.06.21 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.07.20 - 30.06.21.

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, November 17, 2021

Executive Board

Lars Andreas Helgstrand

Board of Directors

Kaspar Ronald Kristiansen
Chairman

Niels Thomas Heering

Kasper Tams Kitaj

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

We have audited the consolidated financial statements and parent company financial statements of Global Equestrian Group Holding ApS for the financial year 01.07.20 - 30.06.21, 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 for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.06.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.20 - 30.06.21 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 consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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.

Soeborg, Copenhagen, November 17, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Agner Hansen

State Authorized Public Accountant
MNE-no. mne28682

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2020/21	2019/20	02.07.18 30.06.19
<i>Profit/loss</i>			
Revenue	583,127	274,223	437,250
Index	133	63	100
Operating profit/loss	80,728	-39,856	55,259
Index	146	-72	100
Total net financials	-44,175	-31,165	-29,028
Index	152	107	100
Profit/loss for the year	3,777	-74,615	1,975
Index	191	-3,778	100
<i>Balance</i>			
Total assets	1,436,984	1,063,878	1,027,388
Index	140	104	100
Investments in property, plant and equipment	153,238	146,629	49,951
Index	307	294	100
Equity	571,325	463,153	464,087
Index	123	100	100
<i>Cashflow</i>			
Net cash flow:			
Operating activities	2,411	-25,669	-29,160
Investing activities	-201,627	-149,155	-761,880
Financing activities	228,762	166,333	615,948
Cash flows for the year	29,546	-8,491	-175,092

Ratios

	2020/21	2019/20	02.07.18 30.06.19
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Profitability

Return on equity	0,7%	-16%	1%
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Equity ratio

Equity ratio	39,8%	44%	45%
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Others

Number of employees (average)	176	82	75
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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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Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$
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Primary activities

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

Changes in the company's activities

During the financial year the Group has acquired Kingsland AS which activities comprise the development and sale of clothing and accessories to the equestrian sport under the name of "Kingsland Equestrian". In addition Risenbeck International GmbH was acquired which activities align with the Group's main activities.

Development in activities and financial affairs

Income statement

The income statement for the period 01.07.20 - 30.06.21 shows a profit/loss of DKK'000 3,777 against DKK'000 -74,615 for the period 01.07.19 - 30.06.20. The balance sheet shows equity of DKK'000 571,325.

The earnings expectations for the financial year 01.07.20 - 30.06.21 were a profit before taxes and amortization in the range of DKK 50 - 80m. The profit before taxes and amortizations surpassed the expectations due to increased sales of horses with an improved gross margin, and to the fact that the increase in the Group's cost base has been less than the revenue increase.

The result is negative effected due to a major cost in the Group concerning several acquisitions in the financial year.

Investments

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

Two major acquisitions were made in the financial year. An Equestrian Clothing brand and a Show Jumping stable including a showground. The acquisitions were undertaken to expand the Group's markets and the Group expects these acquisitions to have a positive effect in the coming financial year.

Outlook

The Group expects a profit before taxes in the range of DKK 100 - 125m due to the increasing demand on dressage horses, and expectation of positive impact from the Group's acquisitions in the financial year.

Knowledge resources

The Group's knowledge resources, to some extent, reside with employees handling the 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 is primarily generated in EUR and to a smaller extend in USD, through the US operations. Costs are mainly in EUR and DKK with the exception of the US operations, which are in USD. Horses are almost solely purchased in EUR. In summary the currency risk is assessed as minimal given the close link between revenue and costs in same currency. The company does not enter into speculative currency contracts.

Interest rate risks

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

Credit risks

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

Research and development activities

The Group's research and development activities comprise externally contracted development of autonomous robots for use in the preparation and maintenance of riding arenas.

Subsequent events

After the end of the financial year the Group has acquired significant activities situated in the US. In continuation hereof the Group has refinanced its payables as part of a refinancing strategy in the Group.

Corporate social responsibility

The Group follows the Danish law. The Group's corporate social responsibility includes act responsibly, decency, good ethics, and morals, as well as respect our Group, customers, employees, business partners, and other stakeholders.

External environment

The Company is working under the regulations of agricultural business, which regulate most of the external environment. Further, the Company works continuously on reducing its environmental footprint, i.e. the residual waste from the horses is collected and used as biofuel.

Social and employee relationships

As the company is based in Denmark and therefore is subject to Danish Law, the management does not assess the need for specific policies and guidelines on this area.

Respects for human rights

As the company is based in Denmark and therefore subject to Danish Law, the management does not assess the need for specific policies and guidelines on this area.

Anti-corruption and bribery

In the financial year 2020/21 there have been no incidents.

Future work on Corporate social responsibility

The Group will in the coming years launch an internal review of CSR policies.

Gender diversity

Target figures for the supreme management body

The Board of Directors has set a target figure of 40% for the underrepresented gender on the Board of Directors, corresponding to 1 out of 3 board members. The Board of Directors aims to achieve the target figure before the end of 2028.

Other management levels

When recruiting employees on middle management level, the Group chooses candidates based on their qualifications and competencies. The gender of the candidate is not an assessment factor in this process, and there is consequently no gender discrimination in the recruitment process. The Group is working to ensure that it is an attractive work place for both genders by ensuring a recruitment process that encourage equal career opportunities regardless of gender.

Income statement

Note	Group		Parent		
	2020/21 DKK '000	2019/20 DKK '000	2020/21 DKK '000	2019/20 DKK '000	
3	Revenue	583,127	274,223	0	0
	Other operating income	3,982	4,594	0	0
	Costs of raw materials and consumables	-305,707	-187,380	0	0
	Other external expenses	-63,812	-17,052	-50	-190
	Gross result	217,590	74,385	-50	-190
4	Staff costs	-62,010	-38,071	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses (EBITDA)	155,580	36,314	-50	-190
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-74,852	-68,338	0	0
	Write-downs of current assets exceeding normal write-downs	0	-7,832	0	0
	Profit/loss before net financials (EBIT)	80,728	-39,856	-50	-190
6	Income from equity investments in group enterprises	0	0	4,009	-75,435
7	Income from equity investments in associates	-922	22	0	0
8	Financial income	736	659	2,561	1,532
9	Financial expenses	-43,989	-31,846	-6	-291
	Profit/loss before tax	36,553	-71,021	6,514	-74,384
	Tax on profit or loss for the year	-32,776	-3,594	-551	-231
	Profit/loss for the year	3,777	-74,615	5,963	-74,615
Proposed appropriation account					
	Non-controlling interests	5,673	0	0	0
	Retained earnings	-1,896	-74,615	5,963	-74,615
	Total	3,777	-74,615	5,963	-74,615

ASSETS		Group		Parent	
		30.06.21 DKK '000	30.06.20 DKK '000	30.06.21 DKK '000	30.06.20 DKK '000
Note					
	Acquired rights	1,466	440	0	0
	Goodwill	503,093	519,545	0	0
	Development projects in progress	4,500	20	0	0
11	Total intangible assets	509,059	520,005	0	0
	Land and buildings	379,904	276,523	0	0
	Other fixtures and fittings, tools and equipment	20,034	9,691	0	0
	Property, plant and equipment under construction	21,771	0	0	0
12	Total property, plant and equipment	421,709	286,214	0	0
13	Equity investments in group enterprises	0	0	454,528	368,604
13	Equity investments in associates	2,389	311	0	0
13	Equity investments in participating interests	1,013	0	0	0
13	Other investments	2,000	2,000	0	0
14	Deposits	976	366	0	0
	Total investments	6,378	2,677	454,528	368,604
	Total non-current assets	937,146	808,896	454,528	368,604
	Raw materials and consumables	1,866	0	0	0
	Manufactured goods and goods for resale	421,192	220,649	0	0
	Prepayments for goods	1,626	2,068	0	0
	Total inventories	424,684	222,717	0	0
	Trade receivables	22,954	12,285	0	0
	Receivables from group enterprises	0	0	107,121	94,047
	Receivables from associates	2,975	94	0	0
	Other receivables	5,261	8,984	0	0
15	Prepayments	3,937	421	0	0
	Total receivables	35,127	21,784	107,121	94,047
	Cash	40,027	10,481	46	799
	Total current assets	499,838	254,982	107,167	94,846
	Total assets	1,436,984	1,063,878	561,695	463,450

EQUITY AND LIABILITIES		Group		Parent	
		30.06.21 DKK '000	30.06.20 DKK '000	30.06.21 DKK '000	30.06.20 DKK '000
Note					
16	Share capital	1,647	1,360	1,647	1,360
	Foreign currency translation reserve	530	0	0	0
	Retained earnings	551,164	461,793	559,240	461,792
	Equity attributable to owners of the parent	553,341	463,153	560,887	463,152
17	Non-controlling interests	17,984	0	0	0
	Total equity	571,325	463,153	560,887	463,152
18	Provisions for deferred tax	21,750	10,888	0	0
	Total provisions	21,750	10,888	0	0
19	Mortgage debt	167,774	134,389	0	0
19	Income taxes	16,678	231	783	231
19	Other payables	321,771	297,111	0	0
	Total long-term payables	506,223	431,731	783	231
19	Short-term part of long-term payables	5,156	2,809	0	0
	Payables to other credit institutions	222,745	134,110	0	0
	Prepayments received from customers	4,118	709	0	0
	Trade payables	37,875	18,178	25	67
	Deposits	39	39	0	0
	Income taxes	5,630	1,741	0	0
	Other payables	62,123	509	0	0
	Deferred income	0	11	0	0
	Total short-term payables	337,686	158,106	25	67
	Total payables	843,909	589,837	808	298
	Total equity and liabilities	1,436,984	1,063,878	561,695	463,450
20	Contingent liabilities				
21	Charges and security				
22	Related parties				

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:								
Statement of changes in equity for 01.07.19 - 30.06.20								
Balance as at 01.07.19	1,046	0	0	0	456,739	457,785	0	457,785
Net effect of changed accounting policies	0	0	0	0	6,302	6,302	0	6,302
Adjusted balance as at 01.07.19	1,046	0	0	0	463,041	464,087	0	464,087
Capital increase	314	73,367	0	0	0	73,681	0	73,681
Transfers to/from other reserves	0	-73,367	0	0	73,367	0	0	0
Net profit/loss for the year	0	0	0	0	-74,615	-74,615	0	-74,615
Balance as at 30.06.20	1,360	0	0	0	461,793	463,153	0	463,153
Statement of changes in equity for 01.07.20 - 30.06.21								
Balance as at 01.07.20	1,360	0	0	0	461,793	463,153	0	463,153
Foreign currency translation adjustment of foreign enterprises	0	0	0	530	0	530	226	756
Capital increase	287	91,267	0	0	0	91,554	0	91,554
Addition of non-controlling relating to acquisition of enterprises	0	0	0	0	0	0	12,085	12,085
Transfers to/from other reserves	0	-91,267	0	0	91,267	0	0	0
Net profit/loss for the year	0	0	0	0	-1,896	-1,896	5,673	3,777
Balance as at 30.06.21	1,647	0	0	530	551,164	553,341	17,984	571,325

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to owners of the parent
Parent:								
Statement of changes in equity for 01.07.19 - 30.06.20								
Balance as at 01.07.19	1,046	0	0	0	456,738	457,784	0	457,784
Net effect of changed accounting policies	0	0	0	0	6,302	6,302	0	6,302
Adjusted balance as at 01.07.19	1,046	0	0	0	463,040	464,086	0	464,086
Capital increase	314	73,367	0	0	0	73,681	0	73,681
Transfers to/from other reserves	0	-73,367	0	0	73,367	0	0	0
Net profit/loss for the year	0	0	0	0	-74,615	-74,615	0	-74,615
Balance as at 30.06.20	1,360	0	0	0	461,792	463,152	0	463,152
Statement of changes in equity for 01.07.20 - 30.06.21								
Balance as at 01.07.20	1,360	0	0	0	461,792	463,152	0	463,152
Foreign currency translation adjustment of foreign enterprises	0	0	218	0	0	218	0	218
Capital increase	287	91,267	0	0	0	91,554	0	91,554
Transfers to/from other reserves	0	-91,267	-218	0	91,485	0	0	0
Net profit/loss for the year	0	0	0	0	5,963	5,963	0	5,963
Balance as at 30.06.21	1,647	0	0	0	559,240	560,887	0	560,887

Consolidated cash flow statement

Note	Group	
	2020/21 DKK '000	2019/20 DKK '000
	3,777	-74,615
Profit/loss for the year		
23 Adjustments	150,016	110,929
Change in working capital:		
Inventories	-201,967	-27,806
Receivables	-13,954	53,859
Trade payables	19,698	-30,112
Other payables relating to operating activities	65,012	-4,284
Cash flows from operating activities before net financials	22,582	27,971
Interest income and similar income received	736	659
Interest expenses and similar expenses paid	-19,329	-31,846
Income tax paid	-1,578	-22,453
Cash flows from operating activities	2,411	-25,669
Purchase of intangible assets	-55,389	-226
Purchase of property, plant and equipment	-145,395	-146,929
Sale of property, plant and equipment	3,170	0
Acquisition of enterprises	-4,013	-2,000
Cash flows from investing activities	-201,627	-149,155
Raising of additional capital	91,554	73,681
Addition of non-controlling interests	12,085	0
Foreign currency translation adjustment of foreign enterprises	756	0
Arrangement of mortgage debt	35,732	78,369
Arrangement of payables to associates	0	1,856
Arrangement of other short-term payables	88,635	22,842
Repayment of other long-term payables	0	-10,415
Cash flows from financing activities	228,762	166,333
Total cash flows for the year	29,546	-8,491
Cash, beginning of year	10,481	18,972
Cash, end of year	40,027	10,481
Cash, end of year, comprises:		
Cash	40,027	10,481
Total	40,027	10,481

1. Subsequent events

After the end of the financial year the Group has acquired significant activities situated in the US. In continuation hereof the payables of the Group has been refinanced.

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:	Group		Parent	
		2020/21 DKK '000	2019/20 DKK '000	2020/21 DKK '000	2019/20 DKK '000
Write-downs of inventories	Write-downs of current assets exceeding normal write-downs	0	-7,832	0	0
Cost related to acquisition of enterprises	Other external costs	-17,675	0	0	0
Total		-17,675	-7,832	0	0

	Group		Parent	
	2020/21 DKK '000	2019/20 DKK '000	2020/21 DKK '000	2019/20 DKK '000

3. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

Sale of horses and related services	504,196	269,996	0	0
Sale of equestrian clothing and accessories	72,157	0	0	0
Other	6,774	4,227	0	0
Total	583,127	274,223	0	0

The Group consider the world as its geographical market since there a no significant differences in the risk factors or the return on the sale of horses related to geopgraphical conditions.

4. Staff costs

Wages and salaries	56,249	35,858	0	0
Pensions	377	0	0	0
Other social security costs	2,620	1,069	0	0
Other staff costs	2,764	1,144	0	0
Total	62,010	38,071	0	0

Average number of employees during the year	176	82	0	0
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	Group		Parent	
	2020/21 DKK '000	2019/20 DKK '000	2020/21 DKK '000	2019/20 DKK '000

5. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	387	198	59	67
Other assurance engagements	32	43	0	0
Tax advice	122	250	15	20
Other services	230	248	21	96
Total	771	739	95	183

6. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	4,009	-75,435
Total	0	0	4,009	-75,435

7. Income from equity investments in associates

Share of profit or loss of associates	-199	22	0	0
Impairment losses on other excess values	-723	0	0	0
Total	-922	22	0	0

8. Financial income

Interest, group enterprises	0	0	2,561	1,532
Foreign currency translation adjustments	590	647	0	0
Other financial income	146	12	0	0
Total	736	659	2,561	1,532

	Group		Parent	
	2020/21 DKK '000	2019/20 DKK '000	2020/21 DKK '000	2019/20 DKK '000
9. Financial expenses				
Interest, group enterprises	0	0	0	140
Other interest expenses	38,776	29,439	6	151
Foreign currency translation adjustments	4,243	895	0	0
Other financial expenses	970	1,512	0	0
Other financial expenses	43,989	31,846	6	151
Total	43,989	31,846	6	291

10. Distribution of net profit

Non-controlling interests	5,673	0	0	0
Retained earnings	-1,896	-74,615	5,963	-74,615
Total	3,777	-74,615	5,963	-74,615

11. Intangible assets

Figures in DKK '000	Acquired rights	Goodwill	Development projects in progress
Group:			
Cost as at 01.07.20	496	639,389	0
Additions relating to acquisition of enterprises	1,146	49,602	0
Additions during the year	141	0	4,500
Cost as at 30.06.21	1,783	688,991	4,500
Amortisation and impairment losses			
as at 01.07.20	-36	-119,844	0
Amortisation during the year	-281	-66,054	0
Amortisation and impairment losses			
as at 30.06.21	-317	-185,898	0
Carrying amount as at 30.06.21	1,466	503,093	4,500

Development projects in progress comprise external acquired development of autonomous robots for use in the preparation and maintenance of riding arenas. Completion and sale of the products is expected to be carried out in the following financial year and it is the company's expectation to generate a gross result of approx. DKK 24 - 37m based on the sales from the robots.

12. Property, plant and equipment

Figures in DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:			
Cost as at 01.07.20	279,180	14,431	0
Foreign currency translation adjustment of foreign enterprises	-7,843	0	0
Additions during the year	115,882	15,585	21,771
Disposals during the year	0	-4,970	0
Cost as at 30.06.21	387,219	25,046	21,771
Depreciation and impairment losses as at 01.07.20	-2,657	-4,740	0
Depreciation during the year	-4,658	-3,859	0
Reversal of depreciation of and impairment losses on disposed assets	0	3,587	0
Depreciation and impairment losses as at 30.06.21	-7,315	-5,012	0
Carrying amount as at 30.06.21	379,904	20,034	21,771

13. Investments

Figures in DKK '000	Equity invest- ments in group enter- prises	Equity invest- ments in associates	Equity investments in participating interests	Other invest- ments
Group:				
Cost as at 01.07.20	0	260	0	2,000
Additions during the year	0	3,000	1,013	0
Cost as at 30.06.21	0	3,260	1,013	2,000
Revaluations as at 01.07.20	0	28	0	0
Net profit/loss from equity investments	0	-31	0	0
Revaluations as at 30.06.21	0	-3	0	0
Depreciation and impairment losses as at 01.07.20	0	23	0	0
Net profit/loss from equity investments	0	-168	0	0
Other adjustments relating to equity investments	0	-723	0	0
Depreciation and impairment losses as at 30.06.21	0	-868	0	0
Carrying amount as at 30.06.21	0	2,389	1,013	2,000
Parent:				
Cost as at 01.07.20	430,300	0	0	0
Additions during the year	81,697	0	0	0
Cost as at 30.06.21	511,997	0	0	0
Depreciation and impairment losses as at 01.07.20	-61,696	0	0	0
Foreign currency translation adjustment of foreign enterprises	218	0	0	0
Net profit/loss from equity investments	4,009	0	0	0
Depreciation and impairment losses as at 30.06.21	-57,469	0	0	0
Carrying amount as at 30.06.21	454,528	0	0	0
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0	0	0	0

13. Investments - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
Global Equestrian Group ApS, Vodskov	100%
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, Wellington, USA	100%
Helgstrand Dressage ApS, Vodskov	100%
Helgstrand Event ApS, Vodskov	100%
Helgstrand Dressage US LLC, Wellington, USA	100%
Helgstrand Dressage Germany GmbH, Syke, Germany	100%
Helgstrand Jewellery ApS, Vodskov	100%
Kingsland AS, Sarpsborg, Norway	51%
Kingsland AB, Gråbo, Sweden	51%
Kingsland DK ApS, Ikast	51%
Kingsland Equestrian Inc., Wellington, USA	51%
Kingsland Asia Ltd., HongKong	51%
Kingsland Trading Co., Ltd., Hangzhou, China	51%
StandbyCo Germany ApS, Vodskov	100%
StandbyCo Germany Holding GmbH, Syke, Germany	100%
Riesenbeck International GbmH, Hörstel, Germany	100%
Equestrian Events Holding ApS, Vodskov	100%
StandbyCo US II Inc., Wellington, USA	100%
StandbyCo US Inc., Wellington, USA	100%

13. Investments - continued -

Name and registered office:	Ownership interest
Associates:	
Bengtsson & Helgstrand GmbH, Tyskland	50%
World Cup Komplementar ApS, Vejle	33%
World Cup Herning P/S, Vejle	30%
Ruxbury ApS, Hørsholm	45%
Participating interests:	
X-Drive Robots ApS, Roskilde	19%

14. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.07.20	460
Additions during the year	882
Disposals during the year	-366
Cost as at 30.06.21	976
Carrying amount as at 30.06.21	976

	Group		Parent	
	30.06.21 DKK '000	30.06.20 DKK '000	30.06.21 DKK '000	30.06.20 DKK '000

15. Prepayments

Prepaid insurance premiums	230	33	0	0
Other prepayments	3,707	388	0	0
Total	3,937	421	0	0

16. Share capital

The share capital consists of:

	Quantity	Total nominal value, DKK'000
Share class A	859,494	860
Share class B	655,462	656
Share class C	131,345	131
Total		1,647
Capital increase during the financial year	286,561	287

Refer to note 22 for share based incentive programmes.

	Group		Parent	
	30.06.21 DKK '000	30.06.20 DKK '000	30.06.21 DKK '000	30.06.20 DKK '000

17. Non-controlling interests

Foreign currency translation adjustment of foreign enterprises	226	0	0	0
Purchase of non-controlling interests	12,085	0	0	0
Net profit/loss for the year (distribution of net profit)	5,673	0	0	0
Total	17,984	0	0	0

18. Deferred tax

Deferred tax as at 01.07.20	10,888	9,234	0	0
Additions relating to acquisition of enterprises	-254	0	0	0
Deferred tax recognised in the income statement	11,116	1,654	0	0
Deferred tax as at 30.06.21	21,750	10,888	0	0

Deferred tax is recognized in the balance sheet as:

Deferred tax liability	21,750	10,888	0	0
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Deferred tax is distributed as below:

Intangible assets	1,033	48	0	0
Property, plant and equipment	6,205	5,841	0	0
Inventories	14,875	9,697	0	0
Liabilities	-363	-363	0	0
Tax losses	0	-4,335	0	0
Total	21,750	10,888	0	0

19. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.21	Total payables at 30.06.20
Group:				
Mortgage debt	5,156	146,769	172,930	137,198
Income taxes	0	0	16,678	231
Other payables	0	0	321,771	297,111
Total	5,156	146,769	511,379	434,540
Parent:				
Income taxes	0	0	783	231
Total	0	0	783	231

20. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 2-64 months and average lease payments of DKK 818k, a total of DKK 8,981k. .

Guarantee commitments

The group has provided a guarantee for other enterprises with participating interests' debt to credit institutions. The guarantee is limited to DKK 500k and the debt to the credit institutions concerned amounts to DKK 0 at the balance sheet date.

The Group has also provided a guarantee for mortgage debt amounting to DKK 78,545.

Parent:

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes liability for group enterprises' debt to credit institutions. The guarantee is maximised at DKK 180,000k. The group enterprises' debt to the credit institutions concerned amounts to DKK 134,680k at the balance sheet date.

20. Contingent liabilities - continued -*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.

21. Charges and security

Group:

Land and buildings with a carrying amount of DKK 379,904k have been provided as security for mortgage debt of DKK 172,930k.

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 1,000k secured upon land and buildings with a carrying amount of DKK 152,725k.

The group has provided a company charge of DKK 75,000k as security for debt to credit institutions. As at 30.06.21, the company charge comprises the following assets with the following carrying amounts:

- Other plant, fixtures and fittings, tools and equipment, DKK 4,060k
- Inventories, DKK 307,316k
- Trade receivables, DKK 10,059k

Parent:

The company has not provided any security over assets.

22. Related parties

Controlling influence	Basis of influence
Standbyco 1 B.V., Holland	More than 50% of voting rights

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

Incentive programmes:

There is an incentive programme for the management, which includes the option of subscribing nominal 2,201 new shares corresponding to 0,1% of the share capital. The warrants can be exercised in the periods 01.02.26 - 01.03.26 and 01.02.28 - 01.03.28 at a prearranged subscription price per share added an interest rate of 4% p.a. calculated from of 01.02.21.

23. Adjustments for the cash flow statement

Non-cash other operating income	-1,787	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	74,852	68,338
Write-down of current assets exceeding normal write-downs	0	7,832
Income from equity investments in associates	922	-22
Financial income	-736	-659
Financial expenses	43,989	31,846
Tax on profit or loss for the year	32,776	3,594
Total	150,016	110,929

24. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

24. Accounting policies - continued -**Non-controlling interests**

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

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.

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 in the balance sheet of the parent based on the actual ownership interest in the acquired equity investments. In the consolidated financial statements, goodwill is recognised in full regardless of the ownership interest held in the subsidiary, i.e. including goodwill relating to the shares of non-controlling interests in subsidiaries.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets to the extent that an existing enterprise (activity) is acquired. Where the acquisition is effected by the acquisition of equity investments in another enterprise, goodwill is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

24. Accounting policies - continued -**CURRENCY**

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

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

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

24. Accounting policies - continued -**INCOME STATEMENT****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.

Other operating income

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

Costs of raw materials and consumables

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

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

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

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

Staff costs

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

24. Accounting policies - continued -**Depreciation, amortisation and impairment losses**

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

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Acquired rights	3	0
Goodwill	10	0
Buildings	15-50	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

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

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

Write-downs of current assets exceeding normal write-downs

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

Other operating expenses

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

24. Accounting policies - continued -**Income from equity investments in group enterprises and associates as well as participating interests**

For equity investments in equity investments in associates and in the parent also equity investments in subsidiaries that are 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. For associates only the proportionate share of intercompany gains and losses is eliminated.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries and associates as well as participating interests 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.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

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. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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.

24. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Completed development projects and 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.

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

Acquired rights

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

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

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

Gains and losses on the disposal of intangible assets

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

24. Accounting policies - continued -**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 and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

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

Equity investments in group enterprises and associates as well as participating interests*Equity investments in group enterprises*

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

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

24. Accounting policies - continued -*Equity investments in associates*

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

Participating interests

In the balance sheet, participating interests are measured at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Accounting policies for the acquisition of participating interests are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

Equity method

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

On 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 parent 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 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.

Gains or losses on disposal of equity investments

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

24. Accounting policies - continued -

are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

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

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

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

If dividends are distributed on equity investments in participating interests exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

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. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

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 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.

24. Accounting policies - continued -**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.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

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.

Cash

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

Equity

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

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

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

24. Accounting policies - continued -

payables in the balance sheet.

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

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

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

Payables

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

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.

Prepayments received from customers

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

Deferred income

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

24. Accounting policies - continued -**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

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