BEIERHOLM
VI SKABER BALANCE

Global Equestrian Group Holding ApS

Uggerhalnevej 80, 9310 Vodskov

CVR no. 39 69 07 48

Annual report
for the financial year 01.07.21 - 30.06.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.12.22

Morten Bradsted Nielsen
Dirigent

Table of contents

Group information etc.

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
Michael Toxværd Hansen

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 01.07.21 - 30.06.22 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 30.06.22 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.07.21 - 30.06.22.

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 24, 2022

Executive Board

Lars Andreas Helgstrand

Board of Directors

Kaspar Ronald Kristiansen Chairman	Niels Thomas Heering	Michael Toxværd Hansen

Independent auditor's report

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 01.07.21 - 30.06.22, 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 30.06.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.21 - 30.06.22 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the 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 per-formance 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 24, 2022

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	2021/22	2020/21	2019/20	02.07.18 30.06.19
Profit/loss				
Revenue	1,281,079	583,127	274,223	437,250
Index	293	133	63	100
Operating profit/loss	201,493	80,728	-39,856	55,259
Index	365	146	-72	100
Total net financials	-224,094	-44,175	-31,165	-29,028
Index	772	152	107	100
Profit/loss for the year	-46,317	3,777	-74,615	1,975
Index	-2,345	191	-3,778	100
Balance				
Total assets	3,152,258	1,436,984	1,063,878	1,027,388
Index	307	140	104	100
Investments in property, plant and equipment	78,570	153,238	146,629	49,951
Index	157	307	294	100
Equity	1,001,677	571,325	463,153	464,087
Index	216	123	100	100
Cashflow				
Net cash flow:				
Operating activities	-44,927	2,411	-25,669	-29,160
Investing activities	-1,369,284	-201,627	-149,155	-761,880
Financing activities	1,504,828	228,762	166,333	615,948
Cash flows for the year	90,617	29,546	-8,491	-175,092

Ratios

	2021/22	2020/21	2019/20	02.07.18 30.06.19
Profitability				
Return on equity	-6%	1%	-16%	1%
Equity ratio				
Solvency ratio	32%	40%	44%	45%
Others				
Number of employees (average)	340	176	82	75

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross result x 100}}{\text{Revenue}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The group's main activities are purchasing and selling horses, stud farming, sale of stallion semen, event organizing, sale of clothing and accessories to the equestrian sport and other equestrian sports related activities.

Changes in the company's activities

During the financial year the Group has acquired Palm Beach International Equestrian Center in Florida, which has subsequently been rebranded to Wellington International. Wellington International is one of the world's most known equestrian sporting venues, hosting the World-renowned Winter Equestrian Festival which draws elite riders from all over the world.

The Group has also acquired the company ShowGroundsLive which activities comprise streamlining services from equestrian events and an electronic show management system. In addition, Gold Coast Feed, a horse feed and supply company were acquired.

All acquisitions fully align with the Group's primary activities.

Development in activities and financial affairs

Income statement

The income statement for the period 01.07.21 - 30.06.22 shows an operating profit of DKK'000 201,493 against an operating profit of DKK'000 80,728 for the period 01.07.20 - 30.06.21. The balance sheet shows equity of DKK'000 1,001,677.

The earnings expectations for the financial year 01.07.21 - 30.06.22 were an operating profit in the range of DKK 90 - 110m.

Due to the significant financial impact of the acquisitions made during this financial year, the operating profit for the year is not comparable to neither last years profit nor the expectations going into the year.

Furthermore, the operating profit for the year is negatively impacted by major costs related to the acquisitions mentioned as well as cost related to a refinancing of the group.

Investments

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

Outlook

The market conditions for high end dressage and jumping horses continue to be favorable and the group will continue to invest in the purchase and development of horses to be able to satisfy the market and to secure further growth.

In line with the Group's strategy significant acquisitions has been over the last couple of years to further grow and strengthen our position within our primary activities. The continued integration of these and focus on utilizing synergies between all companies will also be a growth driver for the Group going forward.

The Group expects an operating profit for 2022/23 in the range of in the region of DKK 225 - 250m.

Knowledge resources

The Group's knowledge resources, to some extent, reside with employees handling our horses – riders etc. The Group continues to focus on the development of the employees and processes throughout the group.

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 USD, as the group activities are split between Europe and USA.

Horses are almost solely purchased in EUR and costs associated with running the part of the business are mainly in EUR and DKK. The US operations with is primarily running of horse shows both revenue and cost are in USD.

In summary the currency risks are assessed as minimal given the close link between revenue and cost in the same currency. The company does not enter into speculative currency contracts.

Interest rate risks

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

Credit risks

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

Research and development activities

The Group's reserch and development activites comprise externaly contracted development of autonumous robots for use in the preparation and maintenance of riding arenas.

Subsequent events

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

Corporate social responsibility

The Group's activities comprise the following four segments, which are highly interlinked when it comes to product offering and synergies:

- Purchase, education and selling of dressage horses, and related activities
- Purchase, education and selling of jumping horses, and related activities
- Organizing events, including equestrian sports competitions, clinics, sponsor ship events etc.
- Design, distribution and selling of clothing, jewelry, horse apparel etc. for or inspired by the equestrian industry.

Also, the Group is active in the development of new and groundbreaking products and services to the industry.

The Group complies with the laws of the countries in which it operates. The Group's CSR activities are mandated in the Code of Conduct and the Group Policies that are enforced in all companies in the group.

Global Equestrian Group has an unwavering focus on being an attractive workplace taking social responsibility and respecting human rights. This focus is materialized in the Group Policies and Code of Conduct.

Group Policies and Code of Conduct are implemented in the group companies where the respective Group executives and directors actively engage with the operations to participate in and oversee the adoption of the policies.

As part of monitoring violations of the policies or code of conduct, the Group has implemented a whistleblower scheme according to the EU Directive 2019/1937, allowing employees and public to report incidents anonymously. During the financial year no incidents have been reported.

Group Policies

Anti-harassment and anti-sexual harassment policy
Harassment, meaning disrespectful actions or statements related to the any form of behavior that does not involve being treated with respect and dignity, in any form is prohibited in any group company.

Sexual harassment, meaning unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when submission to or rejection of such conduct is used as the basis for employment decisions, or when such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment, in any form is prohibited in any group company.

Group Management does not consider significant risks to be associated with the policy.

Employee Health and Safety policy
Global Equestrian Group believes that long-term success depends on working to ensure the health and safety of the employees. We believe that a safe and healthy workplace is a fundamental right of every employee and also a business imperative.
We take responsibility for maintaining a productive workplace in every part of the group by doing what we can to minimize the risk of accidents, injury, and exposure to health hazards for all employees, clients, and contractors.
We take a proactively approach to the health of our employees, including a direct outreach to employees under sick leave and encouraging a healthy lifestyle.

Group Management does not consider significant risks to be associated with the policy.

Inclusion, Diversity and Non-Discrimination policy
Across group companies, we believe we benefit greatly from the skills, experience, and commitment of the diverse range of people who work with us. We recognize that diversity is essential to us being able to best serve our customers and strive to ensure that no one is treated inappropriately or disrespectfully at our workplace.

Inclusion and diversity mean establishing a workplace in which people neither discriminate nor are discriminated against in any context on the basis of age, disability, gender, sexual orientation, race, religious status, marital status, family status, and other characteristics.

Global Equestrian Group has a zero-tolerance approach to discrimination in the form of people being treated more unfavorably than they would otherwise have been as a result of one or more of the above characteristics being given importance.

Group Management does not consider significant risks to be associated with the policy.

Personal Appearance and Conduct Policy
Global Equestrian Group value professionalism, quality, and service at the highest standards. This is also reflected in our personal appearance and conduct policy that prompts for a professional, engaged and knowledge sharing attitude and an honest, responsible, reliable, considerate, and empathetic behavior towards colleagues and clients.

Group Management does not consider significant risks to be associated with the policy.

Privacy and Acceptable use of IT policy

Global Equestrian Group processes employees', clients', suppliers', and candidates' personal information with the utmost care and in accordance with applicable legislation. Processing of personal information is lawful and fair, as well as transparent to the involved persons regarding how personal information is collected, stored, deleted, and processed.

Global Equestrian Group actively involves group companies in complying with national and international data privacy legislation.

Each group company provides IT platforms for employees to perform their job. These platforms range from computers, smartphones, tablets, and associated applications. Furthermore, group companies make use of apps and messaging-platforms and/or social media which are publicly available. Use of company IT platforms to access company specific or publicly available apps and resources, shall always be lawful, personal and considerate. Similarly, access to company specific or publicly available apps and resources from employees' own devices is acceptable as long as it is lawful, personal and considerate.

Group management recognizes the cyber risks associated with having a global IT environment that provides for employees to work efficiently at any time from any location. Management consider the current IT environment to be safe and secure and works continuously to monitor and mitigate potential risks.

Senior policy

Global Equestrian Group acknowledges the loyalty and value of employees with a long-term employment history with the Company. Also, we acknowledge that senior employees might have special requirements for the organization of the work and workplace.

Employees at the age of 65 year or more can enter into a senior-agreement dealing with tasks, responsibility, working hours and other considerations

Group Management does not consider significant risks to be associated with the policy.

Theft and Violence Policy

Violence and theft are not tolerated in any group company. Any incident of theft or violence is reported to local authorities for further investigation.

An employee who is guilty of theft or of violence is expelled without further notice, and the employment relationship terminates immediately.

Group Management does not consider significant risks to be associated with the policy.

Code of Conduct

Anti-Money Laundering (AML) and Know Your Customer (KYC)

The Group requires a strict cash-less operations on all major items of a value more than € 1,000 and furthermore aims at totally cash-less operations. The code also requires group companies only to engage with reputable banks and to ensure proper identifications and background checks of customers prior to engaging with them.

Group Management does not consider significant risks to be associated with the policy.

Anti-Corruption and -Bribery

In general, all group companies, including all employees, managers and board members shall refrain from directly or indirectly, offer, provide or accept gifts, money, donations or hospitality to or from any person.

The policy does allow for customary and proportionate ceremonial and special occasion gifts, business lunches etc.

Group Management does not consider significant risks to be associated with the policy.

External Environment

The Group complies with national environmental laws and focuses on reducing its environmental footprint as set forth in the Sustainability policy, including:

- Using residual waste from horses for biofuel for heating
- Using heat pump systems for heating
- Considering energy efficiency measures when refurbishing farms and stalls

The Group is also looking into energy efficiency initiatives such as adopting LED lamps, implementing solar panels, charging facilities for electric cars etc. The Group expects such initiatives are implemented in most group companies over the coming years.

Management actively works to minimize the environmental impact, including CO2 emissions from transportation.

CSR Status and ongoing work

Group Management consider the general CSR initiatives to be important for attracting and retaining motivated employees with the right skills. Also, Group Management believes the CSR initiatives has a positive employer branding impact.

Going forward the Group will continue its focus on CSR, including revising and adding policies as needed.

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. Due to lack of qualified candidates, the target has not yet been achieved. However, the Board of Directors aims to achieve the target figure before the end of 2025.

Other management levels

At the other company management levels, male managers constitute 55% and female managers 45%, and the gender representation is thus regarded as balanced. The gender balance is expected to be maintained in future.

The group executive management team consists of four persons, three male and one 1 female.

Across the group, the gender split is almost even, however, with a high variance from one group company to the other.

When recruiting employees on specialist and/or middle management level, the group companies choose candidates based on qualifications and competencies. According to the "Inclusion, Diversity and Non-Discrimination policy", gender is not an assessment factor and there is no gender discrimination in the recruiting processes

Data ethics

The Group is committed to ensuring compliance with applicable data privacy laws, and has a strong focus on securing employees', customers' and web site visitors' data rights. This focus includes a Group wide Data Protection and Privacy framework according to GDPR and national legislation.
Besides data privacy policies and principles implemented in the Data Protection and Privacy framework, the Group has not adopted a formal policy on data ethics but expects to do so in the coming years.

Income statement

Note		Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
2	**Revenue**	**1,281,079**	**583,127**	**0**	**0**
	Other operating income	43,848	3,982	0	0
	Costs of raw materials and consumables	-630,029	-305,707	0	0
4	Other external expenses	-186,004	-63,812	-2	-50
	Gross result	**508,894**	**217,590**	**-2**	**-50**
3	Staff costs	-170,107	-62,010	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses (EBITDA)	**338,787**	**155,580**	**-2**	**-50**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-137,179	-74,852	0	0
	Other operating expenses	-115	0	0	0
	Operating profit/loss (EBIT)	**201,493**	**80,728**	**-2**	**-50**
5	Income from equity investments in group enterprises	0	0	-77,482	4,009
6	Income from equity investments in associates	392	-922	0	0
7	Financial income	7,404	736	3,464	2,561
8	Financial expenses	-231,890	-43,989	-15	-6
	Profit/loss before tax (EBT)	**-22,601**	**36,553**	**-74,035**	**6,514**
	Tax on profit or loss for the year	-23,716	-32,776	-824	-551
	Profit/loss for the year	**-46,317**	**3,777**	**-74,859**	**5,963**

Proposed appropriation account

	Group 2021/22	Group 2020/21	Parent 2021/22	Parent 2020/21
Non-controlling interests	10,449	5,673	0	0
Retained earnings	-56,766	-1,896	-74,859	5,963
Total	**-46,317**	**3,777**	**-74,859**	**5,963**

Balance sheet

ASSETS

Note		Group 30.06.22 DKK '000	Group 30.06.21 DKK '000	Parent 30.06.22 DKK '000	Parent 30.06.21 DKK '000
	Completed development projects	2,610	0	0	0
	Acquired rights	337,675	1,466	0	0
	Goodwill	511,344	503,093	0	0
	Development projects in progress	5,000	4,500	0	0
10	**Total intangible assets**	**856,629**	**509,059**	**0**	**0**
	Land and buildings	1,360,200	379,904	0	0
	Other fixtures and fittings, tools and equipment	45,936	20,034	0	0
	Property, plant and equipment under construction	21,953	21,771	0	0
11	**Total property, plant and equipment**	**1,428,089**	**421,709**	**0**	**0**
12	Equity investments in group enterprises	0	0	878,758	454,528
12	Equity investments in associates	2,782	2,389	0	0
12	Equity investments in participating interests	1,013	1,013	0	0
12	Other investments	2,882	2,882	0	0
13	Deposits	94	94	0	0
	Total investments	**6,771**	**6,378**	**878,758**	**454,528**
	Total non-current assets	**2,291,489**	**937,146**	**878,758**	**454,528**
	Raw materials and consumables	2,235	1,866	0	0
	Manufactured goods and goods for resale	530,513	421,192	0	0
	Prepayments for goods	2,410	1,626	0	0
	Total inventories	**535,158**	**424,684**	**0**	**0**
	Trade receivables	44,566	22,954	0	0
	Receivables from group enterprises	0	0	110,423	107,120
	Receivables from associates	3,018	2,975	0	0
	Income tax receivable	0	0	2,021	0
	Other receivables	126,545	5,261	0	1
14	Prepayments	20,838	3,937	0	0
	Total receivables	**194,967**	**35,127**	**112,444**	**107,121**
	Cash	**130,644**	**40,027**	**61**	**46**
	Total current assets	**860,769**	**499,838**	**112,505**	**107,167**
	Total assets	**3,152,258**	**1,436,984**	**991,263**	**561,695**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.06.22 DKK '000	Group 30.06.21 DKK '000	Parent 30.06.22 DKK '000	Parent 30.06.21 DKK '000
15	Share capital	2,458	1,647	2,458	1,647
	Foreign currency translation reserve	147,755	530	0	0
	Cash flow hedging reserve	301	0	0	0
	Retained earnings	850,096	551,164	988,780	559,241
	Equity attributable to owners of the parent	**1,000,610**	**553,341**	**991,238**	**560,888**
16	Non-controlling interests	1,067	17,984	0	0
	Total equity	**1,001,677**	**571,325**	**991,238**	**560,888**
17	Provisions for deferred tax	37,852	21,750	0	0
	Total provisions	**37,852**	**21,750**	**0**	**0**
18	Mortgage debt	104,621	167,774	0	0
18	Payables to other credit institutions	1,543,357	0	0	0
18	Income taxes	45,305	16,678	0	783
18	Other payables	92,890	321,771	0	0
	Total long-term payables	**1,786,173**	**506,223**	**0**	**783**
18	Short-term part of long-term payables	2,147	5,156	0	0
	Payables to other credit institutions	181,195	222,745	0	0
	Prepayments received from customers	16,683	4,118	0	0
	Trade payables	38,161	37,875	25	24
	Deposits	39	39	0	0
	Income taxes	0	5,630	0	0
	Other payables	88,331	62,123	0	0
	Total short-term payables	**326,556**	**337,686**	**25**	**24**
	Total payables	**2,112,729**	**843,909**	**25**	**807**
	Total equity and liabilities	**3,152,258**	**1,436,984**	**991,263**	**561,695**

19 Fair value information
20 Derivative financial instruments
21 Contingent liabilities
22 Charges and security
23 Related parties

Figures in DKK '000	Share capital	Share premium	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:								
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	530	0	0	530	226	756
Capital increase	287	91,267	0	0	0	91,554	0	91,554
Other changes in equity	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	530	0	551,164	553,341	17,984	571,325
Statement of changes in equity for 01.07.21 - 30.06.22								
Balance as at 01.07.21	1,647	0	530	0	551,164	553,341	17,984	571,325
Foreign currency translation adjustment of foreign enterprises	0	0	184,736	0	0	184,736	0	184,736
Capital increase	811	409,446	0	0	0	410,257	0	410,257
Fair value adjustment of hedging instruments	0	0	0	386	0	386	0	386
Dividend paid	0	0	0	0	0	0	-393	-393
Purchase of non-controlling interests	0	0	0	0	-53,748	-53,748	-25,799	-79,547
Other changes in equity	0	0	0	0	0	0	-1,174	-1,174
Tax on changes in equity	0	0	-37,511	-85	0	-37,596	0	-37,596
Transfers to/from other reserves	0	-409,446	0	0	409,446	0	0	0
Net profit/loss for the year	0	0	0	0	-56,766	-56,766	10,449	-46,317
Balance as at 30.06.22	2,458	0	147,755	301	850,096	1,000,610	1,067	1,001,677

Figures in DKK '000	Share capital	Share premium	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:								
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	0	218	218	0	218
Capital increase	287	91,267	0	0	0	91,554	0	91,554
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	5,963	5,963	0	5,963
Balance as at 30.06.21	1,647	0	0	0	559,241	560,888	0	560,888
Statement of changes in equity for 01.07.21 - 30.06.22								
Balance as at 01.07.21	1,647	0	0	0	559,241	560,888	0	560,888
Foreign currency translation adjustment of foreign enterprises	0	0	0	0	147,225	147,225	0	147,225
Capital increase	811	409,446	0	0	0	410,257	0	410,257
Other changes in equity	0	0	0	0	-52,273	-52,273	0	-52,273
Transfers to/from other reserves	0	-409,446	0	0	409,446	0	0	0
Net profit/loss for the year	0	0	0	0	-74,859	-74,859	0	-74,859
Balance as at 30.06.22	2,458	0	0	0	988,780	991,238	0	991,238

Consolidated cash flow statement

Note		Group 2021/22 DKK '000	Group 2020/21 DKK '000
	Profit/loss for the year	**-46,317**	**3,777**
24	Adjustments	343,013	150,016
	Change in working capital:		
	Inventories	-110,261	-201,967
	Receivables	-54,337	-13,954
	Trade payables	-63,422	19,698
	Other payables relating to operating activities	23,690	65,012
	Cash flows from operating activities before net financials	**92,366**	**22,582**
	Interest income and similar income received	320	736
	Interest expenses and similar expenses paid	-112,384	-19,329
	Income tax paid	-25,229	-1,578
	Cash flows from operating activities	**-44,927**	**2,411**
	Purchase of intangible assets	-7,195	-55,389
	Sale of intangible assets	105	0
	Purchase of property, plant and equipment	-78,569	-145,395
	Sale of property, plant and equipment	2,069	3,170
	Acquisition of enterprises	-1,206,104	-4,013
	Purchase of non-controlling interests	-79,547	0
	Loans to associates	-43	0
	Cash flows from investing activities	**-1,369,284**	**-201,627**
	Raising of additional capital	410,257	91,554
	Addition of non-controlling interest	0	12,085
	Dividend paid	-393	0
	Repayment of mortgage debt	-66,162	35,732
	Change in short-term payables to credit institutions	-41,550	89,391
	Arrangement of other long-term payables	1,431,557	0
	Repayment of other long-term payables	-228,881	0
	Cash flows from financing activities	**1,504,828**	**228,762**
	Total cash flows for the year	**90,617**	**29,546**
	Cash, beginning of year	40,027	10,481
	Cash, end of year	**130,644**	**40,027**
	Cash, end of year, comprises:		
	Cash	130,644	40,027
	Total	**130,644**	**40,027**

1. Special items

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

Special items:	Recognised in the income statement in:	Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
Gain on the disposal of property, plant and equipment	Other operating income	41,949	0	0	0
Cost related to acquisition of enterprises	Other external costs	-32,157	-17,675	0	0
Total		9,792	-17,675	0	0

2. 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 reporting.

Revenue comprises the following activities:	Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
Sale of horses and related services	696,872	504,196	0	0
Sale of equestrian clothing and accessories	121,873	72,157	0	0
Equestrian event income	456,558	4,569	0	0
Other income	5,776	2,205	0	0
Total	1,281,079	583,127	0	0

The Group consider the world as its geographical market as it relates to the sale of horses and equestrian clothing etc. since there are no significant differences in the risk factors or the return on such revenue related to geographical conditions. Equestrian event income primarily relates to the US.

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000

3. Staff costs

Wages and salaries	153,171	56,249	0	0
Pensions	1,077	377	0	0
Other social security costs	10,259	2,620	0	0
Other staff costs	5,600	2,764	0	0
Total	170,107	62,010	0	0
Average number of employees during the year	340	176	0	0

4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	598	387	0	0
Other assurance engagements	19	32	0	0
Tax advice	92	122	0	0
Other services	304	230	0	0
Total	1,013	771	0	0

5. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	-77,482	4,009
Total	0	0	-77,482	4,009

6. Income from equity investments in associates

Share of profit or loss of associates	392	-199	0	0
Impairment losses on other excess values	0	-723	0	0
Total	392	-922	0	0

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000

7. Financial income

Interest, group enterprises	0	0	3,464	2,561
Other interest income	208	0	0	0
Foreign currency translation adjustments	7,084	590	0	0
Other financial income	112	146	0	0
Other financial income	7,404	736	0	0
Total	7,404	736	3,464	2,561

8. Financial expenses

Other interest expenses	106,096	38,776	13	6
Foreign currency translation adjustments	113,133	4,243	0	0
Other financial expenses	12,661	970	2	0
Total	231,890	43,989	15	6

9. Proposed appropriation account

Non-controlling interests	10,449	5,673	0	0
Retained earnings	-56,766	-1,896	-74,859	5,963
Total	-46,317	3,777	-74,859	5,963

10. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress
Group:				
Cost as at 01.07.21	0	1,783	688,991	4,500
Additions relating to mergers and acquisition of enterprises	0	324,537	71,742	0
Foreign currency translation adjustment of foreign enterprises	0	39,290	7,700	0
Additions during the year	2,964	4,230	0	500
Disposals during the year	0	-108	0	0
Cost as at 30.06.22	2,964	369,732	768,433	5,000
Amortisation and impairment losses as at 01.07.21	0	-317	-185,898	0
Foreign currency translation adjustment of foreign enterprises	0	-2,249	-118	0
Amortisation during the year	-354	-29,494	-71,073	0
Reversal of amortisation of and impairment losses on disposed assets	0	3	0	0
Amortisation and impairment losses as at 30.06.22	-354	-32,057	-257,089	0
Carrying amount as at 30.06.22	2,610	337,675	511,344	5,000

Completed development projects comprise external acquired IT-software ensuring efficiency improvements of the ongoing operations related to equestrian events.

Development projects in progress comprise external acquired development of autonumous robots for use in the preparation and maintenance of riding arenas. The robots are currently functioning and finilazation of the development is expected in the following financial year. The sale of the products is expected to generate a gross result of approx. DKK 20-40 millions.

11. 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 01.07.21	387,219	25,046	21,771
Additions relating to mergers and acquisition of enterprises	836,945	21,109	0
Foreign currency translation adjustment of foreign enterprises	140,708	2,547	9
Additions during the year	46,105	10,512	21,952
Disposals during the year	-34,727	-1,527	0
Transfers during the year to/from other items	21,779	0	-21,779
Cost as at 30.06.22	1,398,029	57,687	21,953
Depreciation and impairment losses as at 01.07.21	-7,315	-5,012	0
Foreign currency translation adjustment of foreign enterprises	-1,597	-3	0
Depreciation during the year	-28,917	-7,341	0
Reversal of depreciation of and impairment losses on disposed assets	0	605	0
Depreciation and impairment losses as at 30.06.22	-37,829	-11,751	0
Carrying amount as at 30.06.22	1,360,200	45,936	21,953

12. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Equity investments in participating interests	Other investments
Group:				
Cost as at 01.07.21	0	3,260	1,013	2,882
Cost as at 30.06.22	0	3,260	1,013	2,882
Revaluations as at 01.07.21	0	-3	0	0
Net profit/loss from equity investments	0	32	0	0
Revaluations as at 30.06.22	0	29	0	0
Depreciation and impairment losses as at 01.07.21	0	-868	0	0
Net profit/loss from equity investments	0	331	0	0
Other adjustments relating to equity investments	0	30	0	0
Depreciation and impairment losses as at 30.06.22	0	-507	0	0
Carrying amount as at 30.06.22	0	2,782	1,013	2,882
Parent:				
Cost as at 01.07.21	511,997	0	0	0
Additions during the year	406,760	0	0	0
Cost as at 30.06.22	918,757	0	0	0
Depreciation and impairment losses as at 01.07.21	-57,469	0	0	0
Foreign currency translation adjustment of foreign enterprises	147,225	0	0	0
Net profit/loss from equity investments	-77,482	0	0	0
Other equity adjustments relating to equity investments	-52,273	0	0	0
Depreciation and impairment losses as at 30.06.22	-39,999	0	0	0
Carrying amount as at 30.06.22	878,758	0	0	0
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0	0	0	0

12. 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, Florida, USA	100%
Helgstrand Dressage ApS, Vodskov	100%
Helgstrand Event ApS, Vodskov	100%
Helgstrand Dressage US LLC, Florida, USA	100%
Helgstrand Dressage Germany GmbH, Syke, Germany	100%
Helgstrand Jewellery ApS, Vodskov	100%
Kingsland AS, Sarpsborg, Norway	100%
Kingsland AB, Gråbo, Sweden	100%
Kingsland DK ApS, Ikast	100%
Kingsland Equestrian Inc., Wellington, USA	100%
Kingsland Asia Ltd., HongKong	100%
Kingsland Trading Co., Ltd., Hangzhou, China	100%
StandbyCo Germany ApS, Vodskov	100%
StandbyCo Germany Holding GmbH, Syke, Germany	100%
Beerbaum Stables GmbH, Hörstel, Germany	100%
PK Agency GmbH, Dülmen	100%
Equestrian Events Holding ApS, Vodskov	100%
StandbyCo US II Inc., Delaware, USA	100%
Palm Beach International Equestrian Center, LLC, Florida, USA	100%
Far Niente Stables XXV, LLC, Florida, USA	100%
Showgrounds, LLC, Florida, USA	100%
White Horse Catering, LLC, Florida, USA	100%

Far Niente Stables V, LLC, Florida, USA	100%
Far Niente Stables XX, LLC, Florida, USA	100%
Equestrian Sport Productions, LLC, Florida, USA	100%
Wellington Equestrian Productions, LLC, Florida, USA	100%

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%

13. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.07.21	94
Cost as at 30.06.22	94
Carrying amount as at 30.06.22	94

	Group		Parent	
	30.06.22 DKK '000	30.06.21 DKK '000	30.06.22 DKK '000	30.06.21 DKK '000

14. Prepayments

Prepaid insurance premiums	3,461	230	0	0
Other prepayments	17,377	3,707	0	0
Total	20,838	3,937	0	0

15. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	1,460,567	1,461
Share class B	805,462	805
Share class C	191,276	191
Total		2,457
Capital increase during the financial year	811,004	811

Refer to note 23 for share based incentive programmes.

	Group		Parent	
	30.06.22 DKK '000	30.06.21 DKK '000	30.06.22 DKK '000	30.06.21 DKK '000

16. Non-controlling interests

Non-controlling interests, beginning of year	17,984	0	0	0
Foreign currency translation adjustment of foreign enterprises	0	226	0	0
Dividend paid	-393	0	0	0
Purchase of non-controlling interests	-25,799	0	0	0
Purchase of non-controlling interests	-1,174	12,085	0	0
Net profit/loss for the year (distribution of net profit)	10,449	5,673	0	0
Total	1,067	17,984	0	0

17. Deferred tax

Deferred tax as at 01.07.21	21,750	10,888	0	0
Additions relating to mergers and acquisition of enterprises	0	-254	0	0
Deferred tax recognised in the income statement	16,102	11,116	0	0
Deferred tax as at 30.06.22	37,852	21,750	0	0

Deferred tax is recognized in the balance sheet as:

Provisions for deferred tax	37,852	21,750	0	0

Deferred tax is distributed as below:

Intangible assets	12,323	1,033	0	0
Property, plant and equipment	21,308	6,205	0	0
Inventories	21,493	14,875	0	0
Receivables	-117	0	0	0
Liabilities	-1,229	-363	0	0
Tax losses	-15,926	0	0	0
Total	37,852	21,750	0	0

18. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.22	Total payables at 30.06.21
Group:				
Mortgage debt	2,147	69,732	106,768	172,930
Payables to other credit institutions	0	1,543,357	1,543,357	0
Income taxes	0	0	45,305	16,678
Other payables	0	0	92,890	321,771
Total	2,147	1,613,089	1,788,320	511,379
Parent:				
Income taxes	0	0	0	783
Total	0	0	0	783

19. Fair value information

Figures in DKK '000	Derivative financial instruments	Total
Group:		
Fair value as at 30.06.22	471	471
Unrealised changes of fair value recognised in equity for the year	301	301

20. Derivative financial instruments

Group:

The group concludes contracts for the sole purpose of hedging the currency risk on the future sale of goods in foreign currency. As of 30.06.22 a future sale of goods of USD 4.875k has been secured. The fair value of the forward exchange contracts amounts to DKK 471k as at 30.06.22 and the unrealised net gain after tax recognised in equity as at 30.06.22 also constitutes DKK 471k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score.

21. Contingent liabilities

Group:

Lease commitments

The group has concluded various minor lease agreements with terms to maturity of 6-52 months and total lease payments of DKK 8,272k.

In addition the group has concluded lease agreements related to land and bulidings with the following conditions:

- A lease, non-terminable for 7,5 years, with annual lease payments of 1 mio. USD and annual price indexation of minimum 2,5%
- A lease, non-terminable for 40 years, with annual lease payments of 1,7 mio. USD and annual price indexation of minimum 2,5%

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 418k at the balance sheet date.

Parent:

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is maximised at DKK 5,000k. The group enterprises' debt to the credit institutions concerned amounts to DKK 0k at the balance sheet date.

Other contingent liabilities

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

22. Charges and security

Group:

Land and buildings with a carrying amount of DKK 203,542k have been provided as security for mortgage debt of DKK 106,768k.

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 14,000k secured upon land and buildings with a carrying amount of DKK 159,808k

The group has provided company charges with a total amount of DKK 118,000k as security for debt to credit institutions. As at 30.06.22, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 1,995k
- Other plant, fixtures and fittings, tools and equipments, DKK 4,019k
- Inventories, DKK 390,052k
- Trade receivables, DKK 28,600k

Parent:

Equity investments in group enterprises with a carrying amount of DKK 878,758k has been pledges as security for long-term payables to other credit institutions amounting to DKK 1,543,357k.

23. 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 Management, which includes the option of subscribing nom 2,201 new shares corresponding to 0,1% of the share capital. The warrants can be exercissed in the periods 01.02.26 - 01.06.26 and 01.02.28 - 01.03.28 at a prearranged subscription price per share added an interest rate of 4% p.a. calculated from 01.02.21.

24. Adjustments for the cash flow statement

	Group 2021/22 DKK '000	Group 2020/21 DKK '000
Other operating income	-42,016	-1,787
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	137,179	74,852
Other operating expenses	115	0
Income from equity investments in associates	-392	922
Financial income	-7,404	-736
Financial expenses	231,892	43,989
Tax on profit or loss for the year	23,716	32,776
Other adjustments	-77	0
Total	343,013	150,016

25. 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 participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates. Enterprises held by the group for the purpose of furthering its own activities through a permanent affiliation, and in which the group does not exercise significant influence or control, are considered participating interests.

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.

25. 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.

Significant financial items aquired comprise acquired rights and land and buildings. Land and buildings were measured at fair value based on independent valuation reports. Acquired rights were measuered at fair value based on a calculated caplitalized value.

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

25. Accounting policies - continued -

acquisition date.

CURRENCY

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

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, 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 reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise 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.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in

25. Accounting policies - continued -

equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

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

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.

25. Accounting policies - continued -

Costs of raw materials and consumables

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

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Acquired rights	3-10	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.

25. Accounting policies - continued -

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.

Other operating expenses

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

Income from equity investments in group entreprises 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.

25. Accounting policies - continued -

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

BALANCE SHEET

Intangible assets

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

Aquired 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

25. Accounting policies - continued -

‘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.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements 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 entreprises 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 consolidation method, and reference is made to the 'Equity method' section for further

25. Accounting policies - continued -

details.

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

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 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.

On the acquisition of non-controlling interests in subsidiaries, the difference between the consideration and the carrying amount of the equity investments is recognised in the parent's equity.

Goodwill recognised under equity investments is amortised according to the straight-line method

25. Accounting policies - continued -

based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments

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

On disposal of non-controlling interests in subsidiaries that do not result in loss of control of the subsidiary, the difference between the consideration and the equity value of the equity investments is recognised in the parent's equity.

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.

25. Accounting policies - continued -

Inventories

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

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

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

Receivables

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

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

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

25. Accounting policies - continued -

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.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Provisions

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Current and deferred tax

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

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

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

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities 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.

25. Accounting policies - continued -

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.

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.

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.